



National Audit Office

Joint Targets



National Audit Office

Joint Targets

LONDON: The Stationery Office
£10.75

Ordered by the
House of Commons
to be printed on 10 October 2005

This report has been prepared under Section 6 of the National Audit Act 1983 for presentation to the House of Commons in accordance with Section 9 of the Act.

John Bourn
Comptroller and Auditor General
National Audit Office

5 October 2005

The National Audit Office study team consisted of:

Paul Eastabrook, Kevin Gardner,
Simon Henderson, Vikki Jones,
Robin Owen and Jess Slack,
under the direction of Nick Sloan

This report can be found on the National Audit Office web site at www.nao.org.uk

For further information about the National Audit Office please contact:

National Audit Office
Press Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Tel: 020 7798 7400

Email: enquiries@nao.gsi.gov.uk

© National Audit Office 2005

CONTENTS

SUMMARY AND CONCLUSIONS	1
PART 1	
Introduction	4
The importance of joint working	5
The challenges of joint working	5
The focus of our report	7
PART 2	
Shared objectives and joint targets	8
Shared understanding of objectives	9
Relating targets to objectives	10
The development of joint targets	12



PART 3

Strategy development	14
Central guidance proposes the use of modelling/ mapping techniques to assist Public Service Agreement delivery planning	15
Modelling the targets examined	16
Developing joint delivery plans	17
Balancing costs and benefits in planning processes	22

PART 4

Implementation, monitoring and reporting	26
Leadership and facilitation	27
Monitoring progress	29
Interpretation and reporting of progress	29
Obstacles to effective monitoring and reporting	31
Evaluation and lesson-learning	32

APPENDICES

1 Methodology	33
2 Reported progress against joint targets examined	34
3 Conflict prevention	36
4 Heavily Indebted Poor Countries (HIPC) Initiative	39
5 Making progress towards the Millennium Development Goals	44
6 Reducing trade barriers	48
7 University of Bradford evaluation of the Conflict Prevention Pools	52

SUMMARY AND CONCLUSIONS



1 Joint working can help to improve the delivery of public services, many of which require Departments to work across organisational boundaries. Its importance is reflected in the growth in the number of joint Public Service Agreement targets. Achieving joint targets has not been easy, as they address difficult problems. They present challenges, particularly with regard to the setting of objectives and priorities; developing a common understanding amongst partners of how to achieve the target they share, and their respective roles and responsibilities; implementing appropriate working arrangements and monitoring and reporting performance. We examined the use of joint targets in the international field (**Figure 1**). This part summarises our findings and identifies some key characteristics of effective joint working.

The value of joint targets

2 For joint targets to be effective, partners need a shared understanding of the target and its implications. For the targets we examined, Departments had this shared understanding. Joint targets in the international field had been particularly useful in signalling to external stakeholders the UK's intent and commitment on important policy issues.

3 In technical terms, the targets need to be better defined. In one case the target was originally narrowly defined, so that even if the target was achieved the objective might not be met. In other cases, the target was so broadly drawn that identifying any UK contribution to progress would be problematic. And certain targets were weak when it came to specifying the level of performance to be achieved.

4 Departmental staff told us that the introduction of joint targets had provided a stimulus to joint working, and increased motivation. The targets had less impact on the pattern of activities undertaken. They had limited value in terms of driving how Departments organised themselves to meet the target; and how they worked with each other. To varying degrees, Departments had been working together in the areas relevant to the objectives prior to the introduction of each joint target we reviewed and we found that working arrangements rarely changed significantly with the introduction of the targets. The exception was the Conflict Prevention target, although here changes to working arrangements were driven as much by the need to manage pooled budgets as by the introduction of the joint target.

Planning the delivery of joint targets

5 Treasury guidance suggests that Departments should adopt a staged approach to planning for target achievement – understanding the desired outcomes, establishing the factors which can influence results, finding out what interventions will work best, and then securing appropriate delivery partners. We reviewed the partners' planning arrangements for the joint targets in the international field.

6 At the strategic level, we found some common strengths, including clarification of the purpose of United Kingdom policy in the areas targeted; good high-level evidence of the advantages of change; a clear understanding of the main factors affecting change; and structural innovations, such as pooled budgets for conflict prevention, which offered the prospects of a more effective response. Joint targets had helped secure a coherent approach from the formal partners to the target.

1 Joint targets examined and the Departments formally responsible for delivery

Target

Improved effectiveness of the United Kingdom contribution to conflict prevention and management (**the Conflict Prevention target**).

Ensuring that three-quarters of all eligible Heavily Indebted Poor Countries committed to poverty reduction receive irrevocable debt relief by 2006 (**the Debt Relief target**).

Work with international partners to make progress towards the United Nations 2015 Millennium Development Goals (**the Millennium Development Goals target**).

Secure agreement by 2005 to a significant reduction in trade barriers leading to improved trading opportunities for the United Kingdom and developing countries (**the Trade Barriers target**).

Source: DFID's 2003-06 Public Service Agreement

Departments formally responsible for delivery

DFID; Foreign Office and Ministry of Defence

DFID; Treasury

DFID; Treasury

Department of Trade and Industry;
DFID and Foreign Office

7 But we also identified some limits to Departments' understanding of how best to exploit the strategic opportunities provided by joint working. Partners had not followed Treasury advice in a formal way. While partners had analysed some options for action, we found no high-level maps or models designed explicitly to drive partners' actions and co-ordinate joint working and so make intervention effective. For example, in most cases, the range of potential factors influencing results and their interaction, were not fully developed. Without this information it had proven difficult to set stretching but achievable targets. In the case of the Conflict Prevention target, where difficulties exist in establishing a high-level model of causality applicable to all conflicts, Departments have assessed the drivers, interactions between trends and events, and issues which determined the risk of conflict for individual conflicts.

8 The joint targets we examined are not easily achieved and, given their international focus, the targets require partners to influence other stakeholders rather than deliver services. Partners told us that the complexity of the situations they faced, a lack of good information, and the need to maintain flexibility in response to changing circumstances, militated against formal mapping or modelling exercises. We agree that different circumstances might give rise to different depths of analysis and the need to introduce different planning arrangements to differing degrees. But we note that the circumstances of these targets are too complicated to analyse satisfactorily without some formal tools – there are too many factors in play, some controllable, some influenceable, some entirely external to partners, to maintain an accurate view of their significance through unstructured means alone. In addition, a degree of formality in the mapping of relevant factors helps cement a common partnership view, and reduces the chance of misunderstandings within the partnership.

9 The approach taken at the strategic level also affected more detailed delivery planning. Departments had established plans to guide their work under these targets, in accordance with Treasury requirements, but these often had a single Department focus. Partners had discussed their planned responses, and ensured their plans were coherent. But such plans were rarely produced after joint planning had identified the shape and extent of joint endeavours, and then the relevant aspects of those endeavours taken into single Department plans. Even where joint plans did exist, there were not always joint assessments of issues such as risk. And the quality and joint definition of key intermediate indicators and milestones towards the overall target were variable.

10 To some degree the totality of Departmental resources and efforts could be said to contribute to target achievement. For example, DFID's overarching aim is to contribute to achieving the Millennium Development Goals; and one of the Ministry of Defence's objectives is strengthening international peace and security with its obvious relevance to conflict prevention. However, in terms of those resources more directly employed by Departments to achieve joint targets, it was difficult to determine from individual plans whether those resources were appropriate to achieve targets. Plans did not summarise the overall programme and administrative resources brought to bear on joint targets. And the resources used tended to be those which were already committed to the general policy area rather than as a result of a conscious process of determining the level of resources needed. With the exception of Conflict Prevention, where resources were set at levels Departments felt represented a reasonable UK contribution to a wider effort, there was little programme expenditure – most influencing activity required only modest staff resources. No staff had been given the responsibility or an explicit budget to facilitate joint working.

Monitoring and reporting progress

11 Progress against the targets examined, or elements of them, has been mixed to date. Of the eight aspects of performance measured across the four targets, in December 2004 DFID reported that five were 'on course', in two it was 'too early to say' whether the intended performance would be achieved, and on one that 'slippage' had occurred. Where joint targets were expressed around quantitative indicators, partners drew on the same sources in assessing and reporting progress. But reporting of progress varied between partners: we found several instances where progress had been assessed in a different sense – one partner claiming that they were 'on track' while another thought there was 'slippage'. And in further instances partners reported in different, if not inconsistent terms.

12 This circumstance reflects in part the absence, for some of the targets examined, of joint delivery plans, with the result that partners assessed progress by reference to their own delivery plans. The degree to which individual delivery plans contained interim milestones to assist monitoring varied widely. More generally, the lack of causal maps or models made it more difficult to assess the significance of any deviation from plans.

13 Partners had a variety of working groups and similar fora to consider progress, and devise an agreed response to emerging events. These worked well in building and maintaining relations between the partners – and in a few cases, there were explicit mechanisms to resolve disagreements. There were, however, few formal joint governance arrangements outside of the arrangements set up for the Conflict Prevention Pools. And there was no single “project manager” designated for any of the targets we examined.

Characteristics of effective joint working

14 Our examination has highlighted approaches and degrees of joint working which vary between Departments. We have identified strengths as well as examples where changes in approach could lead to more effective joint working. More generally, best practice in joint working has the following characteristics:

- an understanding of the circumstances in which the achievement of a shared objective is best served by establishing a joint target;
- joint targets designed so that, if met, they will satisfy underlying objectives;
- the setting and renewal of joint targets being informed by analysis of the factors which influence success; the actions needed to make progress happen; and the links between action and achievement;
- joint planning arrangements which balance the greater costs of more sophisticated and formal arrangements against their potential benefits, bearing in mind the factors set out in Figure 15 of this report;
- joint delivery plans, developed and agreed between all Departments formally accountable for delivery, which include interim performance indicators or milestones to assist periodic monitoring of progress;
- resourcing based on knowing what works, having identified the costs and benefits of the options for interventions, and set at a level geared to target achievement;

- Departments who are not formal partners in the joint targets but are nevertheless crucial to target achievement setting out their commitment to taking appropriate action, possibly in their Business Plan or a separate agreement with the joint partners; and
- joint monitoring and reporting arrangements, which allow partners to describe their own contribution to joint targets in their performance reports in a way which meets their own local requirements, but also enables performance against the Public Service Agreement target itself to be reported consistently across the partners.

Role of the centre

15 The centre is engaged in promoting joint working across Departments in a number of ways. For example, supporting cross-cutting reviews, identifying opportunities for joint working and agreeing joint targets as part of the Spending Review process, co-ordinating joint working (in the case of one of the joint targets examined here) and monitoring progress of joint initiatives. It can encourage the adoption of best practice by:

- the Treasury ensuring that the specification of joint targets reflects agreement between all the partners and promoting the value of joint delivery planning among the owners of a joint target;
- the Treasury, with the support of the Cabinet Office, facilitating the co-ordination of Departmental planning, monitoring and reporting timetables to support joint processes; and
- the Treasury and the Cabinet Office providing advice to Departments on ways to best organise joint working arrangements, on the basis of an understanding of what has worked well.

PART ONE

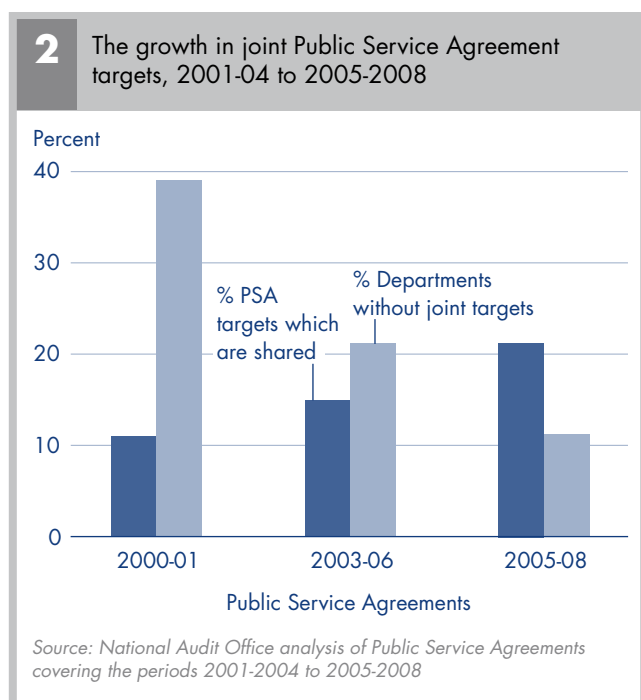
Introduction



The importance of joint working

1.1 Nearly everything government seeks to achieve involves more than one Department, agency, local authority or local service provider working together. This was reflected in the *Modernising Government* White Paper published in 1999¹ which called for public sector staff to work in partnership across organisational boundaries to deliver integrated and seamless services. And, more recently, in 2004, the Prime Minister reiterated the importance of Departments collaborating across organisational boundaries to help improve the delivery of public services².

1.2 Public Service Agreements set out the outcome-based targets for all government Departments. Joint Public Service Agreement targets are used where accountability for delivery is explicitly assigned to more than one named Department. Any outcome-based target – not just joint ones – require co-operation and collaboration with others in order to deliver progress. Joint Public Service Agreement targets are a specific mechanism to generate horizontal collaboration between Departments.



1.3 Since 1999, the public sector has sought to improve the way it works together. The importance with which government views joint working is reflected in the increasing use in Departments' Public Service Agreements³ of formal joint targets. More than 20 per cent of the targets announced in July 2004 for the 2005-08 Agreement period are shared by Departments, almost doubling the proportion of joint targets since 2001-04 (**Figure 2**). And the number of Departments without joint targets has fallen over the same period – only 2 out of 18 Departments have no joint targets for the period 2005-08, compared with 7 for the period 2001-04.

The challenges of joint working

1.4 In spite of its importance, inter-Departmental collaboration remains difficult in practice. Departments can adopt differing approaches when involved in delivering a joint target:

- **Complementary working** – partners discuss the pursuit of the joint target, but decisions about activities and resource allocations, and the planning and management of programmes, remain firmly in the domain of individual partners. This approach is the least complex, and least costly, but risks leaving gaps or duplication in partner activity, and may miss opportunities for more radical changes to existing plans.
- **Informal joint working** – partners have informal machinery for joint planning and monitoring, but formal planning, implementation and monitoring rests with individual partners. This approach adds a degree more joint effort, if also more cost and complexity. It increases the chances of identifying the most cost-effective joint approaches, but promotes incremental rather than radical approaches. There is a risk of external events taking the partners in different directions.
- **Formal joint working** – with joint delivery planning and joint management arrangements. This approach adds cost and complexity, and may require more initial investment of time and energy to cater for the needs of each partner. But it also promotes the consideration of a wide range of options, and common views of risk and response to emerging events.

¹ Cabinet Office (1999), *Modernising Government* White Paper, Cm 4310, March 1999.

² Prime Minister's speech on reforming the Civil Service, 24 February 2004.

³ Public Service Agreements were introduced by the Government in 1998 and have been published every two years since then. They set out, for a three year period, objectives and performance targets across government, explaining what Departments plan to deliver in return for the resources they receive.

1.5 Our December 2001⁴ report on the impact of a number of joint working initiatives showed that while some progress had been made, there was a need to remove barriers to joint working, encourage central government Departments to work together, measure performance and promote accountability. In 2003, the

Treasury concluded that inter-Departmental collaboration remained an aspect of the delivery agenda which still needed significant attention⁵. **Figure 3** sets out some of the key challenges to successful joint working. The report examines these issues in more detail.

3 Key challenges to joint working	
Issue	Challenges
Agreeing objectives and priorities	Partners may have different views about the objectives to be achieved through working together to meet a joint target. The priority with which they view achievement of the target, compared with their other targets, may also differ. Within individual Departments, staff working to achieve a joint target may also see it as less or more important than other work they have to deliver. Conflicting expectations may lead some partners to pursue joint working mainly to achieve their own ends.
Understanding the problem	Joint targets often relate to addressing complex problems, where the means to deliver what is required and who should take action are not always clear. Lack of clarity amongst partners about which are the right levers to pull, when and by who can lead to ineffective attempts to work towards delivering the target.
Identifying partners and establishing accountability	Identifying the right partners may not always be obvious, particularly if the actions necessary to achieve the target are not clarified fully at the outset. And formal accountability for delivery of the target may not include all those who have a role to play.
Funding	Like most targets, achieving success depends on committing appropriate resources to support implementation. And joint working, itself, can incur costs which may not be recognised or measured.
Handling risk	The complexities of joint working can increase the attendant risks of failure because identifying key risks can become harder as the factors which contribute to success multiply and the number of stakeholders increase.
Dispute resolution	Partners may not always agree on the most appropriate course of action to achieve a joint target. Lack of an agreed mechanism for resolving disputes, which may involve an independent third party to act as 'honest broker', could see time and resources being wasted on attempting to find a solution or see the partners taking increasingly divergent and possibly conflicting routes to target achievement.
Performance monitoring and reporting	Departments have indicated that establishing suitable measures for outcomes and targets shared with other Departments is a key concern. Partners need to agree on which aspects of performance to monitor and report on and so strike the right balance between meeting the needs of each partner whilst providing adequate information on progress towards achieving the target as a whole. They also need to ensure that they report performance in a consistent manner, thus avoiding mixed messages being sent about progress as a result of different partners taking a different view on the degree of progress achieved.

