Follow-up of ICAI Reviews from Years 1, 2 and 3

Independent Commission for Aid Impact

Report 46 – June 2015

Contents

[1] The full titles of the ICAI reports covered in this review are listed on the facing page.

The Independent Commission for Aid Impact (ICAI) is the independent body responsible for scrutinising UK aid. We focus on maximising the effectiveness of the UK aid budget for intended beneficiaries and on delivering value for money for UK taxpayers. We carry out independent reviews of aid programmes and of issues affecting the delivery of UK aid. We publish transparent, impartial and objective reports to provide evidence and clear recommendations to support UK Government decision-making and to strengthen the accountability of the aid programme.

ICAI Reports Followed up in this Review

Report Number	Report Title	Publication Date	Annex page number[1]
5	Girl Hub: a DFID and Nike Foundation Initiative	22 March 2012	41
10	DFID’s Education Programmes in Three East African Countries	18 May 2012	37, 39, 40
11	Evaluation of DFID’s Support for Health and Education Programmes in India	18 May 2012	38
12	Evaluation of the Inter-Departmental Conflict Pool	13 July 2012	43
15	DFID’s Bilateral Aid to Pakistan	17 October 2012	39
16	DFID’s Education Programmes in Nigeria	20 November 2012	38
17	Oversight of the EU's Aid to Low-Income Countries	11 December 2012	45
19	DFID's Water, Sanitation and Hygiene Programming in Sudan	21 February 2013	47
20	DFID's Peace and Security Programme in Nepal	21 February 2013	49
24	FCO and British Council’s Aid Responses to the Arab Spring	14 June 2013	51
25	DFID’s Health Programmes in Burma	16 July 2013	53
26	DFID’s Support to Capital Projects in Montserrat	16 July 2013	55
27	DFID’s Support for Palestine Refugees through UNRWA	13 September 2013	57
28	DFID’s Empowerment and Accountability Programming in Ghana and Malawi	11 October 2013	59
29	DFID’s Support to Agricultural Research	25 October 2013	61
30	DFID’s Trade Development Work in Southern Africa	6 December 2013	63
31	DFID’s Bilateral Support to Growth and Livelihoods in Afghanistan	7 March 2014	67
32	Rapid Review of DFID’s Humanitarian Response to Typhoon Haiyan in the Philippines	11 March 2014	69
33	DFID’s Contribution to the Reduction of Child Mortality in Kenya	14 March 2014	71
34	How DFID Learns	4 April 2014	73
35	DFID’s Private Sector Development Work	15 May 2014	75
36	DFID’s Contribution to Improving Nutrition	9 July 2014	77

[1] The annex contains a section on our follow-up findings for each of the reports.

Executive Summary

I. What this report covers

All ICAI reports incorporate recommendations for action by DFID (or other relevant departments) in order to enhance the effectiveness of UK aid. In turn, DFID publishes a management response and takes action. A key component of ICAI's mandate is to follow up on its recommendations and to assess progress made by DFID and other government departments on issues identified in our reports. Since ICAI's inception we have undertaken two sets of follow-up work, published in our Annual Reports of 2012-13 and 2013-14, respectively.[2]

For 2014-15, the last year of ICAI Phase I, we have followed up on reports from across the first three years of ICAI (Years 1-3). For this review we have chosen to focus on all 13 of the reports we published in Year 3 and also on 9 selected reports from Years 1 and 2, where key issues still merit further follow-up. The reports we have covered are listed in the Contents and the Annex, where further information is also provided.

Given the scope and aim of this follow-up review, we have decided to publish it separately from the Annual Report. Together with our reports on **DFID's Approach to Delivering Impact, How DFID Works with Multilateral Agencies to Achieve Impact** and **Business in Development**, this report is part of our final suite of reports for ICAI Phase I.

The follow-up work undertaken for this report covers, therefore, 22 of the 35 reports we published during the first three years of ICAI. This gives us a good basis from which to assess how DFID has responded to recommendations over a wide range of different reports and over time. Overall, we can see that DFID has taken action to address the great majority of our recommendations. Country offices and teams within DFID centrally have, both in their approach and in the actions taken, shown in most cases a serious intent to address the issues we have raised. We acknowledge the positive efforts that DFID teams have made in addressing our recommendations and the work which goes into it.

II. Structure of the report

After an introduction, this report first covers our follow-up findings of the four Year 1 and 2 reports which looked at education programmes. We decided to follow up all of those as a group, which allowed us to focus on the common issues across the reports, particularly how DFID can ensure that it concentrates on the quality of education provided.

This is followed by our main findings section, covering the remaining reports which were followed up individually. Where there are common issues and themes between reports we have grouped the findings together, for example, a section on reports covering issues in fragile states.

The final section of the report focusses on lesson learning and general points about how DFID has responded to our recommendations. The Annex provides more detail on the results of our follow-up work on each of the 22 reports we have covered as part of this review.

We have made a limited number of specific further recommendations, where there are significant issues that need to be addressed and we consider that it is most useful to do so. These are all included in this Executive Summary. In the body of the report we have also included, in bold italics, other issues where challenges remain to be addressed or where we have made suggestions for ICAI to focus on in the future.

III. Follow-up of education reports

Education is a key area of DFID's work reflected in our reports. Our follow-up covered ICAI's reviews of **DFID's Education Programme in Three East African Countries** (Ethiopia, Tanzania and Rwanda); **DFID's Support for Health and Education in India; DFID's Bilateral Aid to Pakistan; and DFID's Education Programmes in Nigeria**, all published in 2012.

Since our reports were published, DFID has shifted its focus to pupil learning, replacing enrolment as the centre of its agenda, in line with our recommendations. This is reflected, for example, in DFID's key Education Position Paper produced in 2013. We have seen significant moves by DFID to strengthen its education cadre and its mode of operation. In all six countries there is a determined focus on improving pupil learning, with a particular emphasis on supporting teachers in the classroom. DFID has been able to use the reports,

[2] *Annual Report to the House of Commons International Development Committee 2013-14*, ICAI, June 2014, http://icai.independent.gov.uk/wp-content/uploads/2011/11/ICAI-Annual-Report-13-14-FINAL.pdf; *Annual Report to the House of Commons International Development Committee 2012-13*, ICAI, June 2013, http://icai.independent.gov.uk/wp-content/uploads/2011/11/ICAI-Annual-Report-2012-13.pdf.