Sources: Cabinet Office (2000), *Wiring It Up: Whitehall's Management of Cross-cutting Policies and Services*, Performance and Innovation Unit Report, January 2000; United States General Accounting Office (2000), *Managing for Results: Barriers to Interagency Coordination*, GAO/GGD-00-106, March 2000; Comptroller and Auditor General (2001), *Measuring the Performance of Government Departments*, HC 301, Session 2000-2001, 22 March 2001, The Stationery Office; Centre for Local and Regional Government Research (2003), *Partnerships between the public, private and voluntary sectors in Wales*, Final report to the Welsh Assembly Government Steering Group, May 2003; Office of Government Commerce (2003), *Effective partnering: An overview for customers and suppliers*

4 Comptroller and Auditor General (2001), *Joining Up to Improve Public Services*, HC 383, Session 2001-02, 7 December 2001, The Stationery Office.
 5 HM Treasury, *The Delivery Agenda and Delivery Reports in Autumn 2003 – Lessons Learnt*.

The focus of our report

1.6 This report assesses how five Departments (see Figure 4) have sought to work together in support of their formal involvement in delivering one or more joint targets. We have looked at the extent to which they developed shared objectives and aligned these to joint targets and formal accountability for delivery (Part 2); planned their approach, including understanding the problems inherent in delivering the target, identifying the factors to be addressed in pursuit of delivery and determining resource allocations (Part 3); worked together to implement, monitor and reported progress (Part 4). Details of our methodology are set out in Appendix 1. Many of the findings of our report are applicable to all Public Service Agreement targets, not just joint targets. But the problems we have identified are often more acute for joint targets because of the additional complexity arising from the number of Departments involved.

1.7 The report focuses on four joint targets included in the Department for International Development's (DFID) Public Service Agreement for 2003-06. These are set out in Figure 4 which also indicates that different rates of progress against these targets, or elements of them, have been reported to date. Five of these are reported as being on course, whereas there is slippage on one, and it is considered too early to say if two will be achieved. Further information about the basis on which progress has been assessed is included in Appendix 2; and detailed information about the background to each target and our analysis can be found in Appendices 3 to 6. While each of these has a focus on international development, our conclusions and recommendations are also more widely relevant to other joint targets with a domestic focus and, indeed, to all outcome-based targets even where formal accountability rests with a single Department. This is particularly true where external factors can have a bearing on target achievement, or where influencing others is a key aspect in delivering the target.

4 The joint targets which were the focus of our examination, formal partners and progress as reported at December 2004⁶

Joint target	Progress as reported by DFID at December 2004	Departments formally accountable for delivery
Improved effectiveness of the United Kingdom contribution to conflict prevention and management (the Conflict Prevention target).	'Too early to say'	DFID, Foreign Office, Ministry of Defence
Ensuring that three-quarters of all eligible Heavily Indebted Poor Countries committed to poverty reduction receive irrevocable debt relief by 2006 (the Debt Relief target).	'On course'	DFID, Treasury
Work with international partners to make progress towards the United Nations 2015 Millennium Development Goals ⁷ (the Millennium Development Goals target).		
<i>Progress is measured against the following:</i>		
■ countries accessing IDA* resources are committed to poverty reduction	'Too early to say'	DFID, Treasury
■ provide bilateral support in at least 30 countries	'On course'	DFID
■ improve effectiveness of European Community aid	'On course'	DFID, Treasury
■ work towards European Community aid reaching 0.39% ODA/GNI** by 2006	'On course'	DFID, Treasury
■ improve institutional effectiveness of 12 multilateral agencies.	'On course'	DFID
Secure agreement by 2005 to a significant reduction in trade barriers leading to improved trading opportunities for the United Kingdom and developing countries (the Trade Barriers target).	'Slippage'	DFID, Department of Trade and Industry, Foreign Office

Source: DFID's 2003-06 Public Service Agreement; DFID 2004 Autumn Performance Report, December 2004

NOTES

* The International Development Association is the concessional lending arm of the World Bank.

** This is the ratio between official development assistance and Gross National Income. The United Nations has set a target of 0.7%.

⁶ Progress achieved as reported in DFID's 2004 Autumn Performance Report, published in December 2004.

⁷ The Millennium Development Goals aim to halve by 2015 the proportion of the world's population living in extreme poverty. They were adopted by member countries of the United Nations in 2000 and provide global consensus on objectives for addressing poverty. Further information can be found at www.un.org/millenniumgoals

PART TWO

Shared objectives and joint targets



2.1 The Government's *Wiring it Up* report on joined-up working noted that 'there is little or no reward – either in financial terms or in terms of enhanced status or career prospects – for helping someone else to achieve their objectives. The conventional public sector...systems are generally not good at recognising or rewarding a contribution to a team effort, especially [one] which will deliver someone else's objectives'⁸. However, if Departmental objectives are aligned there is both incentive and reward for joint working as it can generate and exploit synergies which help to deliver those shared objectives. Therefore, creating and having shared objectives in place is a valuable incentive to inter-Departmental joint working.

Shared understanding of objectives

2.2 The literature on joint working emphasises the importance of establishing a shared understanding of the goal or purpose among partners as a pre-requisite for effective joint working (for example, see **Figure 5**). While an initial lack of definition about what is to be achieved can be useful in bringing partners to the table to discuss possible joint working, most reviews of partnerships conclude that a lack of clarity about objectives, strategy and responsibilities in the longer term is likely to limit the effectiveness of collaboration⁹.

5 Importance of shared understanding

Observation

Challenges to managing horizontal issues:
'Agreeing on common objectives, results and strategies.'

Barriers to co-ordinating cross-cutting programmes:
'Competing missions and unclear roles.'

Key requirements of joint working:
'Working towards clearly defined, mutually valued, shared goals.'

Principles of partnership:
'Principle 2: Develop clarity and realism of purpose.'

Problems of partnership:
'Conflicting goals; contested roles.'

Challenges to developing joint ventures:
'...building and maintaining strategic alignment ... [between partners]'

Source

Report of the Auditor General of Canada (2000), *Managing Departments for Results and Managing Horizontal Issues for Results*, December 2000.

General Accounting Office (2000), *Managing for Results: Barriers to Interagency Coordination*, GAO/GGD-00-106, March 2000.

Comptroller and Auditor General (2001), *Measuring the Performance of Government Departments*, HC 301, Session 2000-2001, 22 March 2001, The Stationery Office.

Nuffield Institute for Health (2003), *Assessing Strategic Partnership: the Partnership Assessment Tool*, May 2003 (developed for the Office of the Deputy Prime Minister, Strategic Partnership Taskforce).

Centre for Local and Regional Government (2003), *Partnerships between the public, private and voluntary sectors in Wales*, Final report to the Welsh Assembly Government Steering Group, May 2003.

Bamford, J., D Ernst and D G Fubini (2004), *Launching a World-Class Joint Venture*, Harvard Business Review, February 2004.

Source: National Audit Office literature search

⁸ *Wiring it Up: Whitehall's Management of Cross-Cutting Policies and Services*, Performance and Innovation Unit, January 2000.

⁹ Centre for Local and Regional Government Research (2003), *Partnerships between public, private and voluntary sectors in Wales, Final Report to the Welsh Assembly Government Steering Group*, May 2003.

2.3 Figure 6 below summarises the extent to which overarching objectives for the joint targets we examined are shared between the partners. It also summarises factors which influence the extent to which joint targets are likely to motivate progress against the objectives, which we discuss in more detail in the following paragraphs.

Relating targets to objectives

2.4 Joint targets can contribute towards differing Departmental objectives. For example, the 2003-06 joint target on progress towards the Millennium Development Goals contributed to DFID’s objective to ‘increase the impact of key multilateral agencies in reducing poverty...’, whereas in the Treasury the same target fell under the Departmental objective to ‘promote UK economic prospects by pursuing increased productivity and efficiency in the European Community, international financial stability and increased global prosperity, including especially protecting the most vulnerable’.

And in the 2003-06 Public Service Agreement the Foreign Office’s interest in conflict prevention supported its objective of achieving ‘a secure United Kingdom within a safer and more peaceful world’, whilst for DFID the same target was aimed at supporting the objective to ‘reduce poverty in Sub Saharan Africa’.

2.5 These differences are not necessarily problematic – a joint target can equally contribute to the achievement of both objectives – but they highlight a risk that Departments might be pressured to move in different directions as circumstances change. This increases the importance of Departments having a shared understanding of what they are aiming to achieve through joint working, and increases the importance of having a well-defined target that will maintain – even in the face of different and changing Departmental priorities – the commitment and clarity of purpose of partner Departments over time. For the targets we examined, key partners had a good shared understanding of those targets.

6 Extent to which Departments share the same understanding of the purpose behind joint targets examined and their impact on the degree of joint working

	Millennium Development Goals	Trade barriers	Debt relief	Conflict prevention
Are all Departments working to achieve the same objectives?	DFID: more effective international system for poverty reduction Treasury: protect the most vulnerable, and promote UK economic prospects through increased global prosperity	DFID: improved trading opportunities for poverty reduction DTI: creation of fair competitive markets for UK and developing countries FCO: better quality of life in UK and worldwide	DFID: more effective international system for poverty reduction Treasury: increased global prosperity and social justice	DFID: poverty reduction FCO: a secure UK in a safer world MOD: strengthening international peace and security; success in military tasks abroad
Is there a good fit between target and objectives?	Target broad and all-encompassing – overlaps with DFID’s other Goals-related targets	2003-06 target focussed on World Trade Organisation process. Target for 2005-08 broader, incorporating most Departmental work relating to trade liberalisation.	Target narrower than objectives of debt relief (eg. sustainability)	Good general fit - but no agreed Government-wide definition of conflict prevention
Has the target had a significant impact on the degree of joint working?	Stimulus to bolster joint working; signal of ministerial intent; joined-up message sent to external partners	Overlaid on existing joint working	Overlaid on existing joint working	Followed creation of conflict prevention ‘pools’ for inter-Departmental joint working

Source: National Audit Office analysis

2.6 In some cases we found a poor fit between Public Service Agreement targets and objectives. For example, success for the Debt Relief target is based on the progress of countries within the Heavily Indebted Poor Countries Initiative reaching Completion Point (see Appendix 4). Countries' progress through this Initiative is the focus of much of the public attention on debt relief. However, the primary value of a joint target is not as a headline indicator of progress but as a tool to motivate the behaviour of partners towards a desired outcome. As designed, the Debt Relief target means that it is in principle against the interests of the Departments to work to incorporate eligible countries currently outside the scheme because these present greater challenges and their progress, once in, could be anticipated to be slower. Similarly, for those countries within the scheme, progress could be achieved without realising the wider objective of sustainable reform and a "permanent" exit from unsustainable debt. In practice, the significance of these risks is relatively low and Departments can mitigate them by working outside the narrow parameters of the target (as illustrated in the case of "topping-up" under the Debt Relief target – **Figure 7**). But the need for such effort calls into question the specification and hence value of the target.

2.7 In the case of Millennium Development Goals, the target is general and all encompassing, and for DFID, with its aim to contribute to the elimination of world poverty, overlaps with its other Public Service Agreement targets and the overarching objectives of the Department (shaped around achievement of the Millennium Development Goals). Careful scoping of the target is therefore important to ensure that it drives additional working beyond that already encompassed by existing targets. The target on trade barriers is worded broadly but, in practice, Departments chose to focus work under this target on the World Trade Organisation's current round of negotiations (the Doha Round). Following slow progress with these negotiations and with the advent of the 2005-08 Public Service Agreement, Departments have broadened the coverage of the target to incorporate most Departmental work relating to trade liberalisation.

7 Joint working for "Topping Up" Debt Relief

A key objective of the Debt Relief initiative is to provide a permanent exit from unsustainable levels of debt for those countries successfully completing the initiative. In 2001, "topping up" was introduced to provide additional debt relief to countries that reached Completion Point but that still had unsustainable levels of debt. This situation could occur where countries' circumstances deteriorated while they were in the initiative but topping up would only be provided if the changes in circumstances were due to factors outside of the countries' control, to mitigate moral hazard risks on the part of countries in the initiative.

In 2003, Niger was scheduled to reach Completion Point, closely followed by Ethiopia, a priority country for DFID. Both countries had good track records of policy reform under the Debt Relief initiative but both were expected to exit the scheme with continued levels of unsustainable levels of debt, due largely to changes in discount and exchange rates. The UK felt that these factors lay outside the countries' control and, thus, Ethiopia should receive topping up. However, this view was not held among all creditor countries.

We found that, in response, DFID and the Treasury co-operated with a wide range of stakeholders to develop and promote the argument for topping up, including World Bank and International Monetary Fund staff, the Foreign and Commonwealth Office, DFID's regional and Ethiopian country office staff, the Ethiopian Ministry of Finance and Economic Development, the UK Delegation to the International Monetary Fund and World Bank in Washington and the French Direction Du Trésor (who had a key interest in Niger's situation).

Alongside pressure exerted by international civil society, the Treasury and DFID debated the merits of the argument with reluctant creditor countries, including the US and Germany, even though this delayed Niger's and Ethiopia's progress under the Debt Relief initiative. In April 2004, the World Bank and International Monetary Fund Executive Boards announced that Niger and Ethiopia had reached Completion Point and approved topping up for both countries.

Source: National Audit Office analysis of Treasury and DFID documentation

The development of joint targets

2.8 The joint targets that we examined have been applied to objectives that vary considerably in nature and how they are delivered (Figure 8). The motivation for taking a joint approach in each case also varies: for Debt Relief, the partners have clear, complementary roles but working jointly with DFID – a spending Department – also gives Treasury greater leverage; this same point is relevant for the Millennium Development Goals in addition to DFID’s and Treasury’s shared desire to increase UK effort on particular development issues; in the case of the Trade Barriers target, joint working requires partners to resolve any trade-offs and potential conflicts of interest arising from the process of trade liberalisation; while a key objective for the establishment of the Conflict Prevention Pools was to promote joint assessment and prioritisation to maximise UK effectiveness. Common to each of these, however, was a desire to exploit complementary competencies to deliver outcomes more effectively in areas beyond the boundaries of the single Departments working alone.

2.9 We did not find any standard process employed by Departments to determine that a joint Public Service Agreement target was the most effective way to support

joint working and deliver each particular process or objective. In practice, the joint targets we examined were established in a range of circumstances: in the case of Trade Barriers and Debt Relief, the target was overlaid on existing joint working arrangements; in Conflict Prevention it followed a cross-cutting review which had led to the creation of inter-Departmental conflict prevention “pools” for joint working; and in the case of Millennium Development Goals it represented both a signal of Ministerial intent and a stimulus to boost joint working on a particular set of issues.

2.10 A joint Public Service Agreement target has a number of characteristics:

- it identifies an agreed outcome that is sought jointly by the partners;
- it provides a clear statement of shared Ministerial priority and responsibility;
- it acts as a motivational tool, identifying a specific level of performance to be achieved; and
- it focuses on the practical delivery of the desired outcome (as distinct from, say, a broader objective to formulate joint policy).

8 International processes to which joint targets have been applied

Target	Description of Process	Departmental ownership/involvement
Millennium Development Goals	A set of international development objectives being addressed in multiple locations.	DFID and Treasury roles broadly complementary though not clearly specified. Foreign Office not formal target owner despite important contribution to make (especially on European Commission reform).
Debt Relief	A defined international process with explicit objectives and ‘administered’ by the International Monetary Fund and World Bank.	Treasury and DFID complementary competencies and joint owners.
Trade Barriers	A defined international process to be addressed in a single arena (World Trade Organisation, Doha Development Agenda).	DFID, Department for Trade and Industry and Foreign Office broadly complementary roles. Treasury and the Department for Environment Food and Rural Affairs not formal target owners but the latter in particular is key given role in Common Agricultural Policy reform. Foreign Office dropped target ownership for the 2005-08 PSA period.
Conflict Prevention	Conflicts occurring in many locations with a variety of root causes and not addressed by any single international process.	DFID, Foreign Office and the Ministry of Defence broadly complementary Departmental competencies and joint ownership of target.

Source: National Audit Office analysis

2.11 The first two points suggest that a jointly owned Public Service Agreement target can be useful where the outcome dominates partners' activities in the area of interest and represents a priority for each¹⁰. In contrast, where a Department makes a key contribution as a "by-product" of the pursuit of its own separate outcomes, something closer to a service level agreement may be a more appropriate mechanism for joint working.

2.12 We did not find any formal process to appraise the appropriateness of potential partners. However, the Trade Barriers target illustrates that this is not a clear cut issue. The Department for Environment, Food and Rural Affairs (Defra) is a key operational partner because of its role in influencing European Community agricultural reform, yet it is not a formal owner of the joint target. However, Defra participated in joint working prior to the establishment of the target, and has continued to work with target owners since – suggesting that the formality of joint targets has made little difference. On the other hand, the Foreign Office, a formal partner in the 2003-06 Public Service Agreement target, withdrew from the 2005-08 target under pressure to reduce its number of high level Public Service Agreement targets – rather than because it did not support the underlying objectives.