Executive Summary

alongside other information, in working with national governments.

There are, of course, no quick fixes to improve learning and progress is likely to be slower than national ambitions. The gap between expectation and realisation will have to be carefully managed by DFID and governments. DFID should help governments to develop plans and targets which are affordable and achievable. DFID can use its experience in each country better to inform forward planning in all six countries.

Recommendation 1, Education: DFID should intensify its support for governments to set targets and timelines which reflect realistically achievable rates of improved educational attainment, in other words, not just more but better education. This would include the scaling-up of teacher training.

Raising pupil learning will require a more equitable distribution of resources, in order that all pupils have access to a good quality education. For example, an initiative in Tanzania linking funding to reductions in high pupil:teacher ratios could provide useful lessons to deploy in other countries.

Recommendation 2, Education: DFID should encourage governments to have clear goals aimed at limiting inequities in resource distribution, for example through linking funding to reductions in very high pupil:teacher ratios.

DFID has been successful in generating sound annual reviews of programmes based on good data at a national level. All six countries are strengthening school leadership, parental and community participation and local government support for schools. These developments would be stronger with improved local management information and a process of local review.

Recommendation 3, Education: DFID should intensify its support for local government to improve the use of data systems, quality control, analysis and performance review to support locally-determined actions for improving pupil learning. This should include key influencing factors, such as pupil and teacher attendance.

IV. How DFID learns

How DFID learns has been an important theme in ICAI's work. In each of our reviews, we have assessed DFID's learning and found performance to be mixed. Findings from our follow-up work reinforce this picture. For example, we cover below the issue of how the central DFID policy team on Empowerment and Accountability programming needs to guide learning across DFID's country programmes in this area; and in a section on fragile states we look at how some DFID country offices are better at working with beneficiaries in difficult environments than others, so good practice in one should be shared. Here we focus on the follow-up of a separate report we published, in April 2014, on **How DFID Learns**.

We found that our report on How DFID Learns has re-energised DFID to address organisational learning and led to clear action from DFID. A Task and Finish Group on Learning was established with the objective of developing a DFID Organisational Learning Strategy and Results Framework by July 2015, to guide actions and track progress across DFID. Feedback on the report has been highly positive, particularly from within DFID, from online commentators and from the specialist media. The report is now actively referenced across the organisation, by development non-governmental organisations (NGOs) and by other UK government departments.

Significant action is now under way but culture change and incentives for learning, for example on enabling staff to provide and use challenging feedback and on encouraging learning 'in the field', will be essential for change to be lasting.

Recommendation 4, Learning: DFID should ensure that its learning improvement initiatives and plans are consistently driven forward, with realistic timescales for change. In particular staff should spend more time engaged more directly with delivery partners and beneficiaries and specific incentives should be put in place to reward managers for encouraging and using staff feedback.

V. Empowerment and accountability

DFID's internal learning was also a theme in following up on our report on **DFID's Empowerment and Accountability Programming in Ghana and Malawi**. The report focussed on DFID's promotion of social accountability through support for civil society, the media and national parliaments. We found that DFID's work was contributing to more constructive engagement between communities and governments around the delivery of

Executive Summary

public services and development programmes. DFID also responded positively to our recommendation to improve its approach to research. DFID has developed a five year, multi-country research programme on what works in identifying and supporting social and political action for more effective empowerment and accountability, which is soon to be tendered.

We remain concerned that the central policy team is not resourced to guide learning across the portfolio. The process of converting data into practical lessons and improvements in programming must be deliberate and well managed to contribute to learning across DFID's country offices.

VI. How DFID works with the private sector

Another current key strategic issue for DFID is its work with the private sector. DFID expects to spend £1.8 billion on economic development in 2015-16, over double that spent in 2012-13. A large share of this will be aimed at stimulating the private sector. We reviewed **DFID's Private Sector Development Work** in our report published in May 2014. The report came at a time when DFID was undertaking a major restructuring of its approach to economic development, including private sector development. This resulted in the management response showing only a limited acceptance of our recommendations. We noted from our follow-up work, however, that the changes which DFID is introducing are broadly in line with our recommendations.

For example, we were keen to see clearer guidance on how to design a coherent and well-balanced country portfolio of private sector development work that matches DFID's aim to end extreme poverty; and on defining and articulating where it can add most value. DFID has tackled these issues through the piloting and subsequent roll-out of a new inclusive growth diagnostic. Given its vital importance in DFID's future strategy, this is an area that remains work in progress.

VII. Working in fragile states

DFID has been increasingly focussed on working in fragile states, where it has committed to spend 30% of official development assistance (ODA) by 2014-15. In February 2015, ICAI published a separate review assessing the **Impact of the Scale-up of DFID's Support to Fragile States**. For this review, our follow-up work covered the following reports on DFID's work in four fragile states: **DFID's Water, Sanitation and Hygiene Programming in Sudan**, **DFID's Bilateral Support to Growth and Livelihoods in Afghanistan**, **DFID's Peace and Security Programme in Nepal** and **DFID's Health Programmes in Burma.**

A challenge we have focussed on in our follow-up is the need, particularly in such difficult environments, to find ways of engaging with stakeholders and seeking beneficiary feedback to help ensure that programmes address needs appropriately and deliver benefits. We found that in Nepal, for example, further large-scale surveys had been undertaken to inform programming. In Afghanistan, however, while plans had been improved, actual enhanced beneficiary consultation had yet to take place. We suggest that DFID applies innovative approaches on beneficiary feedback across all its programming in fragile states.

Our follow-up findings also reinforce the importance of lesson learning within the context of fragile states, where longer term planning of development interventions can be too optimistic. Where possible, interventions should focus on addressing the chronic challenges in a manner that bridges the distinction between strictly humanitarian and development approaches.