2.13 The last two characteristics of a joint Public Service Agreement target relate to the motivational and behavioural value of a joint target, suggesting a strong case for a joint target when the outcome is clearly defined and achievement is dependent on closer and/or new ways of cross-Departmental working. For those joint targets examined that built on existing joint working arrangements, we found in practice that the introduction of the joint target did not significantly affect how the partner Departments worked together. The exception was the Conflict Prevention target, although here changes to working arrangements were driven as much by the need to manage pooled budgets as by the introduction of the joint target. And in motivational terms, there was little to suggest that a formal target added value that looser shared aims and objectives lacked. Only the political commitment and priority signalled by Public Service Agreement targets increased partner motivation, and then only at the margins. For Debt Relief, while the mutual benefits of joint working are clear to the partners and hence the incentives to work together are strong, officials have stated that the target itself does not drive their work. Treasury officials working on the Millennium Development Goals target have also stated that while the target's existence is an important motivational factor and helps frame their activities, it acts at a strategic level rather than driving the detail of day-to-day work.

2.14 So the adoption of joint targets alone is not enough to bring about more effective joint working. We were told by one Department that "joint objectives [are] of limited use unless backed up by machinery for making joint assessments and setting priorities for action". One part of this machinery, valuable at every stage from objective-setting through to planning and implementation and monitoring, is logic modelling.

¹⁰ Partners may not necessarily agree exactly what is the desired outcome; such agreement may be one (early) result of joint working.

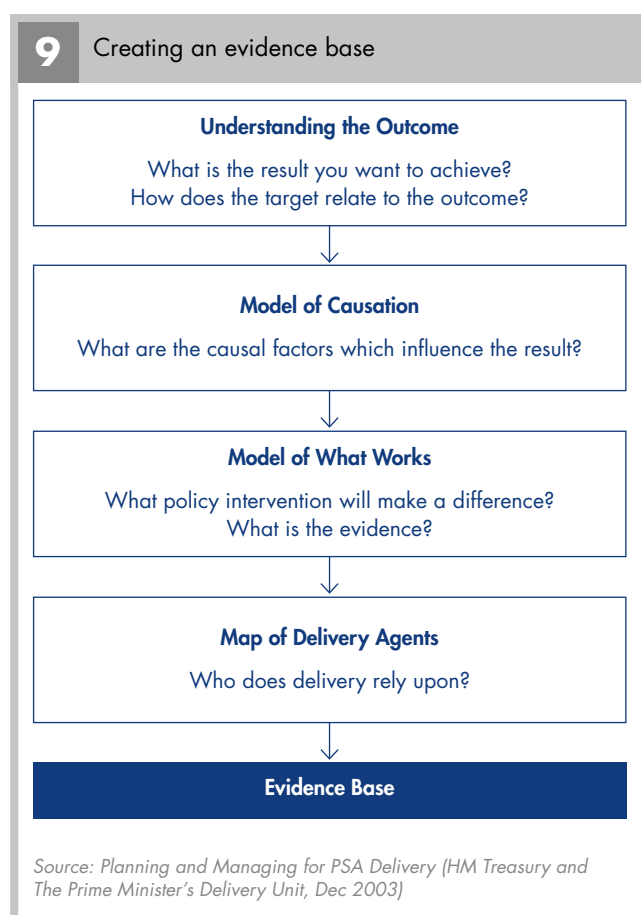
PART THREE

Strategy development



Central guidance proposes the use of modelling/mapping techniques to assist Public Service Agreement delivery planning

3.1 Guidance issued jointly by the Treasury and the Prime Minister's Delivery Unit¹¹ identifies a number of stages in the successful pursuit of an outcome-based target (see Figure 9). Modelling and mapping techniques – such as causal diagrams, logic modelling, scenario development, landscape mapping – are key tools in this process. They help identify the causal factors, and how they interact with each other and the external world. And the process of modelling and mapping helps clarify the options available, and considering what combination of actions is likely to work best.



3.2 This approach, whilst challenging, is beneficial for the development of all outcome-based targets. And it has particular benefits where partnerships are involved – the failure to use joint approaches to strategy development is more critical for joint targets, where a number of actors with different perspectives and areas of expertise are participating.

3.3 For the joint targets examined in this study, Departments had not jointly undertaken an explicit strategy development process using modelling or mapping techniques in line with the guidance. Officials had, however, brought their understanding – which developed over time – of the issues targeted to bear in less formal ways to develop work plans. For example, under the Debt Relief target, Treasury and DFID officials demonstrated a common understanding of the key issues surrounding the debt relief initiative, reflecting in part the duration of their joint working relationship since the late 1990s and also the alignment of their Departments' interests with respect to debt relief. Under the Conflict Prevention target, a number of Global Conflict Prevention Pool strategies (for example, for Sri Lanka and Nepal) have been developed using DFID's Strategic Conflict Assessment methodology. For Africa, regional and Pan-African strategies had been developed and the Africa Pool supported the use of the Assessment approach in Nigeria and Angola. Staff from each of the partner Departments operating the Global Pool have also formed a Strategy Management Team to agree and implement country, regional and thematic strategies. This structure is mirrored by partner Department representatives stationed in-country. In other instances, legacy projects exist where the underlying analysis was developed unilaterally by one partner.

3.4 Joint targets, however, address difficult problems to which there are no simple solutions. The challenge is to use partners' capabilities jointly to achieve more than would be possible acting individually. And the circumstances faced are too complicated to analyse without some formal tools: the main risks are in making sure that interventions are necessary and sufficient to achieve targets cost-effectively, rather than simply defining activities which make a contribution to progress.

11 HM Treasury & The Prime Minister's Delivery Unit (2003), *Planning and Managing for PSA Delivery: A guidance document*, December 2003.

Modelling the targets examined

3.5 In the absence of pre-existing causal models we held a series of workshops with Departments to understand the key causal factors and interventions designed to deliver progress towards their joint targets. Appendices 3 to 6 summarise the outcomes of those workshops – including some high-level mapping of relevant factors.

3.6 A number of common themes emerged from this work. In all cases, and particularly the Conflict Prevention target, the context of the targets, range of factors affecting progress and limited extent of United Kingdom influence made the derivation of logic models difficult – and the Appendices show we made varied progress on this as part of our study. Some common strengths of the approach Departments had adopted were evident:

- Discussion of the implications of joint targets had led to clarification of the United Kingdom policy on the targeted areas, and greater shared understanding of the line partners should take in international fora. For example, the UK line on sugar reform was clarified following a disagreement between partner Departments.
- That in turn gave the international community greater understanding of our policies, and our commitment to progress. For example, the Millennium Development Goals joint target highlighted the UK finance and development ministries' commitment to achieving the Goals.
- Policies were based on good high-level evidence on the advantages of change. For example, there is good evidence for the benefits of debt relief to the pursuit of poverty reduction.
- The main factors affecting change were clearly understood. For example, Departments demonstrated a good understanding of the levers and interactions of the Heavily Indebted Poor Countries Initiative.
- The pursuit of joint working had led to structural innovations, such as the creation of pooled budgets for conflict prevention, which offered the prospects of a more effective response.

3.7 Our work also showed there were limits to partners' understanding of how best to exploit the strategic opportunities provided by joint working:

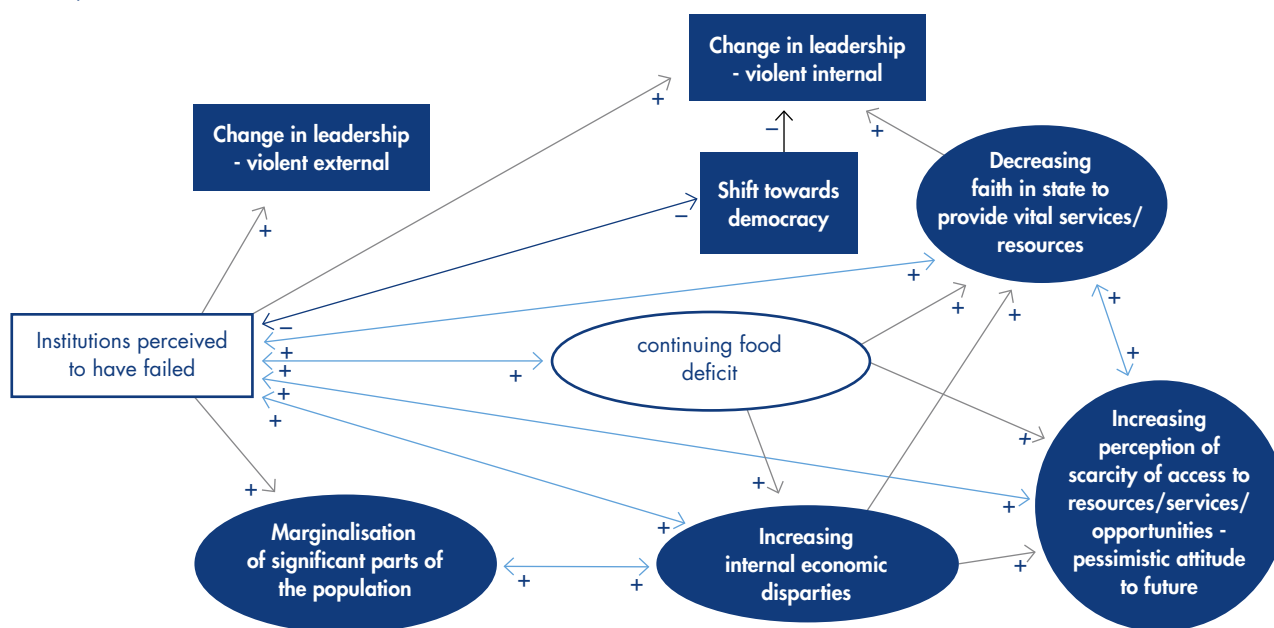
- At a detailed level, understanding of factors affecting performance, their interaction and how joint working could make a difference were not fully developed.
- While partners have analysed options for action, there was little use of formal, joint mapping or modelling to drive partners' actions, co-ordinate joint working and set stretching but achievable targets.
- The development and quality of jointly agreed intermediate performance measures and milestones to be used was variable.
- The effect of external events, and of the position of international colleagues, on target achievement was not easy to discern.

3.8 In all cases, partners had good grounds for pursuing joint targets on their chosen basis. But the cost-effectiveness of their work could be further improved by more detailed, formalised staff work underpinning their strategies. The use of the Ministry of Defence's Strategic Assessment Model to identify possible new approaches to address the conflict in Kashmir (**Figure 10**) shows the value of a modelling or mapping approach. It also shows that when the development of top level models or maps is more difficult, as in the case of the Conflict Prevention target, there is still value in adopting such an approach at working level to address specific issues. And modelling at such a detailed level can help to establish best practice and identify patterns of causality which could be used to develop more generic and higher-level models over time. The Conflict Prevention Pools also have access to DFID's Strategic Conflict Assessment methodology, the purpose of which is to analyse conflict; assess conflict related risks associated with development or humanitarian assistance; and develop options for conflict sensitive policies and programmes. The methodology is intended to include an analysis of conflict structures, actors and dynamics; and map responses of international actors. The Assessments we examined provided a critique of the background to the conflicts, or potential conflicts, in question; detailed the causes, dynamics and possible triggers for future conflict; and made recommendations for further action. But they did not map or model, in the true sense, linkages between causal factors, interventions and hoped for outcomes. Therefore, they did not provide a means of identifying how Departments' capabilities could be best used in partnership to help the Conflict Prevention target cost-effectively.

10 Use of logic model approach to analyse Kashmir conflict

The aim of the Strategic Assessment Method is to assess the risk of conflict in a particular region based on a common understanding of relevant drivers, issues and interactions. Amongst other things, this allows the creation of visual models, setting out interactions between trends and events in the region being assessed, with which to assist policy formulation and strategic planning. A generic example of such a model is set out below.

Consequences of institutional failure



When the Strategic Assessment Method was applied to the conflict between India and Pakistan over the disputed territory of Kashmir, 28 strategic options were generated of which ten were potential new additions to the strategy. A report of the process recorded that 'this suggests that SAM allowed the groups to think creatively about the issues and problems in [Indo-Pakistan] relations'.

Source: National Audit Office review of Ministry of Defence documentation

NOTE

This generic model is for illustrative purposes only and does not represent the official view of the Defence Science and Technology Laboratory UK or the Ministry of Defence.

Developing joint delivery plans

3.9 The process of creating an evidence base enables Departments to identify the key factors affecting the outcome of the Public Service Agreement target and to formulate the most effective strategy to influence these. This strategy, however, must be translated into action and

implemented, as planned, to sufficient quality if those factors are to be influenced in the desired manner. Under the Public Service Agreement regime, the Treasury requires Departments to develop delivery plans for each Public Service Agreement target, setting out the means by which Departments will achieve the target and the trajectory and milestones of progress expected during the target period.

3.10 In all cases, Departments have established plans to guide their work under the targets. In some cases, these are well integrated into individual Departments' planning processes: for example, Department of Trade and Industry's and DFID's separate plans for their own work under the Trade Barriers target, prior to the introduction of a joint delivery plan. However, where Departments had developed separate delivery plans there was no evidence that they had been created after the partners to the target had already identified the type and scale of joint effort needed to deliver the target so that the plans for each Department reflected the elements of joint endeavour relevant to each partner. Some Departments have developed joint delivery plans although that for Trade Barriers was only recently introduced (Figure 11). The limited extent of joint delivery planning by partners or the slowness of their introduction raise a number of issues about responsibilities, resourcing, risk assessment and the planning process in the round, which we address in the following paragraphs.

Assignment of responsibilities

3.11 Assigning clear responsibilities can be difficult in cross-cutting targets where no simple chain of command exists. In all the cases we examined, partners' broad roles were clear to one another, based on their established areas of competency. However, Departments had not formally agreed the different contributions that each would make to joint working nor had they allocated responsibilities for pursuing specific activities or achieving particular results. We also found a lack of clarity about reporting against targets within Departments – specifically those working on the Conflict Prevention target for the period 2003-06. Greater clarity has been introduced with regard to reporting progress on this target in 2005-08 (see Figure 12).

11 Extent of joint delivery plans

Joint Target	Comments
Conflict Prevention	Centrally, the steering teams for the Global and Africa Conflict Prevention Pools have developed a joint delivery plan. The plan for the period 2002-04 was only finalised in April 2004, giving it limited value. The plan for 2005-08, which includes the work of the Post Conflict Reconstruction Unit, was agreed in February 2005 early on in the period to which it relates. It recognises the value of enhanced coherence between Departments and of a shared analysis of conflict. The plan also includes an assessment of risk but does not assign responsibility for monitoring risks to individual Departments. In addition, the plan does not contain interim milestones against which to measure progress. At an individual strategy or country level progress of delivery plans has been mixed but efforts have been made recently to improve planning arrangements.
Debt Relief	Treasury and DFID do not have a joint delivery plan for the target - although they have stated that their separate plans "constitute a shared, formal delivery plan." They consider that "[m]aintaining the separation between the two documents and departments, allows [them] to focus on individual departmental responsibilities, while also highlighting the shared summary of policy foci and risks."
Trade Barriers	A joint delivery plan was drafted in February 2003 for the 2003-06 Public Service Agreement but was not developed or actively used by partners. Instead, each partner developed their own business plan/strategy to guide their work under the Public Service Agreement target. While partners did consult one another in the development of their policy documents, they have also taken a number of steps since the failure of the Cancun Ministerial meeting to strengthen co-ordination and joint strategy development. As part of this, DFID and the Department for Trade and Industry issued the first joint delivery plan in December 2004 for the 2005-08 Public Service Agreement target.
Millennium Development Goals	Partners have not developed an overarching, joint delivery plan under the target though Departments do share their individual plans with each other, on an <i>ad hoc</i> basis. These plans are not fully aligned; for example, a key area of Treasury's interest – the International Finance Facility – is not referred to in DFID's plan. In other areas of work under this target, joint planning is more formalised. For European Community reform, a shared strategy (also incorporating the Foreign Office) indicates how Departments will work together to improve the effectiveness of European Community development assistance, and a 'mini-plan' sets out the issues to be addressed and actions to be taken, by whom and when.

Source: National Audit Office analysis

12 Ownership of the conflict prevention target

The Africa and Global Conflict Prevention Pools were established to facilitate joint working on the conflict prevention target. With their creation came an additional layer of organisational complexity which, at least initially, generated confusion over responsibilities.

Although the Pools' budgets are shared between Departments, ownership of the 2003-06 Public Service Agreement was, in practice, delegated to the Pools' staff although this was not stated in the target wording. This delegation led to confusion about who should own the target, perform the work towards it, and monitor and report progress: the Pools were doing the work and were the de facto owners but the Departments were still the formal owners of the target. The extent of the confusion was illustrated by Treasury requirements for parallel reporting from both the Pools as well as from Departments on progress towards the target.

The 2005-08 conflict prevention target will be more widely interpreted to include the activities of others besides the Pools (such as the Post Conflict Reconstruction Unit) in order to return ownership and reporting responsibilities to Departments. Departments now co-ordinate their Public Service Agreement reporting with each other and with Treasury, using the same wording, to meet three different reporting deadlines.

Source: National Audit Office discussion with DFID and Foreign Office staff

3.12 Allocation of responsibilities is an issue that extends beyond just the formal target owners within each partner Department. Internally, Departments are not homogenous entities and target owners need to 'make sure that they have buy-in from all areas of [the] organisation that will be involved'¹². For example, under the Trade Barriers target, DFID's International Trade team owns the target but most trade-related expenditure is funded by country programmes, outside of the control of the International Trade team. DFID recognises this and is seeking to improve the strategic management of cross-cutting issues and raise their profile in Country Assistance Plans developed by country teams.