VIII. Working across government departments

Our follow-up work included two reviews of aid programmes implemented by government departments other than DFID: the **FCO and British Council Aid Responses to the Arab Spring** and the **Evaluation of the Inter-Departmental Conflict Pool.**

Both reviews' follow-up findings commented on the positive engagement of the organisations with ICAI's recommendations. The institutional arrangements of these organisations were not always best suited to facilitate efficient implementation of aid programmes. For example, the FCO managed the Arab Partnership Participation Fund (APPF), which had a budget of £40 million over four years, half of which was contributed by DFID. We commented on its weak project management capacity but acknowledged the importance of responding rapidly and flexibly to a highly volatile situation that was considered a high priority for UK foreign policy.

We have also seen the FCO working to professionalise its project management systems in advance of the commencement of the new Conflict, Stability and Security Fund (CSSF) – the successor to the Conflict

Executive Summary

Pool (CP) – which began operations in April 2015. The CSSF is under the direct authority of the National Security Council (NSC) and supported by a Joint Secretariat which is housed in the FCO. It reports to the National Security Secretariat in Cabinet Office and is staffed by officials from across the NSC departments.

The FCO's grant-making procedures are not yet fully developed, its accounting systems are not yet designed for project management and the cadre of trained project managers within its staff is not particularly strong. The FCO's readiness to manage the increased volume of aid funds under the CSSF, therefore, remains to be demonstrated. It would be useful for DFID proactively to share its good practice tools and guidance on programme management with other departments undertaking development work.

We are also concerned about the potential risk that the way in which the CSSF is funded could generate unhelpful competition between departments and that the CSSF will become reactive in nature, due to insufficient attention to strategy and programme management.

IX. Influencing international organisations

How DFID exerts influence with key partners such as multilateral organisations was examined in two of the reports we reviewed. In the report **DFID's Support for Palestine Refugees through the United Nations Relief and Works Agency** (UNRWA) we highlighted that DFID, as UNRWA's fourth largest donor, continued to be a highly influential and valuable contributor at strategic and operational levels. DFID has responded very positively to our recommendations but achieving lasting change remains challenging in the current environment and increased funding from the international community has not materialised.

In our report on **DFID's Oversight of the EU's Aid to Low Income Countries** we were concerned about the limited assurance DFID has on the significant contributions it makes to the EU. In our follow-up work last year we found that, overall, DFID and the EU had made solid, if slow, progress. Some further progress has been made but there remains a major opportunity for DFID to work more effectively with EU delegations in-country. In our new report on **How DFID works with multilateral agencies to achieve impact** we recommended that DFID needs clear objectives for working with multilaterals in its country-level strategies and that working with the EU should be prioritised for this (along with the World Bank). We also note that significant levels of DFID funding, through its multilateral contributions, go into countries where there is no DFID presence. DFID funding through the EU is a significant element of this. We suggest that there is a greater focus by DFID on this area.

X. Capital projects in Montserrat

Influencing governments is also essential in many of DFID's programmes. We followed up on our report on **DFID's Support to Capital Projects in Montserrat**, where working with the government is the key focus. We found that the new DFID team and Government of Montserrat have progressed many of the points we raised, for example taking a longer term approach to financial planning and improving the maintenance of capital investments. There is both an opportunity and a challenge in achieving greater coherence between projects, to improve the overall impact of the investment portfolio.

XI. Child mortality in Kenya

Health remains an important area of focus for DFID. One aspect of DFID's health work was covered by our report on **DFID's Contribution to the Reduction of Child Mortality in Kenya**. Our follow-up work found that the DFID Kenya country office has taken substantial action in response to the report, particularly on intended beneficiary consultation, but noted that there may be negative unintended consequences of DFID's decision to exit malaria work. An exit strategy for malaria was produced by DFID Kenya, which highlights risks stemming from the lack of capacity of other parties to help to address the funding gap. Our recommendation concerning an exit from malaria commodities was, however, conditional on a commensurate refocussing of resources on health system strengthening and on assurances of alternative commodity funding which have not yet materialised.

Recommendation 5, Child mortality in Kenya: There are risks to health outcomes in Kenya as a result of the pace and manner of DFID's decision to exit from malaria work. DFID should balance this decision with an appropriate focus on ensuring that alternative funding sources are available to continue the provision of basic health supplies, such as bed nets,

Executive Summary

and that a commensurate investment in health systems strengthening is made.

XII. Support to agriculture

There is an urgent need to increase agricultural productivity in developing countries and agricultural research has been an important part of DFID's response. Our follow-up work included our report on **DFID's Support to Agricultural Research.** We found that DFID has responded well to our recommendations. It has scoped out possible new development programmes and developed a geo-referenced database of research projects, which enables country offices to identify quickly what agriculture research is being undertaken in their country. The agriculture team has started to work closely with a number of DFID's country programmes to find ways to integrate new agricultural technologies into poverty reduction programmes.

XIII. Improving nutrition

We also followed up our report on **DFID's Contribution to Improving Nutrition,** where global efforts to combat the most vulnerable have been increased in recent years. Overall, DFID's nutrition team has responded actively to our recommendations. DFID has set up an internal Nutrition for Growth Strategy group, chaired by one of the Africa directors. It will set the strategic direction for DFID's nutrition work and lead the refresh of DFID's approach. Since our report was only published in mid-2014, however, it is too soon to assess fully the impact of DFD's actions.

We note that DFID has yet to respond to our recommendation that it should develop guidelines for country offices on selecting the best package and mix of interventions that would have the greatest impact on stunting, in the local context. Unless this is done and mentoring is provided to country teams, it will not maximise impacts on stunting. DFID also needs to issue guidance to staff to ensure nutrition interventions specifically address the needs of the most vulnerable.