3.13 Externally, partners may need to determine their roles and responsibilities in relation to other bodies that operate in the same or related policy areas. For example, the number of United Kingdom actors engaged in the conflict field has expanded recently with the establishment of the Post Conflict Reconstruction Unit. And the work done by the Prime Minister's Strategy Unit on Countries at the Risk of Instability raises issues about international roles and responsibilities. The Conflict Prevention Pools have agreed liaison mechanisms with the Post Conflict Reconstruction Unit.

Resourcing

3.14 The individual nature of delivery planning militated against any joint analysis of the available options, or of choices over the level of resources committed. In the case of the "influencing" targets, the level of resources committed was in any case very small – limited in the main to expert staff, and small amounts of research. In most cases, resources committed were derived from incremental adjustment to existing staff dispositions. For conflict prevention, programme funds had been made available to enable direct interventions to ease potential conflicts, usually as part of a wider contribution: the size of the budgets derived from questions of policy priority and affordability, rather than analysis of needs. In the case of the Global Conflict Prevention Pool, bids for funds from Pool strategies are scored against pre-set criteria, including whether UK involvement will make a significant contribution to any international effort; and whether joint effort and Pool funding will make UK intervention more effective. However, we saw no analyses at an individual strategy level which related consideration of possible interventions to the commitment of resources and the probability of achievement of targets.

12 Gary, L. (2004), *A Growing Reliance on Alliance*, Harvard Management Update, April 2004.

3.15 Moreover, the planned or actual resources devoted to joint working are unclear. Apart from the programme costs for the Conflict Prevention Pools (£134 million in 2003-04), the costs of joint working are not formally budgeted or monitored. For joint targets such as those relating to the Millennium Development Goals and conflict prevention, all that Departments such as DFID and the Ministry of Defence respectively do can be said to contribute to their achievement at the highest level. But **Figure 13** below sets out estimates of staff and other financial resources committed which are more directly identifiable as being involved in delivery of the targets examined, either on a full- or part-time basis. It shows that there are no systems for capturing staff effort on joint targets, or for distinguishing direct “influencing” effort from general administrative support. And it also shows that where aspects of a partner’s contribution sit with pre-existing programmes, such as DFID work on trade as part of country assistance programmes, there are no arrangements for identifying the scale of that effort.

Risk assessment

3.16 Departments’ individual plans refer to risks to varying degrees and in the case of the Debt Relief target, DFID and Treasury teams have identified key risks affecting the progress of individual countries through the Debt Relief initiative. The steering team of the Global Conflict Prevention Pool introduced a programme in 2003 aimed at improving the quality of risk assessment amongst other things. However, in only one of the cases examined (the Trade Barriers target) have partners formally developed joint risk registers and assigned specific responsibilities for risk management across partners. This was developed relatively recently, in September 2004, during the course of our examination.

13 Staff and financial (in 2003-04) resources devoted to joint targets

Department	DFID		Treasury		Department of Trade and Industry		Foreign Office		Ministry of Defence	
	Staff	£m	Staff	£m	Staff	£m	Staff	£m	Staff	£m
Target										
Millennium Development Goals	2 ²		1.5							
Trade Barriers	19	17.5			50 ³	4.1 ⁴	8 ⁵			
Debt Relief	6	0.6 ⁶	2.5	525 ⁷						
Conflict Prevention ¹	10 ⁸		2 ⁹				10 ¹⁰		31 ¹¹	

Source: Departmental staff, Treasury work plan, University of Bradford evaluation of Conflict Prevention Pools

NOTES

- 1 The Cabinet Office also provides 2 part-time staff.
- 2 DFID staff responsible for co-ordinating the Department’s work with Treasury. More widely, all DFID staff contribute to the Department’s work in helping to achieve the Millennium Development Goals.
- 3 A combination of full- and part-time staff.
- 4 World Trade Organisation membership fees.
- 5 Made up of 5 full time staff in FCO’s Trade Team and 3 SMS officers who work part-time on trade issues.
- 6 DFID estimated that it provided between £500,000 and £750,000 for capacity building.
- 7 Debt write-offs.
- 8 Represents full time equivalents, made up of full- and part-time staff.
- 9 Part-time staff.
- 10 Made up of 8 part-time staff and 2 full-time conflict advisers.
- 11 Made up of 5 full-time staff working towards the joint target; 15 full-time staff in the Defence Advisory Team; and 11 full-time equivalents in regional desks.

3.17 Departments stressed that the nature of these targets – that is, focused on international outcomes – meant that many of the risks lay outside their control and therefore they could do little about them. For example, the collapse of the World Trade Organisation Cancun Ministerial Meeting was an event that the Departments could do little about. However, there is questionable sense in a strategy that relies for success entirely on an event over which partners have very little influence. This point alone suggests that a broader strategy encompassing trade-related opportunities beyond Cancun and the Doha Development Agenda would have been more appropriate. In addition, for those risks that are truly outside Departments' control, a recovery plan is required in the event that such risks materialise. Following the collapse of the Cancun Ministerial, there was no formal "plan B" to implement in response.

The planning process

3.18 Whilst Departments have a variety of planning arrangements in place at the detailed working level, they recognise the limitations in current planning arrangements at the strategic level and there is general agreement across partners for the need for more effective and joint processes to translate strategies into delivery plans. However, discussions with Departments suggest two main difficulties that they have experienced with respect to this challenge. First, the environments in which the Departments operate in pursuit of these joint targets are subject to rapid change and conventional strategic planning processes and documents, which are based on relatively stable environments, are not useful. For example, the Treasury and DFID teams working under the Debt Relief target have indicated that their actions tend to be shaped around key events such as the Annual Meetings of the International Monetary Fund and World Bank. They feel that they "cannot plan too far ahead" as much of their success "turns on international opinion" – and they value flexibility "above all else" as this allows them to respond quickly to shifts in international opinion.

3.19 However, in practice Spending Review guidance about the content of delivery plans is not prescriptive and more flexible forms can be applied. Instead of a conventional strategic planning process, models of continuous strategy development can be employed¹³ which identify the strategic direction and an agenda of critical challenges and opportunities that must be addressed to move towards the desired outcome. In such models, strategy evolves based on an understanding of what has been successful and items on the strategic agenda are assigned to an accountable individual, along with a timetable for their resolution.

3.20 Treasury and DFID teams working under the Debt Relief and Millennium Development Goals targets have developed the beginnings of such a continuous strategy model by establishing a broader policy framework (see **Figure 14**). However, this framework has not been formalised and specific responsibilities have not been identified.

14 Treasury and DFID Policy Framework for Joint Working

Although the Treasury and DFID do not have a joint delivery plan for the Debt Relief or Millennium Development Goals targets, they have worked jointly to establish a 'framework' which helps to guide Departmental decision making. This framework addresses a broad range of related policy issues, including aid effectiveness, lending and grants policy, donor conditionality and harmonisation, and International Financial Institutions programme design and Departments have developed a shared 'wish-list' of policy wins in these areas. This framework informs Departments' positions when particular issues arise in relation to the Debt Relief initiative or under the Millennium Development Goals target. The framework has not, however, been formally documented and target-specific implications have not formally been cascaded down to drive their work under the Debt Relief or Millennium Development Goals targets.

Source: National Audit Office analysis

13 Mankins, C.M. (2004), *Making Strategy Development Matter*, Harvard Management Update, May 2004.

3.21 The second difficulty identified by Departments relates to the Departmental focus of planning arrangements established by the Treasury. There is no requirement for joint delivery plans for joint targets – the presumption being that the relevant issues will feature in each Department’s plan. But at present, Departments face different deadlines for preparation of their delivery plans. So it can be difficult for partners to co-ordinate the delivery planning for joint targets. In addition, although Treasury guidance requires Departments to develop delivery plans for each Public Service Agreement target, in practice, some plans have been developed with an organisational focus. Developing separate delivery plans for different parts within a Department, rather than for each target may hinder the joint delivery planning process, both within Departments and between target partners.

Balancing costs and benefits in planning processes

3.22 In setting up planning arrangements, partners have to balance the greater costs of more sophisticated and formal arrangements against their potential benefits. Our audit suggests that this judgement should be informed by a number of factors, as set out in **Figure 15**. If the factors are applicable then there is an increased case for a more sophisticated approach. This approach applies to all targets, not just joint targets.

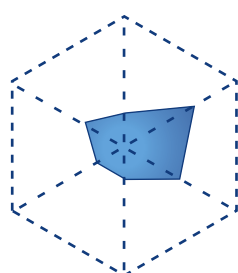
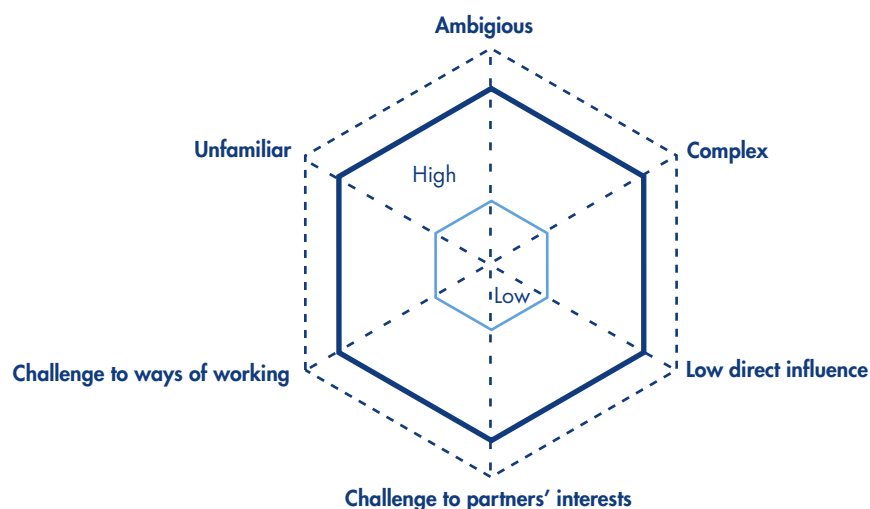
3.23 **Figure 16** opposite summarises our indicative assessment of the importance of these factors in each of the case studies examined. The axes illustrate the relative significance of the factors for each of the cases. In general, the closer the target’s profile is to the perimeter of the diagram, the higher the likely importance of adopting explicit and joint problem diagnosis and strategy development processes.

15 Factors affecting the degree to which explicit joint planning arrangements will be required

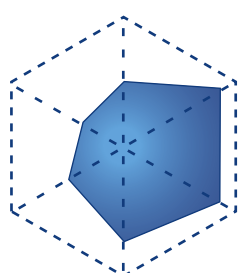
Factor Is the outcome ...	Considerations
Ambiguous?	Are the target population and the intended changes clear and objectively verifiable? If not, they will necessarily be open to interpretation.
Complex?	Are there numerous, interdependent causal factors influencing the problem? In such cases, the range of possible strategy options increases as does the importance of prioritisation and review of assumptions.
Outside Departments controllable influence?	Does change in the targeted outcome involve a high degree of “stretch” on Departmental influence? Where this is true, external stakeholders tend to be more numerous and their role more important, increasing the need for a coherent approach to stakeholder management/influencing.
Unfamiliar?	Do partners have experience in the policy area targeted or does this represent a new field of endeavour? The less experience Departments have, the greater the need to focus on understanding the new opportunities and obstacles faced.
Challenging to existing ways of working?	Has the targeted outcome proved difficult to influence in the past? Joint working is often directed at “wicked issues” to challenge existing practice but this in turn requires detailed problem diagnosis and creative solution identification.
Challenging to partners’ interests?	For the outcome targeted, are partners’ missions and objectives aligned or do they conflict? Where partners must resolve potential trade-offs in policy objectives, there is a greater need to formalise the problem diagnosis analysis.

Source: National Audit Office analysis

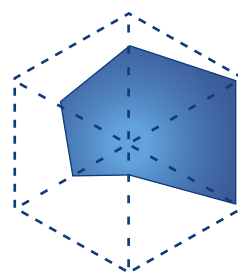
16 Importance of factors affecting the degree to which explicit joint planning arrangements are appropriate for each target



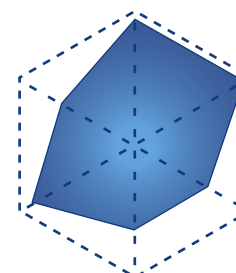
Debt Relief



Trade Barriers



MDGs



Conflict Prevention

Source: National Audit Office analysis

3.24 The factors can be illustrated in more detail using the joint targets we examined:

- **Ambiguous** – the Millennium Development Goals joint target identifies improvements to the international system, the need to work with international partners and the aim of achieving progress towards the Millennium Development Goals which themselves cover a wide range of economic, social and environmental objectives. Therefore, the potential for ambiguity is increased.
- **Complex** – the causes of conflict are multiple and case specific. The complexity of the analysis is compounded by need for Departments to identify where and how United Kingdom intervention can be most effective.
- **Low direct influence** – the Debt Relief teams have exercised considerable influence at the international level on questions of policy but have much less influence where countries within the scheme are off-track with their International Monetary Fund programme or are yet to qualify for entry to the scheme. This is compounded by the fact that the majority of eligible Heavily Indebted Poor Countries remaining are not DFID priority countries.
- **Unfamiliar** – in all the joint targets examined, Departments had been working together to varying degrees in the policy area before the introduction of the joint target, though the breadth of the Millennium Development Goals target and the fact that these encapsulate DFID-wide objectives suggests greater uncertainty about the role of the partnership.

- **Challenges to ways of working** – while all the joint targets examined involve to some degree a challenge to established practice, the Conflict Prevention Pools have seen the introduction of new financing mechanisms which have been effective in enabling Departmental resources to be used more flexibly and less Departmentally driven than in the past. Africa Conflict Prevention Pool staff told us that this approach to funding, coupled with the management structure which underpinned their work was a particular strength of the new arrangements.
- **Challenges to partners' interests** – while there is a high degree of agreement across the partners about the merits of trade liberalisation in general, with regard to the Trade Barriers target there are differences of opinion with respect to the timing of reform, priority areas for action and the treatment of specific products and countries which partners have had to resolve. A desire to exploit complementary competencies in pursuit of the target has helped Departments to deal with such differences.

3.25 On the basis of this relative assessment, introducing explicit causal mapping and joint planning processes is most likely to add value in the case of the Conflict Prevention target, even if the complexity of the context makes such an approach challenging. The work partners did in the specific case of Kashmir illustrates this point (see Figure 10 on page 17). The Conflict Prevention target ranks highest against all but two of the criteria which is unsurprising given that a key objective in establishing the Conflict Prevention Pools was to put in place a joint analytical framework for assessing conflicts and facilitate collective priority-setting. The product of such explicit arrangements may well vary over time and as circumstances change but the need to ensure that they are in place is strongest in the case of the Conflict Prevention target. In contrast, the Debt Relief target ranks lowest across the factors. This reflects the fact that the target relates to the implementation of an established international process, managed by the World Bank and International Monetary Fund, with clearly defined beneficiary countries. A more formal approach to mapping causes and joint planning may be of less value in this case.



PART FOUR

Implementation, monitoring and reporting



4.1 Progress towards a joint target is dependent upon a range of internal factors including adequate structures to facilitate joint working, timely monitoring and reporting, and support from the centre. Part four considers the arrangements for joint working, summarised in **Figure 17 overleaf**, and assesses how well the partner Departments and other parts of government with a role to play organised themselves in order to deliver progress.

Leadership and facilitation

4.2 Research into effective alliances has established the importance of leadership and facilitation skills. There is value in having an individual who can focus, primarily, on promoting a joint approach between partners and ensuring that such an approach is realised in the interests of achieving the joint target. This is particularly so where the working cultures of partner Departments are different. In none of the cases examined, however, had partners clearly assigned to any individual the role of project leader or director. In the case of the Conflict Prevention, Trade Barriers and Debt Relief targets, Departments have assigned lead responsibility for facilitating working arrangements and information exchange – to Cabinet Office, Department of Trade and Industry and the Treasury respectively. However, these roles do not include formal responsibility to drive the development of the work programme – such as facilitating the process of joint working, building trust across partners, driving joint strategy development and planning, and encouraging new ways of collaborating. For Conflict Prevention, the Global Conflict Prevention Pool Steering Team seeks to carry out these roles as does the DFID Africa Conflict and Humanitarian Unit for the Africa Pool; and the Cabinet Office is responsible for seeking to ensure effective joint Ministerial decision-making and accountability through twice-yearly Ministerial meetings. However, more generally, the lack of formal project directors may reflect the shared and equal responsibility that partners in principle assume under a joint Public Service Agreement target. This accountability framework, however, does not preclude the allocation of a project director role at an operational level to “champion” a joint approach between partners in the interests of achieving the target.

4.3 One of the functions of a project director could be to arbitrate disputes which emerge at a working level. Currently, there are mechanisms to resolve high-level policy disputes at senior levels, as was the case, for example, when determining a common position on sugar trade reforms. However, without formal arrangements in place to resolve differences of opinion at a working level, there is a risk that partners will simply opt out of raising issues of potential disagreement. An example of such arrangements relates to the Conflict Prevention target. Individual strategy management teams within the Global Conflict Prevention Pool have the option of referring disputes to the Global Pool Steering Team; and Cabinet Office acts in the same capacity for the Africa Pool.

4.4 There is also a lack of specific resources set aside for managing the joint working arrangements. Joint working is not a cost-free option even though potential benefits are expected to outweigh additional costs. Indeed, Treasury guidance notes that joint working demands more time than singleton target working. In the four cases we examined all the Departments were expected to bear these additional costs out of existing budgets.

4.5 Beyond individual joint targets, there may also be a case for establishing a dedicated resource centrally to provide leadership and facilitation support to wider efforts to encourage cross-Departmental working, in the way that the Africa Conflict Prevention Pool staff felt the Cabinet Office did with regard to facilitation. Such a resource could be responsible for lesson-learning across Departments and providing advice and know-how to assist partners manage the different stages of the process. It could also serve to demonstrate commitment to joint working and, by advertising the successes, increase the perception among Departments more generally that joint approaches to problem-solving can add value.

17 Arrangements for joint working

	Millennium Development Goals	Trade barriers	Debt relief	Conflict prevention
Key decision-makers/arbiters	Senior level officials	Working level officials; although disagreements can be elevated to the European Union secretariat-chaired meetings of senior officials, the Presidency Planning Group and to ministers in the European Policy Committee.	Working level officials with input from their seniors as appropriate.	Cabinet sub-committee or pool steering committees. Quarterly meetings of partner Departments' Africa Directors.
Working structures	Informal partnership	Informal partnership	Informal partnership	Formalised partnership in the form of two pooled funds (although staff remain part of their 'home' Department).
Frequency of meetings (currently)	Informal meetings between senior officials (frequency as required).	Fortnightly meeting between working level officials.	Monthly meeting between working level officials.	Africa Pool: monthly meetings; more frequent informal meetings of steering committee (frequency as required). Global Pool: steering committee meets every fortnight.
Changes/evolution in structure since first iteration of the target	N/A	Monthly high level meetings of the Trade Policy Group replaced by fortnightly meetings of working level staff.	N/A	Pools have developed different cultures and administrative arrangements.
Monitoring	Annual review of progress and informal interim monitoring.	No measures for formally monitoring progress agreed. Regular progress reports provided to meetings of senior officials (for example, Head of European Union Secretariat and the UK Representative in Brussels).	No formal monitoring system. Reliance is placed on biannual monitoring reports produced by the World Bank and International Monetary Fund.	Africa Pool: each partner Department monitors in accordance with its Departmental procedures. Global Pool: Steering Team monitors overall spend monthly. Strategy Management Teams meet regularly to review programme activity and progress.

Source: National Audit Office analysis

Monitoring progress

4.6 Monitoring is an important and necessary part of the delivery process. It is a means by which to demonstrate progress and to identify areas and trigger corrective action where progress is off-track. It provides a basis for:

- assessing whether or not objectives are being met;
- lesson-learning and spreading good practice where things have been found to work well; and
- accountability: reporting the effectiveness with which resources have been used.

Because of the need to identify each partner's contribution towards the target, as well as to measure the overall progress made by the partnership towards achieving the target, performance monitoring for joint working can be more complex than for a solo organisation.

4.7 Under the Public Service Agreement approach, Departments' Delivery Plans and the Quarterly Monitoring Reports provided to Treasury are intended to provide a framework for monitoring progress against targets. Allied to this is the importance of breaking down long-term, outcome-based targets into shorter-term targets and milestones, so that targets drive performance. The timing of interim achievements can be difficult to identify with certainty in some circumstances, for example, when factors outside partners' control play a major part in delivery. But partners still need to have a sense of when milestones need to be achieved if they are to identify whether progress is on track or steps need to be taken to bring matters back on course. The Public Service Agreement targets do not incorporate interim milestones, and only the associated Technical Notes for the Trade Barriers and Millennium Development Goals targets contain such milestones. Available Delivery Plans reviewed gave more detail on interim milestones, but this varied considerably between targets and between Plans. The Conflict Prevention joint Delivery Plan for 2005-08 does not contain interim milestones falling within the period whereas the joint strategy on European Community Reform within the Millennium Development Goals target contains 46. DFID's Delivery Plan for the Trade Barriers target contains 11 milestones but for the same target, the Department of Trade and Industry's Delivery Plan contains only two.

4.8 Improved joint delivery planning with milestones to indicate what progress would be expected of the partnership, and by when, helps to monitor progress and identify where progress is off-track. A necessary aspect of this is that roles and responsibilities for delivering (contributions towards) particular milestones should be clearly allocated in order that partners know what it is that they are monitoring against – and in order that they can be held to account for their role in the partnership. In Delivery Plans we examined we found that, although the extent varied between Departments, there was very little allocation of particular partners' responsibilities for actions to reach particular interim milestones. Where such indicators have not been identified, with clear statements of responsibility and a timetable for delivery, partners lack the operational framework required for effective monitoring of progress.

Interpretation and reporting of progress

4.9 A shared understanding of progress should help partners to appreciate how things stand as well as identify what needs to be done to maintain or improve that progress. Different partners have not always reported consistently against the same joint target, however, indicating that Departments do not always have a shared understanding of progress. Reasons for this vary, including the fact that Departments are not working jointly with common procedures to monitor and measure progress, and that Departments disagree on, or have different interpretations of, progress. The impression given of individual Departments viewing progress from their own perspective rather than jointly can damage the public credibility of the partnership where inconsistent messages are being reported. Departments have recognised the issue and the consistency of reporting has improved over time, as demonstrated by comparing reported progress for 2001-04 targets with reported progress for 2003-06 targets ([Figure 18](#)).

18 Inconsistencies in reporting of progress against joint targets in partner Departmental reports¹⁴

		Target period 2001-04				
		DFID	Treasury	Foreign Office	Ministry of Defence	
Debt Relief	"Below target"		"Met"	–	–	
Conflict Prevention	"on course"		–	"too early to evaluate impact"	"not yet assessed"	
		Target period 2003-06				
		DFID	Treasury	Foreign Office	Ministry of Defence	Dept of Trade & Industry
Millennium Development Goals	Progress against 15 lower-level indicators assessed 3 as "on course" 7 as "too early to say" and 3 as "slippage"		"slippage" against the Millennium Development Goals as a whole.	–	–	–
Trade Barriers	"slippage"	–		"Significant differences between developed and developing countries on agriculture were an underlying cause of the collapse of the Cancun WTO Ministerial ... Since January 2004 there have been positive signs that key players are willing to re-engage."	–	"Off track"
Debt Relief	"on course"		"on course"	–	–	–
Conflict Prevention	"not yet assessed"		–	"Data currently unavailable"	"not yet assessed"	–

Source: National Audit Office analysis of 2003 & 2004 Departmental Reports (DFID, Foreign Office, Treasury, Ministry of Defence, Department of Trade and Industry)

4.10 The Treasury and DFID explained to us that they report against the Millennium Development Goals target differently to reflect a difference in their perception of the target. The Treasury reports against the Millennium Development Goals as a whole, but considers it appropriate for DFID to use the target in the more specific way it does (as described in Figure 18 above) as it is DFID and not the Treasury that has the primary relationships and levers to influence change within multilateral institutions. However, the interaction with multilateral institutions is only one of three elements which DFID and the Treasury share.

4.11 Timing differences in Departments' internal reporting can also contribute to variances in reported progress because Departments reporting later often have access to new data which can change the conclusions drawn. Nevertheless, joint working under joint targets implies and requires joint monitoring and assessment of progress, and any failure by partners to agree on headline assessments and align their reporting of progress reflects poorly on the joint working partnership.

¹⁴ Joint targets on the Millennium Development Goals and trade liberalisation did not exist for the period 2001-04.

Obstacles to effective monitoring and reporting

4.12 We recognise that performance monitoring is not straightforward in the areas being examined, both in relation to the quality of available data on international development outcomes, and in attributing those outcomes to particular (joint) actors and actions. A recently published evaluation of partnership working noted the increasing difficulty associated with ‘...measuring outcomes, which are often strongly affected by external factors, are difficult to influence, and are often by their nature slow to change’. It found these difficulties to be compounded in the case of cross-cutting issues, where several partners are involved and it is ‘very difficult to hold any one partner to account for delivery, and for the partnership to demonstrate that it is adding value by contributing to improved outcomes’¹⁵.

Data quality

4.13 Well-defined, accurate and timely data are often lacking in the field of international development. For some targets, Departments are dependent on reports from other bodies to measure progress - for example it is the responsibility of the United Nations Department of Economic and Social Affairs to report annually on progress towards the Millennium Development Goals. In such circumstances a Department’s reporting on its joint target can only be as accurate as the data (and monitoring and reporting systems) of the bodies on which it relies.

4.14 Another issue is that of time-lags between interventions and data becoming available. For example, Departments working on conflict prevention use data from various organisations (Stockholm International Peace Research Institute, International Institute for Strategic Studies, United Nations High Commissioner for Refugees, and the Norwegian Refugee Council) to measure progress against the target set in 2002. In April 2004 DFID reported that the first data would be available by Summer of that year. However, by December 2004 data were still not available and DFID noted that it was ‘too early to say’

whether progress had been made against the target. In the Spring of 2005 the first data relevant to this target became available which showed that the Africa Pool was on course to meet two of its four statistical sub-targets and the Global Pool on course to meet three of its four sub-targets. Thus, the target had been worked on for over two years in the absence of any quantitative data by which to judge progress towards the target. Furthermore, in Spring 2005 the Pools continued to report that it was too early to say whether the 2002 target would be fully met despite data now being available.

Attribution

4.15 Outcomes, especially in the international arena and over long timeframes, are affected by factors outside the control of the UK government Departments which share responsibility for delivering the target. The UK’s influence on these processes is important but limited, and success or failure in meeting the target will be the result of a combination of factors. Joint working may be successful in its own terms but the target outcome still not achieved. Or conversely the outcome may be delivered despite an ineffective contribution by UK government Departments.

4.16 Identifying the UK’s contribution to overall progress, and separating out the impact of individual partners’ contributions and the added-value of the partnership in these international processes is not straightforward. And yet it is important to have an insight into the value of the UK contribution in order to judge whether that contribution is making a difference to the problem it seeks to address. At a high level it is difficult to frame targets on international topics in a way that captures and measures the UK’s contribution. It is perhaps unsurprising therefore that progress against the targets we examined cannot be easily attributed to the UK’s efforts. However, second tier indicators sitting below the main target could be used to focus on the value of the UK’s contribution. By using indicators of progress in geographical or functional areas in which the UK is known to be effective or has a comparative advantage, the value of the UK’s contribution could be better isolated and thus assessed.

¹⁵ *Evaluation of Local Strategic Partnerships: Performance management action learning set report*, February 2004 (sponsored by the Office of the Deputy Prime Minister and the Department for Transport).

Evaluation and lesson-learning

4.17 Evaluations can complement monitoring by providing a deeper analysis of performance. Only one formal evaluation of joint working has been performed under the targets we examined, that of the Conflict Prevention Pools by the University of Bradford. We are not aware of any plans for evaluations of performance under the other targets.

4.18 The University of Bradford evaluation concluded that the activities funded by the Conflict Prevention Pools were worthwhile and appeared to have positive impacts. However, the evaluation was unable to determine whether the benefits achieved by the Pools justified the funding provided to them; and found that there was no evidence of a consistent set of ideas for officials to guide how the Pools might achieve maximum effect for the lowest cost. The response from the Departments involved in delivering the Conflict Prevention target to the evaluation was published in July 2004 and we note that they did not agree with all critical aspects of the evaluation or its findings. (Further details of the evaluation's findings and recommendations, and the Departmental response are set out in Appendix 7.) Nevertheless, evaluation is an important tool for, inter alia, identifying good practice and lesson-learning opportunities, which appear as areas of weakness in inter-Departmental joint working. For example, on Conflict Prevention, Departmental officials informed us that there is scope for much more systematic sharing of best practice and lessons between the two Conflict Prevention Pools. Also in relation to Conflict Prevention we found that officials were unaware of guidance available on best practice in joint working to help them work most effectively with other government Departments.



APPENDIX 1

Methodology

The main aspects of our methodology were:

Semi-structured interviews

We met with key staff in those Departments which are formally accountable for delivery of the targets examined in this report (DFID, the Foreign Office, the Ministry of Defence, the Department of Trade and Industry and the Treasury). We also met key staff in the Department for environment, food and rural affairs and the Cabinet Office who have a role, although not formalised, in delivering the Trade Barriers and Conflict Prevention targets respectively. These discussions focused on understanding Departmental roles in delivering the targets.

Mapping and modelling workshops

We ran a number of facilitated workshops with relevant Departments to explore the key causal factors and interventions designed to deliver progress towards their joint targets. As part of this work we sought to map, at a high level, those factors and the points in the process at which intervention was needed to move progress forward. Where possible, we also identified where partner Departments had identified their own specific roles.

Literature review

We identified and reviewed key literature in the performance measurement field to establish current thinking on key challenges to joint working and the important factors for developing effective partnerships.

Case studies

We identified case studies with which to illustrate key points in the report such as "topping up" debt relief and the use of the Ministry of Defence Strategic Assessment Method to analyse the Kashmir conflict.

Content analyses

We analysed the following key documents to determine the extent to which partner Departments jointly planned for and reported on delivery of the joint targets:

- Delivery Plans;
- Technical Notes; and
- Departmental Reports.

Consultancy input

We commissioned Jonathan Cave of Rand Europe to guide our thinking on strategic partnerships and provide expert input on joint working during our workshops.

We also commissioned Joanne McKibben of Indigo Business Systems to facilitate our workshops.

APPENDIX 2

Reported progress against joint targets examined

'... improved effectiveness of the UK contribution to conflict prevention and management as demonstrated by a reduction in the number of people whose lives are affected by violent conflict and a reduction in potential sources of future conflict, where the UK can make a significant contribution.'

(DFID, Foreign and Commonwealth Office (FCO), Ministry of Defence)

'Too early to say' - specific developments mentioned include:

- Africa - 'reduction in violent conflict and there is cause for optimism in some long-running conflicts ...'
- Afghanistan - 'much achieved in Afghanistan over the past 12 months, but the situation remains fragile.'
- Nepal - 'continuing conflict and political instability represent a severe threat to development, democracy and human rights.'
- Sri Lanka - 'fully-fledged conflict has not resumed in Sri Lanka, but politically-motivated killings reached peaks in December 2003 and the latter half of 2004.'

'... ensuring that three-quarters of all eligible HIPC [Heavily Indebted Poor Countries] committed to poverty reduction receive irrevocable debt relief by 2006 ...'

(DFID, HM Treasury (HMT))

'On course' - 'Progress in countries reaching Completion Point (the point where countries receive full relief) has not been as rapid as previously projected ... Nonetheless, by October 2004, six further countries had already reached Completion Point, taking the total number to 15 (or over 50% of all eligible HIPC countries), and one more could reach this point before the end of the year. We therefore still expect the target to be achieved.'

'... work with international partners to make progress towards the United Nations 2015 Millennium Development Goals.'¹⁶ *(DFID, HMT)*

Progress against this target is measured separately against the following indicators:

- ensure that countries accessing IDA [International Development Association] resources are committed to effective and sustainable poverty reduction strategies (DFID, HMT)

'Too early to say' - 'The Poverty Reduction Strategy (PRS) approach is widely adopted in countries accessing IDA resources (54 full or interim PRSs out of 81 countries). Twenty PRS countries have produced at least one progress report ... slow progress by donors in harmonising approaches and aligning efforts around country-led processes. The bilateral donors' record is particularly weak and the role of the [World] Bank and the [International Monetary] Fund in the PRS process needs to be clarified.'

- provide bilateral support in at least 30 countries (DFID)

'On course' - 'UK continues to provide support for PRS delivery in at least 30 countries'

- improve the effectiveness of European Community development assistance (DFID, HMT)

'On course' - 'EC aid is showing signs of improved effectiveness in terms of speedier delivery and improved portfolio performance overall ... There are also clear signs that the EC is improving its organisational effectiveness. But limited information about the long-term quality and impact of the EC's reform efforts and aid programmes suggest a need for continued assessment of the impact of reforms ...'

- work towards European Community average aid reaching 0.39% ODA/GNI [official development assistance/Gross National Income] by 2006 and greater aid effectiveness among donors (DFID, HMT)

16 The Millennium Development Goals aim to halve by 2015 the proportion of the world's population living in extreme poverty. They were adopted by member countries of the United Nations in 2000 and provide global consensus on objectives for addressing poverty. Further information can be found at www.un.org/millenniumgoals.

‘On course’ - ‘The DAC [Development Assistance Committee of the Organisation for Economic Co-operation and Development] has reported an average figure for European Union Member States of 0.35% for ODA/GNI for 2003, with a projection that this will exceed 0.39% in 2006. The impact of the Accession Countries on progress towards the target remains uncertain.’

- improve the institutional effectiveness of 12 multilateral agencies (DFID)

‘On course’ - ‘Three indicators of effectiveness are being tracked for each of the 12 agencies, giving a total of 36 indicators. The majority of the agencies have made improved progress, as evidenced by 27 of the indicators being on course ... Slippage in progress has been identified in three agencies ... However, the agencies’ current plans suggest that future progress will be on course.’