XIV. Critical interventions

A number of our reviews tackled issues at what have proved to be critical moments in the life of the programme. Our report on **DFID's Trade Development Work in Southern Africa** revealed serious deficiencies in the TradeMark Southern Africa (TMSA) programme. It was the first and only report so far to have been given a 'red' rating. Our work in the first quarter of 2013 prompted an Internal Audit investigation by DFID and resulted in the eventual closure of the programme in March 2014. DFID has taken our recommendations seriously. It has changed the way it approaches risk in the design of the new regional programme that will follow from TMSA, while ensuring a stronger focus on poverty. DFID is also addressing our concerns about the misreporting by TMSA on achievements against targets, through plans to appoint an independent monitoring and evaluation contractor. In learning to manage risk better, in the light of the TMSA example, however, DFID should make sure that it distinguishes between risk arising from the context of an intervention and risk of internal mismanagement.

Another review where we had significant concerns was on **Girl Hub: a DFID and Nike Foundation Initiative** which we reviewed in 2012. Girl Hub is a joint initiative of DFID and the Nike Foundation, which started in 2010. It aims to empower adolescent girls to reach their potential. It does this by influencing decision-makers and donors to do more to assist vulnerable adolescent girls in the areas of education, health, safety and economic opportunity. It also delivers branded communication platforms, such as radio broadcasts and magazines, to change attitudes and behaviour. Our follow-up work was particularly timely, as current DFID funding will run out by summer 2015 and consideration has been given to a Phase 2 of the project. DFID has agreed further short term funding to the Girl Hub projects in Ethiopia and Rwanda and is providing strategic advice to Girl Hub and Nike Foundation on future planning.

We recognise the importance of work with girls and the innovative nature of this partnership. We note, however, that there are ongoing issues as to governance (the Board structure and DFID's oversight), transparency (an absence of information about Nike Foundation's 'in kind' contributions) and effectiveness (from our own review and the recent DFID-commissioned evaluability study). This study concluded that Girl Hub has evidence on what kinds of outcomes have been achieved but less evidence to attribute these results directly to Girl Hub. We reported our concerns about these issues in a separate, more detailed note to DFID in March 2015, so that it could take these into account when renegotiating the arrangement.

Recommendation 6, Girl Hub: We recommend that DFID should consider in depth whether ongoing

funding is merited and either reach a decision to cease funding or consider extending the project for a year to enable the evaluation to be completed. A condition for this should be that the governance issues be resolved and that Nike Foundation provides detailed information on its in-kind contributions.

Our Rapid Review of **DFID's Humanitarian Response to Typhoon Haiyan in the Philippines** was undertaken at a critical moment in DFID's response. The review visit took place very shortly after the typhoon hit the Philippines and the report was delivered only a few weeks after the team returned. The timing of the report was welcomed by DFID, as it enabled DFID to learn from its experience in the Philippines when it was relevant and live. We gave the report an overall 'green' rating, noting that DFID was well prepared to act swiftly and decisively, mobilised efficiently and met the urgent needs of the affected communities.

DFID credited our review with helping to improve accountability and focus on DFID's Conflict, Humanitarian and Security Department's (CHASE's) priorities, such as scaling up stockpiles. In line with our recommendation and CHASE's own plans, DFID increased its stockpile of non-food items in size and flexibility and has continued to deliver significant value for money through its logistics capability. This has allowed DFID to respond rapidly and efficiently in crisis situations, such as typhoon Hagupit in November 2014 and Cyclone Pam in Vanuatu in March 2015.

XV. Lessons for DFID and ICAI in relation to follow-up work

From our follow-up work overall, we have also identified issues and themes for DFID and ICAI to focus on which will improve the follow-up process and lead to more effective action by DFID.

DFID's responses to our recommendations and the actions taken have been positive and have sometimes gone beyond the specified course of action recommended. We have also found, particularly for our recent more thematic reports, that country offices have responded better than DFID centrally. It is clear, however, that sometimes the DFID team responding has not fully understood the aim of the recommendation or the underlying issue.

DFID has a two week opportunity to comment on the facts in our reports prior to publication but not on ICAI findings or recommendations. It has three weeks to formulate a management response post-publication. We have begun to engage with DFID teams, only *after* publication, when they are in the process of formulating responses to our recommendations. This deeper interaction should lead to better quality responses and more effective action by DFID. It is important, however, that findings and recommendations are not negotiated in any way before publication as this could compromise our independence.

In our Annual Report last year we noted a lack of consistency in some of the management responses from DFID, particularly in the categorisation of 'accept', 'partially accept' and 'reject'. We noted this in particular where DFID states that it is already doing work: sometimes it accepts the associated recommendations; sometimes it partially accepts them; and sometimes it rejects them. In our follow-up work for this year we have seen this lack of clarity continue. For example, several of our recommendations in our report on **DFID's Support to Capital Projects in Montserrat** were rejected but we saw action being taken that should help to address the issues we raised.

From our follow-up work, we also noted that, sometimes, the way responses are presented does not reflect a thorough analysis of the position. Evidence of DFID tracking implementation is lacking and not readily available at the start of the follow-up process.

Recommendation 7, Future follow-up: **To improve the effectiveness of the follow-up process, DFID should engage directly with the ICAI team post publication to ensure that responses address the key issues raised; that there is greater consistency in how the terms 'accept', 'reject' and 'partially accept' are used; and that progress is tracked by DFID in a more rigorous and structured way.**

1 Introduction

Background and Purpose of the Follow-up Review

1.1 A key component of ICAI's mandate is to follow up on our recommendations and to assess progress made by DFID and other government departments on issues identified in our reports. This informs Parliament (via the International Development Committee) and other key stakeholders as to how DFID has made progress in response to our recommendations.

1.2 For each recommendation that we publish in a report, DFID or the relevant other government department responds with 'accept', 'partially accept', or 'reject'. It then sets out management actions to address the ICAI recommendation and gives a timeline for completion. Part of our follow-up work is, therefore, an investigation of the progress made by DFID and other departments on these management actions.

1.3 More particularly, follow-up reporting aims to:

- help Parliament to hold DFID and other government departments to account and assess progress against management actions;
- assess whether ICAI's recommendations have had an impact on government departments' work and, where possible, on the lives of intended beneficiaries;
- improve the impact on intended beneficiaries of the programmes we have reviewed; and
- enable learning, from both the reports and the recommendations to date, for ICAI's second phase.

Relationship to previous ICAI follow-up work and to recent reports

1.4 Since ICAI's inception, we have undertaken two sets of follow-up work, published in our Annual Reports of 2012-13 and 2013-14, respectively.[3] These earlier follow-up exercises produced updates and analysis of DFID's progress on the previous year's reports. For this report we have chosen to carry out a more extensive exercise to follow up on 2013-14 (Year 3) reports as well as on selected reports from earlier years, where there are key issues remaining that merit further follow-up. This also provides an opportunity to reflect during the transition to the second phase of ICAI's operations beginning in July 2015. Given the scope and aim of this follow-up work, we decided to publish our findings separately from our Annual Report.

1.5 This report is part of our final suite of reports for ICAI Phase I. These include, as well as our Annual Report, reviews covering **DFID's Approach to Delivering Impact**,[4] **How DFID Works with Multilateral Agencies to Achieve Impact**[5] and **Business in Development.**[6] The report on DFID's approach to delivering impact also looks to summarise lessons from across our work to date, focussing on how DFID can achieve sustainable, transformative impact through its programmes and portfolio strategy. In this follow-up report we do not cover a follow-up assessment of all our multilateral reports, given that the **Multilaterals** review addresses DFID's work in this area in depth.[7]

Methodology

1.6 As in previous years our approach was based on an Assessment Framework (see Annex A5). This included consideration of the trajectory of programmes and how the likely impact on beneficiaries has been influenced by DFID's management actions, as well as modifications to account for the wider scope of the work (which addresses three years of reports). Our Year 3 follow-up work has adopted the same approach as in the past, which means that all 13 Year 3 reports are addressed within this review. For Years 1 and 2 (2011-13), however, we decided to focus our

[3] *Independent Commission for Aid Impact: Annual Report to the House of Commons International Development Committee 2013-14*, ICAI, June 2014, http://icai.independent.gov.uk/wp-content/uploads/2011/11/ICAI-Annual-Report-13-14-FINAL.pdf; *Independent Commission for Aid Impact: Annual Report to the House of Commons International Development Committee 2012-13*, ICAI, June 2013, http://icai.independent.gov.uk/wp-content/uploads/2011/11/ICAI-Annual-Report-2012-13.pdf.

[4] *DFID's Approach to Delivering Impact*, ICAI, June 2015, http://icai.independent.gov.uk/reports/dfids-approach-to-delivering-impact/

[5] *How DFID works with Multilateral Agencies to achieve impact*, ICAI, June 2015, http://icai.independent.gov.uk/reports/how-dfid-works-with-multilateral-agencies-to-achieve-impact/.

[6] *Business in Development*, ICAI, May 2015, http://icai.independent.gov.uk/wp-content/uploads/2015/05/ICAI-Business-in-Development-FINAL.pdf

[7] This includes the following reports from ICAI Phase I: *Evaluation of DFID's Electoral Support through UNDP*, ICAI, April 2012, http://icai.independent.gov.uk/wp-content/uploads/2013/12/UNDP-report-FINAL.pdf; *DFID's Work through UNICEF*, ICAI, March 2013, http://icai.independent.gov.uk/wp-content/uploads/2010/11/ICAI-report-DFIDs-work-with-UNICEF.pdf; and *The Effectiveness of DFID's Engagement with the World Bank*, ICAI, March 2012, http://icai.independent.gov.uk/wp-content/uploads/2013/12/ICAI-World-Bank-Final-Report_P1-7.pdf.

1 Introduction

investigation on nine reports that had key issues which merited further in-depth follow-up (that is, those with major outstanding matters and risks). We made this determination based on both our original follow-up work on these reports and updates that we received in October 2014 from the relevant lead Senior Civil Servant (SCS lead).

1.7 For those Year 1 and Year 2 reports that we determined did not have key issues meriting a second round of in-depth follow-up, we restricted analysis to updates from SCS leads.

The Follow-up Review process

1.8 The first step for this follow-up work consisted of a request for an update from the DFID SCS leads for each report from Years 1 to 3. For Year 3, we also asked for:

- a demonstration of progress on each of the management actions (whether these actions are 'off-track', 'on-track', or 'complete');
- any contextual changes (for example, in-country) since the report;
- whether the report changed any attitudes or approaches within the office or in partner or delivery organisations; and
- whether DFID has put in place measures to record the possible impact of the management actions and, if so, any evidence collected on this impact to date.

For Years 1 and 2 we posed questions to the SCS lead that targeted key issues found in our previous follow-up work.

1.9 We then engaged the ICAI Team Leader for each report (the original leader of the review wherever possible) to analyse the SCS update alongside document reviews. This research and investigation stage also included meetings and discussions with DFID staff and other stakeholders in the UK and in-country to triangulate our findings.

1.10 From the Year 1 and 2 reports we decided to follow up, as a group, all four reports covering education. As part of this education-themed follow-up exercise, we were able to take advantage of existing planned field visits for other reviews to India, Pakistan, Ethiopia and Rwanda for face-to-face meetings with DFID and other stakeholders in-country.

1.11 For the Year 3 reports, each Team Leader's research culminated in a meeting held with the lead ICAI Commissioner for the report, or with the Chief Commissioner, and the SCS lead (alongside other DFID staff or staff from other departments where relevant). This meeting provided a forum for follow-up on any key questions raised during the research phase of the work and was also an opportunity for DFID to respond directly to our preliminary hypotheses and findings.

1.12 The last phase of this work included a synthesis session with all Team Leaders that allowed us to share findings, analyse commonalities across DFID's responses and determine critical factors of success (and challenge) for progress. We identified any common characteristics across DFID's responses that have resulted in better progress against our recommendations; these are discussed in more detail in Section 4 of this report. We also considered the trajectory of impact for beneficiaries as a result of our recommendations. Lastly, we considered how both DFID and ICAI can learn from the past four years of reports and management responses.