‘Secure agreement by 2005 to a significant reduction in trade barriers leading to improved trading opportunities for the UK and developing countries.’

(DFID, Department for Trade and Industry, FCO)

‘Slippage’ - ‘After the failure of the Fifth World Trade Organisation Ministerial meeting in Cancun in September 2003, there is no likelihood of the Doha Development Agenda (DDA) being completed by 1 January 2005, so the original target (always challenging) is unachievable. But the conclusion of a framework agreement ... on 1 August 2004 increases the prospect of the DDA being successfully completed, albeit later than originally planned. This framework agreement marks a significant step forward.’

APPENDIX 3

Conflict prevention

Target 2003-06

Improved effectiveness of the UK contribution to conflict prevention and management as demonstrated by a reduction in the number of people whose lives are affected by violent conflict and a reduction in potential sources of future conflict, where the UK can make a significant contribution.

Target 2005-08

Improved effectiveness of UK and international support for conflict prevention, through addressing long-term structural causes of conflict, managing regional and national tension and violence, and supporting post-conflict reconstruction, where the UK can make a difference, in particular Africa, Asia, Balkans and the Middle East.

Target owners

Formally accountable target owners: DFID, Foreign and Commonwealth Office (FCO) and Ministry of Defence (MOD). Others with a role to play: Treasury, Cabinet Office.

Background

Violent conflict can be defined as conflict where one or both parties resort to the use of force in order to gain advantage, for example in the form of power, resources, or furtherance of their interests.

Conflict prevention can be defined as actions, policies, procedures and institutions intended to prevent the threat or use of force and related forms of coercion by states or groups. It is important to note there is no single universally agreed definition of conflict prevention. This means opinions can differ on the sorts of activities encompassed by the term "conflict prevention". For example, UK definitions tend to include long-term structural measures (also known as "peacebuilding" activities) whilst the EC's definition excludes such measures.

There are a **number of UK actors** which are either entirely or partially focused on conflict prevention activities. As their name suggests, the two Conflict Prevention Pools (Africa and Global) are entirely focused on conflict prevention, but the work of the following units also touches on conflict prevention: the recently established Post Conflict Reconstruction Unit, and various other units within the three partner Departments such as FCO's Global Opportunities Fund; DFID's Africa Conflict Unit and DFID's Fragile States Programme. The Prime Minister's Strategy Unit has also completed a study on Countries at Risk of Instability.

There is **no single definition of conflict prevention shared by all UK conflict prevention actors** although the Technical Note and Delivery Plan which support the 2005-08 target provides a definition for the use of the Conflict Prevention Pools.

Degree of joint working before target introduced

There was a fair degree of inter-Departmental co-ordination and shared assessment on conflict prevention prior to the establishment of the Conflict Prevention Pools, but it was ad hoc and inconsistent. For example, DFID's Africa Division co-ordinated with FCO's Africa Directorate, and there was also co-ordination between the staff on FCO's, DFID's and MOD's country desks.

Conflict prevention policies existed prior to and have continued to exist independently of the Conflict Prevention Pools. For example, DFID's Africa Conflict Unit had a conflict prevention policy before the Pools were set up, which is still operating. But there was little consistent cross-Departmental conflict prevention strategy planning.

Working arrangements

Planning

A joint Delivery Plan was prepared in April 2004 for the period 2002-04 which identified the key elements of effective UK intervention such as influencing the international community and prioritising resources where the UK can make the greatest impact. This Delivery Plan did not set down the detail for individual strategies but identified the Pools' high level strategic agenda. In contrast, a joint Delivery Plan for 2005-08 was agreed at the start of the period, in February 2005.

At a lower strategic level, the Global Conflict Prevention Pool steering committee has implemented a Quality Improvement Programme in order to improve the planning of its lower-level thematic and country-specific strategies. The Africa Conflict Prevention Pool is also in the process of upgrading its strategies.

Implementation

When the Pools were formed, the three Departments contributed funds equivalent to that being used for conflict prevention activities individually to form the two Pools and their contributions at the time were bolstered by additional sums from the Treasury. This formed the baseline for conflict prevention funding which is the subject of a separate settlement agreed with the Treasury in each Spending Round. The Africa Pool has an informal structure which has been laid over existing Departmental arrangements. Currently, applications to access Africa Pool funds are agreed by all three Departments at country level and passed to Pool officials in the UK via field-based Regional Conflict Advisers. Each partner Department that is represented in an Africa Pool country can make a separate request for funds to the Africa Pool steering committee. The steering committee then distributes funds to the three Departments for approved projects. Local representatives of the partner Departments have, in some cases, formed their own local steering groups (for example, Nigeria) to co-ordinate local projects funded by the Pool. In 2003-04, the Pool supported projects in 12 African countries.

The Global Pool has more formal operating arrangements than the Africa Pool. Like the Africa Pool it also has a steering committee but in contrast to the Africa Pool, joint submissions for funds are made by country Strategy Teams which are made up of representatives of the three partner Departments. Each application is accompanied by a three-year strategy document and funds are allocated by the Strategy committees in London on the basis of agreed priorities and criteria. In addition to funding country-specific projects, the Global Pool also funds three cross-cutting thematic strategies on Small Arms & Light Weapons, Security Sector Reform and the United Nations that support conflict prevention aims in both Global and Africa Pool countries. In 2003-04, the Global Pool supported projects under 13 regional strategies and three thematic strategies outside Africa.

Monitoring and reporting

The Pools are four years old but the time-lag involved in obtaining the relevant data indicators means that overall performance against the 2003-06 target has not yet been assessed. The Treasury receives six-monthly reports on progress against the 2003-06 Public Service Agreement target.

The 2005-08 target is a revision of the 2003-06 target and uses different indicators, based on both internal UK Government data sources as well as external sources. Progress against this target will be assessed bi-annually but no interim milestones have been set. The Technical Note accompanying the target does not identify which of the Departments will be responsible for monitoring each indicator – it is the collective responsibility of all three Pool Departments to contribute to measurement against the target.

Monitoring of Global Pool thematic and country-specific strategies is not consistent with Africa Pool strategies. Africa Pool is monitored under individual Departmental procedures whilst Global Pool strategies are monitored along Pool lines. To this end, the Global Pool steering committee has produced guidance on monitoring and evaluation for use by the strategy teams.

Regional Conflict Advisers also maintain a monitoring role and report to Pool officials. In addition reviews of specific initiatives and themes have been carried out, including reviews of demobilisation, disarmament and reintegration programmes in the Great Lakes, Liberia, Sierra Leone and Somaliland.

Key emerging issues

The establishment of the Pools has formalised and increased the degree of joint working between Departments but there was initial confusion over ownership of the target and whether the Pools or the Departments were accountable for the target.

There is scope for increased guidance and support from the Treasury and the Cabinet Office on effective Pool processes. The Treasury and Cabinet Office could also play a greater role in spreading best practice and information on "what works" amongst the Pools and other UK Government conflict prevention actors. A common analytical framework shared across both Pools remains desirable and central Departments could also be charged with co-ordinating work on its development.

As more UK conflict prevention actors emerge, the need for a cross-Whitehall policy on conflict prevention setting down the roles, boundaries and intended interactions between all UK participants is likely to be increasingly felt.

APPENDIX 4

Heavily Indebted Poor Countries (HIPC) Initiative

Target 2001-04

Relief of unsustainable debt by 2004 for all Heavily Indebted Poor Countries (HIPC) committed to poverty reduction, building on the internationally agreed target that three quarters of eligible HIPCs reach Decision Point by the end of 2000.

Target 2003-06

Ensuring that three-quarters of all eligible HIPC countries committed to poverty reduction receive irrevocable debt relief by 2006.

Target 2005-08

Ensure that 90% of all eligible Heavily Indebted Poor Countries committed to poverty reduction that have reached Decision Point by end 2005, receive irrevocable debt relief by end 2008.

Target owners

Formally accountable target owners: DFID and HM Treasury (HMT).

Background

The HIPC Initiative was established in 1996 as a joint bilateral and multilateral process to reduce the external debt of the world's poorest and most heavily indebted countries. It was enhanced in 1999 to provide greater levels of debt cancellation and increase the number of potentially eligible countries, with the objectives of:

- providing a “permanent” exit from unsustainable debt burdens;
- promoting growth; and
- enabling increased social expenditures aimed at poverty reduction.

To be eligible, a country must be sufficiently poor to be entitled to highly concessional assistance from the World Bank/IMF and face unsustainable external debt burdens (debt is defined as “unsustainable” if its present value exceeds 150% of the value of exports). And to qualify for HIPC debt relief, eligible countries must:

- demonstrate a track record of policy reform and macro-economic stability (generally in terms of performance against International Monetary Fund (IMF) and/or World Bank adjustment programmes); and
- establish a national Poverty Reduction Strategy (PRS).

‘Decision Point’ is the name given to the date when a country meets these conditions and joins the HIPC initiative. At Decision Point the amount of debt relief to be given is calculated, creditors commit to giving this relief, and the IMF and World Bank (and other creditors at their discretion) begin to deliver interim relief (targeted largely at poverty reducing social sector expenditure).

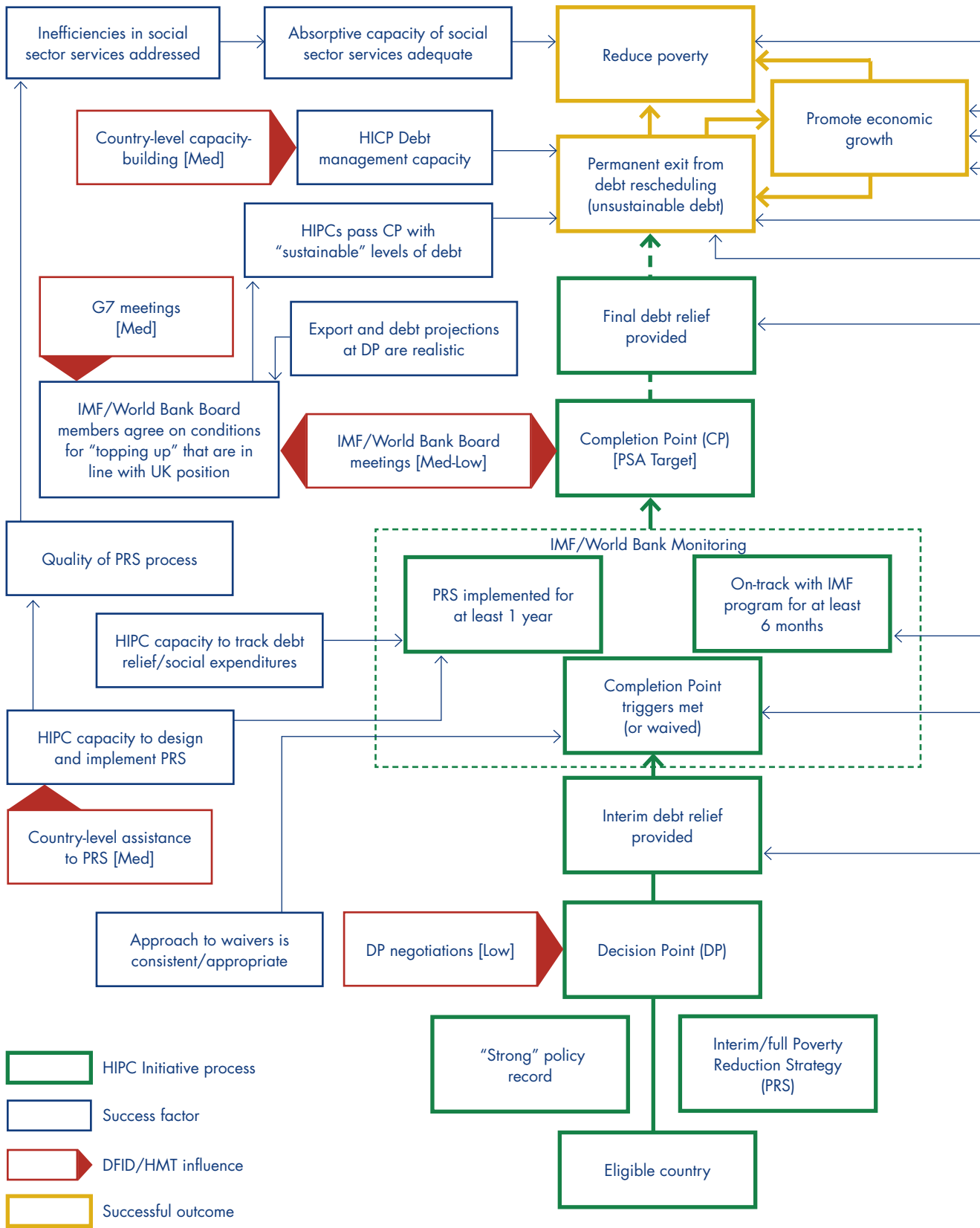
‘Completion Point’ is the date at which a country receives the debt relief committed by creditors at Decision Point. This date is not fixed and depends on a country complying, as judged by the International Monetary Fund (IMF) and World Bank, with the conditions specified at the Decision Point.

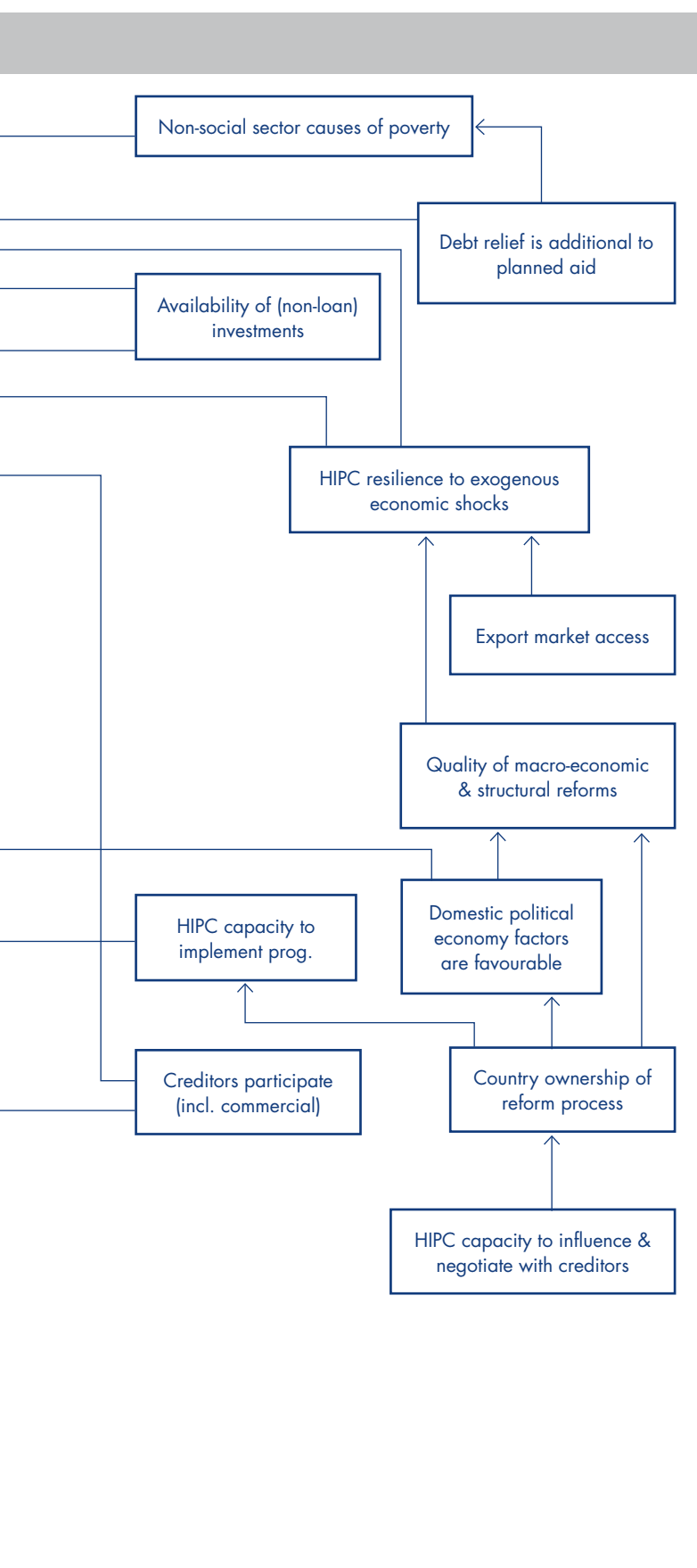
Degree of joint working before the joint target was introduced

Joint working between HMT and DFID was taking place on debt relief before the establishment of the joint PSA target. Key factors in DFID and HMT joining up include their complementary competencies (HMT's expertise on the international financial system and instruments, links with other Finance Ministries, and UK lead with the IMF and G8; DFID's country-level development expertise, influence within the wider development community, and UK lead with the World Bank) and organisational incentives (debt sustainability is a key strand of DFID's mission, and international objectives have a high profile within HMT under the current Chancellor). DFID, as the spending Department, makes the financial contributions to the HIPC Trust Fund and Capacity Building Programme.