Structure of the report

1.13 Following this introduction, the report starts with a section on the findings from our follow-up of our education themed reports. Our main findings section covers the remaining reports which were followed up individually. We have grouped the findings where there are links and common themes between individual reports. The final section of the report focusses on general points about how DFID has responded to our recommendations. The Annex provides more detail on the results of our follow-up work on each of the 22 reports we have covered as part of this review.

1.14 Throughout the report we have made a limited number of further recommendations where there are significant issues that need to be addressed and we consider it is most useful to do so. We have highlighted in bold italics where challenges

1 Introduction

remain to be addressed or where we have made suggestions for ICAI to focus on in the future.

2 Follow-up of Education Reports

2.1 This section covers the results of our follow-up of our four 2012 reports which focussed on DFID's support to the education sector: **DFID's Education Programmes in Three East African Countries** (Ethiopia, Tanzania and Rwanda) **(Report 10)**; **DFID's Support for Health and Education in India (Report 11); Evaluation of DFID's Bilateral Aid to Pakistan (Report 15);** and **DFID's Education Programmes in Nigeria (Report 16).**[8] The four reports were followed up as a group by a single team and focussed on the key themes emerging from our previous follow-up work. These were: equity and quality; assessment; evaluation; governance; and funding. Both DFID and we consider these to be critical for the improved performance of education systems seeking to meet national goals and ambitions.[9]

Background and previous follow-up work

2.2 We have previously undertaken follow-up work on these reports. Specifically, our findings from that earlier work were as follows:[10]

- *DFID's Education Programme in Three East African Countries (Tanzania, Rwanda, Ethiopia):*

  DFID had implemented, on a country-by-country basis, our recommendations that were designed to improve pupil learning in specific ways, such as 'introducing a results focus into national funding for districts and schools; [and] continuing to expand support for communities to monitor and promote education'. While DFID had rejected our recommendation to revise its pilots on results-based aid, two out of the three country pilots then developed in line with our recommendation 'to address specific challenges further down the delivery chain'.

- *DFID's Support for Health and Education in India:*

  DFID's response to our recommendations was comprehensive and had started to have a positive, practical impact on the ground. We found that the recommendation for DFID to clarify its strategy in Bihar and focus on the 'transfer of knowledge and skills' was implemented (also prompted by the Secretary of State's announcement of the shift in India from financial aid to technical assistance alone by 2015).

- *DFID's Bilateral Aid to Pakistan:*

  DFID responded well to our recommendation to increase its support for the low-cost private education sector (as a means of addressing Pakistan's education access crisis as well as balancing its support through government). While its approach was still at the pilot stage, we were pleased with the strategy and innovation shown in the programming and were interested in seeing more learning across DFID on strategies for supporting low-cost, government-assisted, private education.

- *DFID's Education Programmes in Nigeria:*

  We were pleased to note progress in the Education Sector Support Programme in Nigeria (ESSPIN). We had, however, recommended actions to improve the performance of UNICEF's Girls' Education Project (GEP3) with a review of progress after six months but little concrete progress had been made by UNICEF at the time of our original follow-up in 2013, due in part to DFID's decision to wait until the next Annual Review later that year. The first Annual Review led to the establishment of a project improvement plan in October 2013 which was completed in April 2014. We noted that 'both DFID and UNICEF

[8] *DFID's Education Programmes in Three East African Countries*, ICAI, May 2012, http://icai.independent.gov.uk/wp-content/uploads/2013/12/DFIDs-Education-Programmes-in-Three-East-African-Countries-Final-Report-3.pdf; *Evaluation of DFID's Support for Health and Education in India*, ICAI, May 2012, http://icai.independent.gov.uk/wp-content/uploads/2013/12/ICAI-Evaluation-of-DFIDs-Support-for-Health-and-Education-in-India-Final-Report.pdf; *Evaluation of DFID's Bilateral Aid to Pakistan*, ICAI, October 2012, http://icai.independent.gov.uk/wp-content/uploads/2011/11/ICAI-Pakistan-Report_P11.pdf; *DFID's Education Programmes in Nigeria*, ICAI, November 2012, http://icai.independent.gov.uk/wp-content/uploads/2010/11/ICAI-Nigeria-Education-report.pdf.

[9] This is consistent with ongoing research and advice from bodies such as the Organisation for Economic Co-operation and Development and McKinsey. See *Education Skills Outlook 2013: First Results from the Survey of Adult Skills*, OECD, 2013, http://skills.oecd.org/OECD_Skills_Outlook_2013.pdf; and *How The World's Most Improved School Systems Keep Getting Better*, McKinsey 2010, http://mckinseyonsociety.com/downloads/reports/Education/Education_Intro_Standalone_Nov%2026.pdf.

[10] For follow-up on DFID's Education Programme in Three East African Countries and DFID's Support for Health and Education in India, see *ICAI Annual Report 2012-2013*, June 2013, http://icai.independent.gov.uk/wp-content/uploads/2011/11/ICAI-Annual-Report-2012-13.pdf. For follow-up on DFID's Bilateral Aid to Pakistan and DFID's Education Programmes in Nigeria, see *ICAI Annual Report 2013-14*, June 2014, http://icai.independent.gov.uk/wp-content/uploads/2011/11/ICAI-Annual-Report-13-14-FINAL.pdf.

had underestimated the scale of change needed to secure a strong capacity building capability in GEP3'.[11]

For developments within individual country programmes since our last follow-up and key facts and figures relating to the programmes covered, see Annex A2.

DFID is now implementing a more learning-centred approach in its current programming

2.3 We are pleased to report that all six countries are following a comprehensive agenda for education, more centred on pupil learning. Since our reports, DFID has extended its programme coverage and enhanced its own internal processes. DFID has also completed the Education Position Paper (2013), an action taken partially in response to ICAI's recommendation. In the Executive Summary of this paper, DFID notes, 'for education to maximise its transformational potential, school youth need not only be in school but also learning'.[12] DFID has fully followed the logic of its position paper in terms of the scope and content of its current education programmes in the six countries as set out in the 'Learning Framework'.[13] We consider that this approach provides a sound basis for improved learning outcomes in the future.

2.4 DFID's experience and good standing enables the technical advice it delivers to support the changes required to provide good education for all children. The scope and content of the technical advice demonstrates the extent to which DFID and the six governments are pursuing positive developments, including:[14]

- strategic support to governments embarking on education system transformation;
- continuing to draw more children into regular school attendance;
- assessing the competence of teachers to identify training needs;
- designing and delivering upgraded teacher training with local mentoring;
- conducting regular learning assessments to measure progress;
- generating management information for reviews and policy development;
- strengthening governance and oversight in schools and in local government;
- producing outline forward plans with funding projections; and
- conducting pilots on innovative approaches to meet the need for school places and drive performance improvement.

2.5 DFID recognised the need to strengthen its education cadre, in both numbers and capabilities. In the countries where DFID is increasing its investment in education (i.e. all but India), the number of DFID country-based staff supporting education programmes has gone up by 26% in the past three years.[15] In the six countries, the total annual average expenditure on education programmes is over £350 million, covering both budget support and technical advice. The latest baseline survey, conducted for Tanzania, illustrates the qualitative progress made in its technical advice to governments. We are pleased to see this comprehensive and authoritative baseline assessment conducted for the Education Quality Improvement Programme in Tanzania (EQUIP-T). There is also a sound evaluation strategy which will:

- generate evidence on the impact of EQUIP-T on primary pupil learning outcomes, including any differential impacts for girls and boys;
- examine perceptions of the effectiveness of different EQUIP-T components;

[11] *Independent Commission for Aid Impact: Annual Report to the House of Commons International Development Committee 2013-14*, ICAI, June 2014, page 72 http://icai.independent.gov.uk/wp-content/uploads/2011/11/ICAI-Annual-Report-13-14-FINAL.pdf.

[12] *Education Position Paper: Improving learning, expanding opportunities*, DFID, July 2013, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/225715/Education_Position_Paper_July_2013.pdf.

[13] The Learning Framework, Figure 1, page 5, in *Education Position Paper: Improving Learning, Expanding Opportunities*, DFID, July 2013, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/225715/Education_Position_Paper_July_2013.pdf.

[14] Annex A2 lists the major areas of technical advice provided by DFID in each country.

[15] The tables in Annex A2 provide the detailed numbers for each of the six countries.

2 Follow-up of Education Reports

- provide evidence on the fiscal affordability of scaling up EQUIP-T post-2018; and
- communicate evidence generated by the Impact Evaluation to policy-makers and key education stakeholders.[16]

2.6 As the latest baseline study, this Tanzania work sets a high standard that could be the template for subsequent baseline work in other countries.

2.7 DFID programmes now have a wider scope and content supporting the transformation of national education systems, placing huge demands on programme management.[17] A key challenge is that the interventions in policy making, institution-building and service delivery in both teaching and learning have to be integrated. Through its risk analysis, DFID needed to strengthen its programme management capability. The process of nominating Senior Responsible Owners (SROs) for all major programmes began in 2014 and will continue through 2015. SROs aim to provide programme management input to complement DFID's education expertise to secure quality and timely delivery. We welcome this development, as it recognises a potential weakness and is applying a thorough approach to its solution.[18]

Longer term delivery challenges

2.8 In addition to these positive findings, we recognise that governments and DFID continue to face major challenges to meet parents' and other stakeholders' expectations for more immediate progress in pupil learning. Many components of a successful basic education system have yet to be fully established in our review countries, which increases the challenge. Delivering results will depend particularly on getting enough properly trained teachers into classrooms.

Effective teachers

2.9 More resources are needed to produce sufficient numbers of effective teachers. Pupils learn best when they are taught by competent teachers. Ethiopia illustrates the wider scale of change now being supported by DFID. Numbers in primary schools will rise from 17 million in 2013-14 to 21.6 million in 2017-18.[19] Over the same period, the DFID-funded General Education Quality Improvement Programme (GEQIP) will support 143,000 trainee teachers to complete programmes with updated curricula[20] to reduce pupil:teacher ratios and to ensure that 100% of teachers at all levels have been academically qualified, motivated and ethically fit.[21] This is in line with the overall GEQIP strategy covering:

- strong government commitment and clear policy direction;
- an expanded and well managed teaching force;
- equitable provision of education services;
- a decentralised implementation structure;
- accountability of schools to communities; and
- a robust Education Management Information System (EMIS).

2.10 All six countries conducted recent teacher surveys, revealing the massive training needed to secure the competence levels for effective teaching.[22] A state survey carried out for ESSPIN in 2009 found that less than 1% of primary teachers were assessed as competent.[23] Many of the other national surveys identified weaknesses in initial training, as well as demand for continuous in-service training.[24] DFID's Teacher Development Programme in Nigeria directly responds to the teacher surveys. It targets improved student

[16] *Impact Evaluation of Education Quality Improvement Programme in Tanzania: Final Baseline Technical Report,* Volume I, January 2015, http://www.opml.co.uk/sites/default/files/OPM%20IE%20Final%20Baseline%20Report%20Volume%20I.pdf.
[17] The ESSPIN Results Chain is a good example, www.esspin.org/ESSPIN-results-chain-diagram.pdf.
[18] *Smart Rules: Better Programme Delivery*, DFID, July 2014, updated February 2015, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/400269/Smart_Rules-Feb15.pdf.

[19] GEQIP Annual Review 2014.
[20] GEQIP Log Frame.
[21] *Education Sector Development Programme IV (ESDP IV), Programme Action Plan, 2010/2011-2014/2015*, Federal Ministry of Education, Addis Ababa, August 2010, page 22, http://planipolis.iiep.unesco.org/upload/Ethiopia/Ethiopia_ESDP_IV.pdf.
[22] Examples include Girls' Education Project (GEP3) and Punjab Education Sector Programme II.
[23] ESSPIN Report: Teacher Development and Needs Assessment, 2009.
[24] We commend the analysis in the *Impact Evaluation of Education Quality Improvement Programme in Tanzania: Final Baseline Technical Report, Volume I,* 2015.

learning by creating more effective teachers through:

- ‘improved training of primary and junior secondary school teachers;
- more effective teacher educators (in the Colleges of Education); and
- strengthened evidence base on teachers’ effectiveness and efficiency, […] aimed at establishing effective regimes for pre- and in-service training’.[25]

2.11 In addition to targeted training supported by local mentoring, DFID has also successfully advised governments, in line with recognised good practice, to re-design the curriculum, publish new textbooks, set understandable learning benchmarks, devise practical learning assessment processes and develop local oversight by principals, parents and locally-based education officers. All governments have now responded positively to DFID’s input and have produced comprehensive education transformation programmes which have teacher effectiveness as a central aim.