19

Representation of key factors and DFID/Treasury influence affecting the success of the UK's contribution to debt relief under the HIPC Initiative





Key factors

Discussions with HMT and DFID staff revealed a number of issues which relate to the broader objective of sustainable debt relief but which lie outside the narrow interpretation of the HIPC process, as measured by the PSA target. In response, we developed **Figure 19** to outline the key factors influencing the ultimate success of the UK's contribution to debt relief under the HIPC Initiative.

Although by no means comprehensive and inevitably a simplification, Figure 19 does, however, serve to highlight a number of issues relating to the delivery of this Public Service Agreement target:

- The target covers progress from Decision Point to Completion Point, which is only a narrow part of the process of using debt relief to help reduce poverty.
- The DFID/HMT teams have little influence over the rate of progress of individual countries through the HIPC Initiative – the measure of success reflected in the target. For those countries experiencing slow progress in the Initiative (in the main due to weak progress on policy and structural economic reforms) and those countries eligible but yet to enter the Initiative (most commonly because of conflict problems) even DFID country teams (where they are located) have only limited influence.
- DFID/HMT influence is largely directed at points relating more to the quality of the outcome of the HIPC Initiative rather than the rate of country progress through the process. In fact, the Completion Point for some countries has been delayed by UK efforts to secure more generous debt relief terms at Completion Point. The success of these efforts lies outside the narrow measure of process identified in the joint target.
- Factors which affect the success and sustainability of overall debt relief efforts include: the level of country ownership of the process of reform associated with the HIPC Initiative; the quality of the Poverty Reduction Strategies (PRSs) that underpin future economic and social development; the capacity of countries in the Initiative to manage their debt in future; and the willingness of donor countries to ensure that debt relief does not substitute for development aid. The Figure indicates that the UK attempts to address these factors also, but we did not find that progress or otherwise in these areas is monitored systematically or informs the partners' approach to implementation of the HIPC Initiative.

- Country-level influence (indicated in the Figure) is dependent on DFID country presence. The majority of HIPC countries that are currently in the Initiative or awaiting entry are not priority DFID countries. This implies that the basic model of operation is shifting from one of direct (albeit low) influence to working through other donors (including the EC).
- It has proved difficult to set stretching but achievable targets. A series of targets since 2001 have been successively revised to reflect a reduction in the expected rate of progress (see Figure 20). The downward slope depicted in Figure 20 reflects the increasing difficulty of the task (ie with more challenging countries remaining) but also over-optimism in target setting. The target set in SR2000 (for the period 2001-04) was not achieved. While progress under the SR2002 target has been slow to date, the design reflects greater realism in that eligible countries which have not reached Decision Point (ie those where progress is most problematic) are explicitly excluded from the target.

Working arrangements

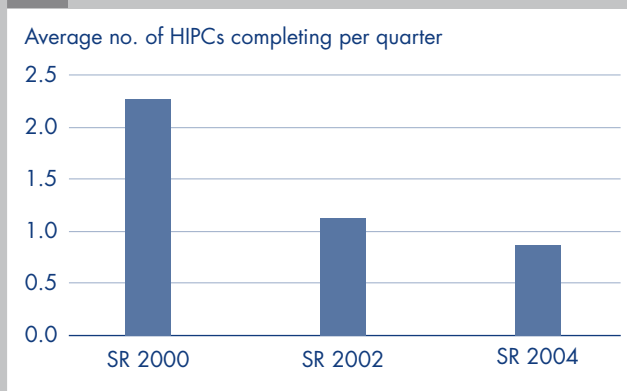
Planning

DFID and HMT have separate Delivery Plans but no joint plan for this target. In their view the separate documents constitute a shared plan – and allow a focus on individual Departmental responsibilities while indicating the “shared summary of policy foci and risks”.

A joint strategic “framework” to guide decision making has been developed. This addresses a range of policy issues beyond just HIPC (eg aid effectiveness) and shapes Departmental positions with respect to the HIPC - although it reflects joint working at a higher level than that of the target itself.

This framework has not been formally documented nor formally cascaded down to drive work on HIPC. However, Departments have stated that they do have a shared “wishlist of policy wins”, together with a strategy to deliver them shaped around key events such as the Annual Meetings of the IMF and World Bank. They feel that planning too far ahead is difficult as much of their success “turns on international opinion” and they require flexibility to respond quickly to shifts in international attitude.

20 HIPC completion rate targeted at each Spending Review (SR)



Implementation

Joint working relationships under the Public Service Agreement target are well established. There is no formal project manager/facilitator but the responsible official in Treasury in practice assumes responsibility to ensure that joint working arrangements operate effectively. In addition, the formalised international process of HIPC (administered by IMF/World Bank) gives structure to the work and provides Departments with sufficient notice to enable them to prepare for major IMF/World Bank meetings where particular issues or country cases will be considered.

Departments seek to affect progress of countries in the HIPC Initiative by reacting to specific issues within the overarching policy framework - for example, by building support for the UK’s position on relevant issues, or making the case in Washington for HIPCs where, for example, it is felt that an IMF/World Bank country mission has judged an HIPC’s performance harshly.

Monitoring and reporting

DFID and HMT report twice annually on progress against the HIPC target, and ongoing monitoring, whilst not within a formal monitoring system, makes use of regular IMF/World Bank reports (supplemented at times with information from DFID country offices) considered to be sufficient for the purpose.

Departments hold regular meetings on HIPC, which include discussions on “possible opportunities and risks” and provide the opportunity to scrutinise policy decisions/ options and to (re-)prioritise tasks and assignments. In addition, individual country progress is monitored against a regularly updated country-by-country table of risks.

Key emerging issues

In spite of the lack of formal joint analysis and planning processes, joint working by DFID and HMT has been effective to date. In the future, the challenges are likely to be even greater. Achieving the results targeted for 2006 and 2008 implies success for countries which have only medium and low priority status for DFID regional divisions; DFID has no country office in nearly half of those countries currently between Decision and Completion Points and in nearly 90% of pre-Decision Point countries. Furthermore, given the international community's interest in seeing the HIPC Initiative complete, the risk of a trade-off between the quality of reform and progress may increase.

In view of these challenges, the Departments should consider a more formalised, proactive approach to planning their influencing agenda, and in particular, to the assignment of responsibilities and risks to ensure the Departments' interests in the remaining countries are represented effectively.

In addition, Departments should continue to ensure that outturn against the target is reported consistently. HMT's 2004 Autumn Performance Report does not report performance against the 2001-04 Debt Relief target.

APPENDIX 5

Making progress towards the Millennium Development Goals

Target 2003-06

Work with international partners to make progress towards the United Nations 2015 Millennium Development Goals.

Target 2005-08

International partners working effectively with poor countries to make progress towards the United Nations 2015 Millennium Development Goals.

Target owners

Formally accountable target owners: DFID and Treasury.
Others with a role to play: Foreign Office.

Background

The Millennium Development Goals (MDGs) were adopted by member countries of the United Nations at the Millennium Summit in November 2000 (General Assembly Resolution 55/2) and provide a global consensus on objectives for addressing poverty. They aim to halve by 2015 the proportion of the world's population living in extreme poverty. More specifically the Goals seek to:

- eradicate extreme poverty and hunger;
- achieve universal primary education;
- promote gender equality and empower women;
- reduce child mortality;
- improve maternal health;
- combat HIV/AIDS, malaria and other diseases;
- ensure environmental sustainability; and
- develop a global partnership for development.

The Goals are underpinned by 18 targets and 48 indicators. More information is available at www.un.org/millenniumgoals.

Key factors

The breadth of the target makes it difficult to identify a comprehensive set of causal factors and their linkages and interdependencies. However, discussions with DFID and Treasury identified high-level linkages between key United Kingdom Government partners and their activities, key international shareholders and steps considered necessary to move towards achieving a more effective international system.

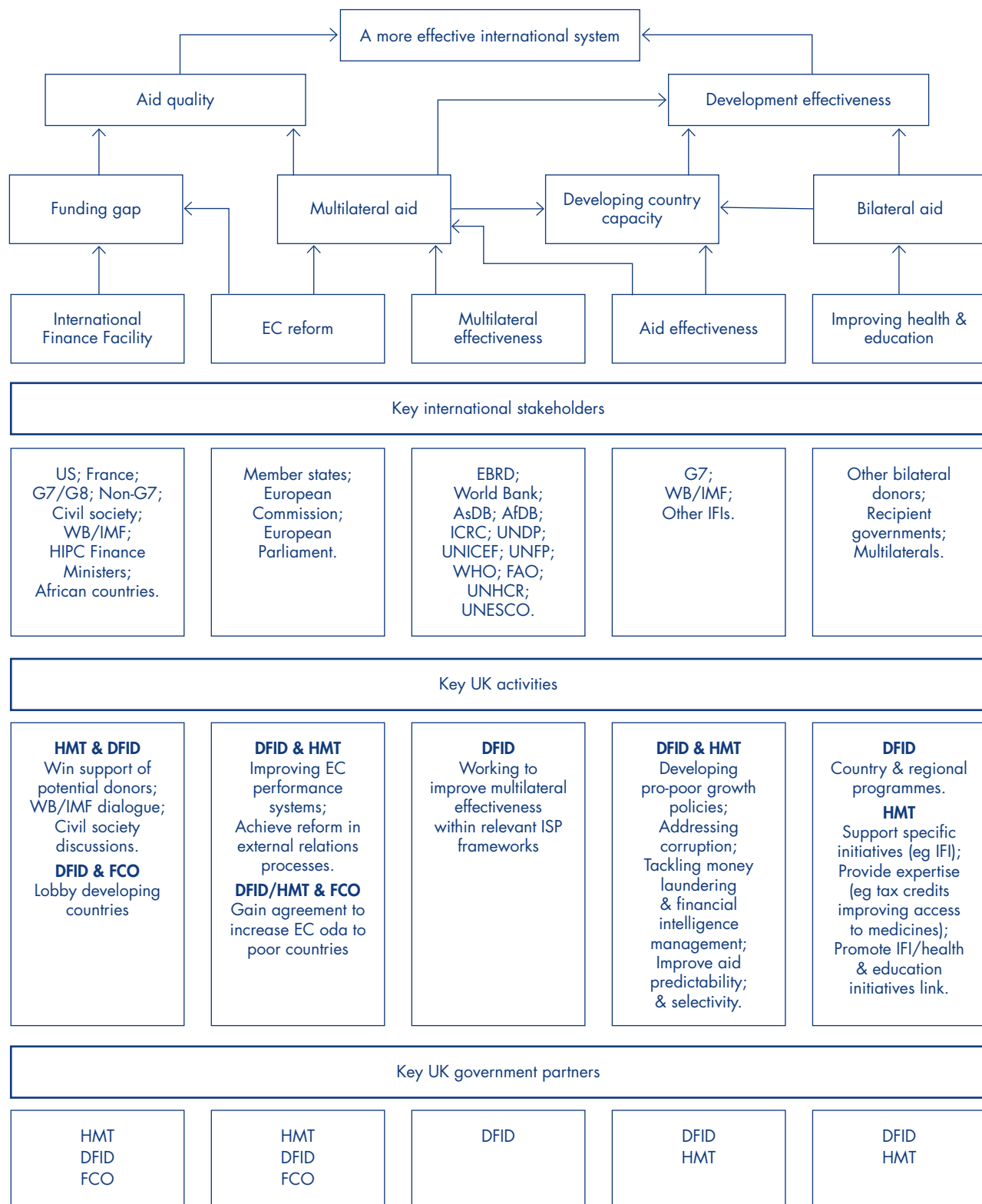
The diagram at **Figure 21** presents a highly simplified representation of those linkages. Whilst this is not a comprehensive causal model, it helps to highlight the need to:

- develop specific agreed criteria to allow the various components of an effective international system to be assessed (in terms of what is considered desirable);
- describe how international stakeholders influence the state of those components and how their behaviour could bring about desirable change in the system;
- relate the activities of United Kingdom partners to the stakeholders along with specific assessments of how activities are intended to influence the desirable behaviour of stakeholders; and
- be clear about the responsibilities of United Kingdom partners to implement the priority actions identified from the above analysis.

Degree of joint working before target introduced

Joint working between DFID and Treasury existed before the joint Public Service Agreement (PSA) target was in place, in particular in relation to dealings with the World Bank and the International Monetary Fund (IMF). This developed into a joint PSA target based on DFID's central focus on achieving the MDGs (with emphasis on selected priority countries) and Treasury's key role in certain spheres of international development (for example, working with the IMF).

21 Representation of key factors, stakeholders and activities relevant to improving the effectiveness of the international system in order to make progress towards the United Nations Millennium Development Goals



Working arrangements

Planning

DFID and Treasury did not finalise a formal Delivery Plan for this target. DFID’s International Division Director’s Delivery Plan sets out the key actions needed to achieve increased multilateral effectiveness and the inherent risks. It identifies specific priorities for policy reform within the international system and within multilateral agencies, although it does not indicate priorities amongst these, any dependencies between them or a sense of why these actions are more significant to improving the effectiveness of the multilateral system than others. A draft Treasury “mini-plan” exists which indicates the objectives, necessary actions and risks inherent in delivering this target but lacks detail on how joint working with DFID should be undertaken. Plans developed by the Treasury’s International Poverty Reduction Team (IPRT) include objectives and milestones for the work of the Team and indicate where joint working with DFID should take place.

Joint planning on European Commission reform is more formalised and is underpinned by a Strategy agreed between DFID, Treasury and the Foreign Office. It indicates how the Departments will work together to deliver the EC Reform element of the wider target.

Implementation

Within DFID, responsibility for delivering the target lies with International Division (ID), which also includes DFID’s EU Department. In Treasury it is the responsibility of the Macroeconomic Policy and International Finance (MPIF) directorate, which includes both the IPRT and the EU Finances Team. DFID’s Policy Division officials also work with Treasury on initiatives in support of the health and education MDGs and on aid effectiveness.

The main areas of joint working are set out in the table below:

Area of Joint Working	DFID	Treasury
International Finance Facility (IFF)	International Division Advisory Department, International Division	IFF Branch (IPRT), MPIF
Poverty reduction: health and education MDGs	Policy Division: Education/Health teams and advisors (eg Access to Medicines, Education for All)	Poverty Reduction Strategies and MDGs Branch (IPRT), MPIF
Multilateral effectiveness	International Division Advisory Department	
Poverty reduction: aid effectiveness	Policy Division: Development Effectiveness Group (Poverty Reduction Strategies; aid effectiveness; anti-corruption; poverty analysis; and public financial management advisors)	Poverty Reduction Strategies and MDGs Branch (IPRT)
European Community Reform/ effectiveness (Foreign Office European Union Directorate also a key partner on this)	European Union Department, International Division	European Union Finances Team, MPIF

Monitoring and reporting

Progress against this target is monitored against the following indicators:

- Countries accessing International Development Association resources and their key donors are committed to and supporting effective and sustainable poverty reduction strategies.
- The provision by DFID of bilateral support to this end [that is, effective and sustainable poverty reduction strategies] in at least 30 countries.
- Improved effectiveness of European Commission development assistance.
- Work towards the achievement of the agreed target for European Union average aid to reach 0.39 per cent official development assistance/Gross National Income by 2006 and promoting greater aid effectiveness amongst donors.
- Improve the institutional effectiveness of 12 multilateral agencies.

Key emerging issues

A strong Ministerial level commitment to poverty reduction exists within DFID and Treasury but this does not appear to be supported given the very small number of staff allocated to work on the MDGs joint target. The absence of a joint DFID-Treasury Delivery Plan risks lack of clarity over roles and responsibilities and, given the importance of influencing activities to this target, clearer strategies on influencing (with indicators against which to monitor progress) would help in setting and measuring performance.

APPENDIX 6

Reducing trade barriers

Target 2003-06

Secure agreement by 2005 to a significant reduction in trade barriers leading to improved trading opportunities for the UK and developing countries.

Target 2005-08

Ensure that the EU secures significant reductions in EU and world trade barriers by 2008 leading to improved opportunities for developing countries and a more competitive Europe.

Target owners

	2003-06	2005-08
Formally accountable target owners	DFID, Department of Trade and Industry (DTI), Foreign and Commonwealth Office (FCO)	DFID, DTI
Others with a role to play	Defra, Treasury	Defra, Treasury, FCO

Background

The World Trade Organisation (WTO) was established in 1995 and deals with the rules of trade between nations. Barriers to international trade obstruct economic development and are estimated to cost the global economy around US\$500 billion a year in lost income. The Doha Development Round of WTO talks was launched in 2001 with the aim of reducing barriers to trade and placing the needs of developing countries at the heart of the WTO programme. It is believed that a pro-poor outcome to the Doha Round could reduce the number of people living in poverty by some 144 million - and the Government's current joint Public Service Agreement (PSA) target is focused on achieving this success through the WTO multilateral process.

In September 2003, WTO members met in Cancun, Mexico to take stock of progress in the Doha Round. However, countries failed to reach agreement on any key topics and the talks ended early. Specific problem areas included agriculture, cotton, and the so-called "Singapore issues" (trade facilitation, government procurement, investment and competition). Further, as deadlines had not been met nor preliminary agreements reached in advance of the Cancun Ministerial, a heavy burden was placed on the meeting itself - where unanimous agreement must be reached by the 147 WTO members (each of whom has a veto) for progress to be made. And an additional feature of the Doha Round has been the emergence of coalitions of developing countries with stronger voices than in previous rounds, adopting robust stances on issues of significance to them.

Degree of joint working before the joint target was introduced

Joint working across Whitehall on trade issues evolved over a number of years prior to the introduction of the 2003-06 joint PSA target. Closer working between DFID and DTI on the importance of international trade for development was driven by DFID's December 2000 White Paper (*Making Globalisation Work for the Poor*) as well as the WTO's Doha Round with its explicit development agenda. Bringing partners together (including FCO, Defra and Treasury) has enabled trade-offs and issues between Departments to be resolved and a consistent UK Government policy on international trade to be developed - exploiting Departments' broadly complementary institutional roles, responsibilities and competencies.

In reality, the 2003-06 joint target may have raised the profile of the work but did not significantly affect how the partner Departments worked together given that they were already engaged in joint working; and that that work was already focused on the WTO/multilateral trade process.

Working arrangements

Planning

Departments have not informed their planning through a formal joint problem diagnosis process to examine causation and identify the levers necessary to achieve their common objectives. However, Departments have maintained close consultation with one another in the development of documents relating to their work under the PSA target and they demonstrated a broad understanding of the issues and opportunities, challenges and factors pertinent to success of the WTO Round. Partners have developed their own plans to guide work under the PSA target, but the joint Delivery Plan, drafted in February 2003, was not actively used and developed. Notwithstanding the levels of consultation, partners did not develop a formal approach to determining jointly what the alliance should do and how best to co-ordinate their work and apply their joint resources to the key problems identified. Similarly, Departments did not formally set out the principles governing the alliance or the broad areas of responsibility and expected contributions to be fulfilled by members under the joint working relationship. Since the failure of the Cancun Ministerial in late 2003, partners have taken a number of steps to address these points (see below).

Implementation

Until late 2003, the Trade Policy Group (TPG), which met monthly and comprised senior officials from each of the five Departments, was the main mechanism for co-ordination of joint working. Notwithstanding the TPG's value in providing senior level commitment to the joint development of policy, however, it was inadequate for purposes of providing strategic direction to the joint working, or identifying and allocating roles among members. In practice, informal working arrangements between officials responsible for briefing the TPG were well-established, and significant areas of joint policy tended to be addressed by these officials.

Following failure in Cancun the TPG was disbanded and a new inter-Departmental group established to take on the role of co-ordinating activities and determining strategic priorities. In practice this reflects a formalisation of arrangements between officials that existed pre-Cancun to brief the TPG. DTI has a policy lead in this area, but Departments have not appointed a member to act as project manager to facilitate joint planning and management processes. Good working relationships between Departments exist nevertheless, helped by a high-level commitment to the international agenda, broad consensus about the merits of trade liberalisation, and the commitment of the particular officials involved. If issues cannot be resolved at this weekly meeting then they may be resolved by reference to the weekly meeting of the United Kingdom representative in Brussels and the Prime Minister's European Adviser and Head of the European Union Secretariat in the Cabinet Office. Remaining issues can be referred to the European Policy Committee chaired by the Foreign Secretary.

Monitoring and reporting

Departments tend to manage their performance around key events and meetings such as the Cancun Ministerial. Within that it is important to manage (the UK's influence on) the positions of the EC and other WTO members. Assessing the impact of Departments' activities is complicated by the time lags between changes in trade policy and their impact on trade flows, but monitoring of progress is further complicated by reliance on discrete milestones centred on WTO processes (eg Cancun). While significant work is undertaken in advance of these events, Departments can still be uncertain about the outcome of negotiations (and hence progress – or lack of it) until the event itself.

Monitoring does not include intermediate measures to facilitate monitoring of “real time” progress. Periodic progress reviews rely on interpretation by individual Departments from their particular perspectives rather than a co-ordinated approach across partners. This in part reflects the fact that they have not developed formal joint strategies that could inform progress monitoring and management by reviewing stages considered by Departments to be on the “critical path” to a successful outcome (eg movement in the EC’s position, or changes in the approach of the World Bank and International Monetary Fund towards trade liberalisation).

NAO workshop on trade barriers

In discussions, Departments identified the key factors, stakeholders and activities relevant to the reduction of trade barriers (Figure 22). They also identified the key themes of their work with respect to the target and which partner was most engaged which each theme (see below).

While there was general agreement between partners over the broad actions needed to achieve the target, detailed actions had not been specified. Partners had not formally and jointly identified the most important levers within the model or the most effective way to operate them. Consequently, strategic decisions, for example over the degree of emphasis to be placed on influencing the EU, have not been formalised.

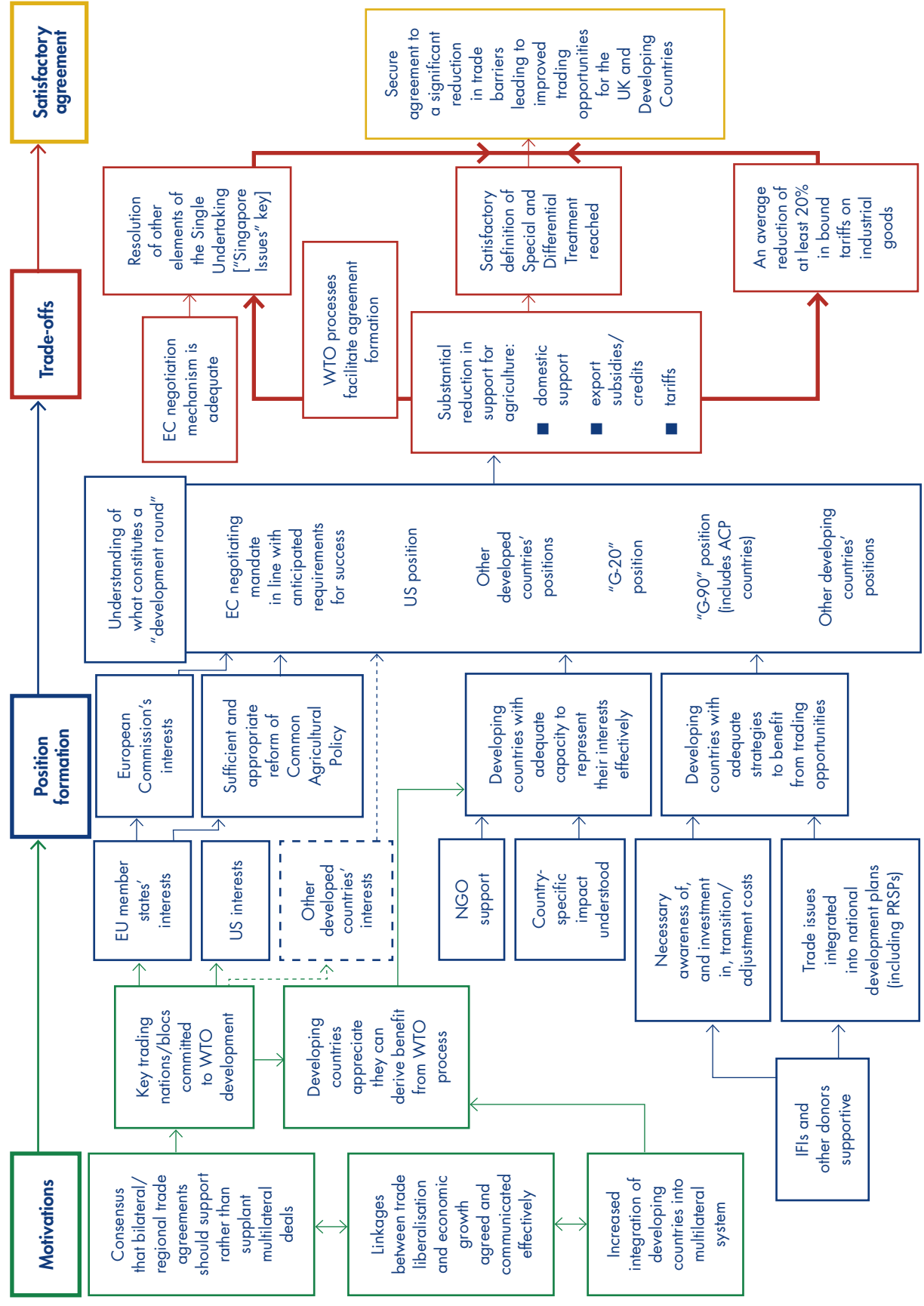
Key emerging issues

Notwithstanding the progress that partners have made in developing a common position on trade-related issues, since the failure of the Cancun Ministerial meeting, partners have devoted greater effort to long-term strategy development and effective co-ordination of effort. In this context, joint delivery planning is an important process to clearly prioritise tasks, assign responsibilities for action, develop a shared risk register and identify intermediate indicators of progress. These latter measures may be imprecise but would nonetheless form the basis for a shared dialogue about progress among partners.

Steps already taken by the partners include: a review by DTI of its trade policy planning that has led to greater emphasis to strategy development and a longer-term perspective; quarterly meetings since Autumn 2004 of economists from across the Departments to co-ordinate trade related research; a joint risk register has been created (September 2004) relating to achievement of a package of measures at the Hong Kong Ministerial meeting in December 2005 to allow conclusion of the Doha Development Round in Spring 2007. This is supported by quarterly risk management workshops. And working level meetings every two weeks in the run up to the Hong Kong Ministerial meeting are designed to allow a medium term strategic view to be taken of the Doha Development Agenda. The new PSA target issued in July 2004 for the period 2005-08 has been designed to incorporate a broader range of Departments’ work on trade and a joint Delivery Plan was issued in December 2004.

Strategic Themes	DTI	DFID	FCO	Defra	Treasury
Credible influencing strategy for trade (especially European Community):	●	●	●	●	●
■ building alliances (particularly EU states);					
■ raising awareness of importance of trade liberalisation.					
Adequate evidence and analytical base	●	●	●	●	●
Sustainable development strategy which reduces trade-distorting support				●	●
Developing country capacity-building:		●	●		●
■ assisting transition to liberalised trade;					
■ enhancing negotiating skills;					
■ improving opportunities to benefit from trade;					
■ defining “special and differential treatment”.					
● Main activity ● Significant involvement ● Some involvement					

22 Representation of key factors, stakeholders and activities relevant to the reduction of trade barriers



APPENDIX 7

University of Bradford evaluation of the Conflict Prevention Pools

The summary finding of this evaluation, carried out in 2003-04, was that the Conflict Prevention Pools (CPPs) are funding 'worthwhile activities that appear to have positive effects' and that 'the progress achieved through the CPP mechanisms is significant enough to justify their continuation'.

However, it found that the CPPs' contribution to conflict prevention could be improved through:

- a more consistent approach to joint assessment and priority setting;
- a more determined pursuit of the multiplier effects of co-ordinated international responses; and
- an allocation of more administrative resources and staff trained in the CPPs' processes.

And the evaluation was unable to judge '...whether the additional benefits generated by the CPPs as a whole have been worth all or most of the additional money (around £140 million) spent on them [compared] with the money that might have been spent on conflict prevention activities had the CPPs not been established'.

Findings

The evaluation found that there was no evidence of a consistent set of ideas for officials in Whitehall and UK missions overseas to guide the ways in which the CPPs should be used to have the maximum effects for the lowest cost on preventing particular types of conflicts. And specifically on inter-Departmental processes it identified:

- a positive but uneven effect of the CPPs, with officials feeling that the Pools have promoted significantly better interaction, co-operation and information-sharing between Departments (with the expanded availability of pooled funds an incentive for co-operation);
- no consistent framework for conducting joint conflict assessments, setting priorities and identifying options for UK intervention;

- no jointly agreed framework for early warning and rapid response;
- weaknesses in the joint priority setting process, including:
 - how to set priorities within strategies and who sets them;
 - the balance between top-down selection of projects (from Whitehall or posts) or bottom-up selection (from within affected countries or areas of thematic activity);
 - that the CPPs operate more according to bureaucratic interests somewhat removed from Public Service Agreement (PSA) and Service Delivery Agreement objectives, rather than to those objectives; and
 - that the CPPs are limited by what the three principal Departments can agree, even though differences are on occasion resolved at Ministerial level.
- priority setting tied too closely to the qualifications and experience of key individuals in-country - many of whom reported that they did not have the time to record the basis of their decisions. Raises the question as to whether additional personnel resources should be devoted to this function.

Recommendations

The evaluation recommended that the UK Government considers the following:

- establishing a more disciplined, sustained and economical method of conflict analysis and early warning within the CPPs system;
- how the thematic strategies can be connected more effectively to country strategies;
- a review of the geographic spread of CPPs programme spending, and the geographical and thematic organisation of the CPPs;

- the creation of a new standing mechanism to link the CPPs to European Community conflict prevention capacities and activities;
- how to articulate more clearly the way in which the CPPs might be used to meet expectations to mobilise key international partners in specific conflicts;
- increasing the staff resources available for managing the CPPs' systems and activities; and
- a review of the joint PSA target itself and the adoption of a set of performance measures for CPPs' programmes to capture the essence of the objective and identify the contribution that programme activities will make to the desired outcome, noting that the UK Government is rarely the main influence on conflict prevention or reduction and that the joint target should address other influences, particularly the need to mobilise other essential actors – to reflect the relationship between the overall target and the component targets and indicators underpinning it.

Departmental response

In response, DFID, the Foreign Office, the Ministry of Defence and the Cabinet Office concluded that:

- on improving conflict analysis – the Pools currently use a range of analytical tools, including DFID's Strategic Conflict Assessment model and the Ministry of Defence's Strategic Assessment Method; the Government is considering establishing an early warning/risk assessment mechanism to increase the timeliness and effectiveness of UK engagement overseas;
- on reviewing the geographical organisation of the Pools – a separate Africa Pool remained necessary to ensure effective implementation of the UK's policy on Africa conflict issues; and there were doubts that a single Pool would be more effective;
- on the geographic spread of Pool programme spending – decisions on the UK's priorities need to take into account the UK's particular leverage in a given conflict; Ministers will continue to review priorities for Pool spending on a yearly basis; and more rigorous evaluation of the impact of the Pools will be conducted annually;
- on liaising with the European Union (EU) and the Organisations for Security and Co-operation in Europe (OSCE), and mobilising key international partners and NGOs – co-ordinating UK conflict prevention policy and activity with that of international organisations and partners is a key objective within the Pools; the Global Pool is studying how to improve engagement and co-ordination with, amongst others the EU and OSCE; the Government works closely with the African Union and sub-regional bodies; and both Pools work closely with NGOs;
- on increasing staff resources, and improving training of staff – the need for extra resources is recognised but a number of conflict advisors have been appointed to provide a source of expertise for the Pools; relevant training is already undertaken but will be improved, including on programme management;
- on the creation of a single conflict prevention unit – the evaluation identified gaps in current arrangements which a single self-standing unit might help to address but such a unit would detach strategic management of the Pools from the three main Departments, thus reducing ownership and contact between Pool administrators and country desks; and incur change management and opportunity costs; the current management arrangements will, therefore, continue;
- on the relationship between peacekeeping programmes – drawing a direct link between these will be difficult but the Government will undertake a review of the link which will make recommendations in Autumn 2004; and
- on the PSA target – Ministers agreed with the evaluation and the target was revised as part of the 2004 Spending Review.

Source: University of Bradford Evaluation of the Conflict Prevention Pools; DFID, Foreign Office, Ministry of Defence and Cabinet Office (2004) Evaluation of the Conflict Prevention Pools: UK Government Response, July 2004.

REPORTS BY THE COMPTROLLER AND AUDITOR GENERAL, SESSION 2005-2006

The Comptroller and Auditor General has to date, in Session 2005-2006, presented to the House of Commons the following reports under Section 9 of the National Audit Act, 1983. The reports are listed by subject category.

		Publication date
Cross-Government		
Home Office: Working with the Third Sector	HC 75	29 June 2005
Joint Targets	HC 453	14 October 2005
Defence		
Driving the Successful Delivery of Major Defence Projects: Effective Project Control is a Key Factor in Successful Projects	HC 30	20 May 2005
Managing the Defence Estate	HC 25	25 May 2005
Assessing and Reporting Military Readiness	HC 72	15 June 2005
Education		
Securing strategic leadership for the learning and skills sector in England	HC 29	18 May 2005
Environment, Food and Rural Affairs		
Lost in Translation? Responding to the challenges of European law	HC 26	26 May 2005
Environment Agency: Efficiency in water resource management	HC 73	17 June 2005
Law, Order and Central		
Public Guardianship Office: Protecting and promoting the financial affairs of people who lose mental capacity	HC 27	8 June 2005
Home Office: National Asylum Support Service: The provision of accommodation for asylum seekers	HC 130	7 July 2005
Returning failed asylum applicants	HC 76	14 July 2005
National Health Service		
Innovation in the NHS: Local Improvement Finance Trusts	HC 28	19 May 2005
The Refinancing of the Norfolk and Norwich PFI Hospital: how the deal can be viewed in the light of the refinancing	HC 78	10 June 2005
Public Private Partnership		
Progress on the Channel Tunnel Rail Link	HC 77	21 July 2005
Revenue departments		
Filing of Income Tax Self Assessment Returns	HC 74	22 June 2005

Publication date**Transport**

Maintaining and improving Britain's railway stations

HC 132

20 July 2005

Work and PensionsGaining and retaining a job: the Department for Work and Pensions'
support for disabled people

HC 455

13 October 2005