2.12 DFID has supported the creation or improvement of learning assessment systems in many countries. In India, DFID has a major role in improving the quality of assessment and its analysis for policy makers. Regular cycles for assessment are necessary to enable pupil progress to be monitored and to guide improvements to the education system. We have observed a tendency for the national learning assessments to provide results and target information to national policy makers and donors. ***More attention should be given to providing information and advice to classroom teachers and school principals directly to guide their efforts to upgrade pupil learning.***

Realistic timescales

2.13 Improved delivery needs more time to take effect before pupil learning will meet expectations. During the design of current DFID education programmes, it became clear that the large increases in enrolment gained over the past decade will be more difficult to repeat in respect of pupil learning. Many more variables are in play and most countries have fundamental weaknesses in teacher competence and education infrastructure which have to be tackled; this requires the time to build sound foundations and consistent political support. We advise DFID to be clear in its discussions with governments on the probable rates of improvement in pupil learning in the near future, in order that realistic expectations are set. Experience in the quarterly meeting of State Education Commissioners in ESSPIN programme fully confirms the wisdom of the realistic approach.[26] Five years on from the initial teacher survey, pupil learning in ESSPIN supported schools is improving but as yet only at a slow rate.[27]

Management information for decision making

2.14 At the start of a programme, the creation of a comprehensive baseline as part of the design process, as well as being the starting point for measuring progress, is recognised as good practice by DFID.[28] In the countries under review, we have continued to see incomplete log frames being approved and submitted to the DFID DevTracker website. ***We urge DFID to make greater efforts to secure baseline information at the start of a project to provide a firm foundation for work planning and monitoring.***

2.15 DFID has helped governments to improve their data collection, quality control and reporting to underpin regular reviews and education policy developments. In Punjab province in Pakistan, DFID’s Education Reform Road Map produces monthly monitoring data for the Province’s Chief Minister. Problems and opportunities are identified and agreed actions implemented.[29] The process has linked individual schools to a committed government and is enhancing progress towards better education provision.

[25] *DFID Teacher Development Programme – Business Case 2012.*

[26] ESSPIN 24th Quarterly Report, July - September 2014.

[27] ESSPIN 24th Quarterly Report, July - September 2014.

[28] DFID guidelines on logframes and annual reviews.

[29] Punjab School Reforms Roadmap - Stocktake with the Chief Minister, January 2015.

2 Follow-up of Education Reports

2.16 This has been taken one stage further in the annual Joint Review of the Education Sector (JRES) in Rwanda,[30] where DFID, at the invitation of the government, plays a joint chair role. This review process is based on an annual data collection process and statistical analyses. This is one of many examples[31] where DFID's use of data to inform programme review has contributed in a major way to service improvements.

Regulation and oversight of private sector schools needs strengthening

2.17 In Pakistan, DFID has given strong support to the expansion of 'low cost private sector schools' as a significant means of providing access to around 1.5 million children through the Punjab Education Foundation (PEF) in Punjab province. PEF aims approximately to double these numbers in the next three years through its expansion plan. DFID acknowledges that issues of quality, regulation, oversight and teacher pay need much more attention. ***We urge DFID to work with provincial governments to resolve these issues quickly, to retain the credibility of the policy. As in Pakistan, other countries with low cost private sector approaches (Nigeria and India) also need to resolve quality, regulation and oversight problems to secure positive outcomes for pupils.***

2.18 DFID is funding initiatives to encourage Qu'ranic schools to provide basic literacy and numeracy teaching in order that these pupils can progress and access later opportunities such as secondary education. Experience to date shows that this development will take some time before it is fully embedded in the educational systems of these countries.

The wider case for implementing results-based funding has yet to be proven

2.19 DFID is conducting results-based funding pilots in three countries: Rwanda, Ethiopia and Tanzania. In 2015 the final evaluation of the pilots in each country will be published. There are already concerns that national governments may not be able to afford to continue with the pilots, even if they are assessed as successful.[32] ***DFID needs to be sensitive to the constraints on government funds and take this into account when designing new initiatives*.**

2.20 In Tanzania there is an interesting innovation linking the release of funds to the reduction in pupil:teacher ratios, which currently range from 30:1 to over 80:1.[33] Tanzania will adopt operational strategies to reduce these ratios, which in turn will trigger the release of DFID funds. We expect that DFID will monitor this scheme closely, as it offers a means of targeting inequities. So long as the additional teachers are of good quality this should lead to better quality teaching. Other inequitable distributions of resources (for example classrooms, textbooks and physical facilities) could be targeted in a similar manner.

UNICEF Girls' Education Project in Nigeria is beginning to operate more effectively

2.21 Our original 2012 report expressed serious concerns[34] about the design and plans for this programme working in Northern Nigeria. We recommended immediate action to respond to the weaknesses exhibited in the earlier phase 2,[35] in the GEP3 log frame, operational plan and the management structure. DFID chose to wait until the 2013 Annual Review before intervening through the establishment of a project improvement plan (PIP) from October 2013 to April 2014.

2.22 In 2014, the review of the PIP noted the UNICEF effort to recruit a new set of senior managers, their commitment to improved financial control and to improved design, planning and project implementation, including much enhanced monitoring and reporting. DFID has additionally funded the Education Data, Research and Evaluation in Nigeria (EDOREN) programme to fill

[30] *Rwanda Forward-Looking Joint Review of the Education Sector: Summary Report, 2014.*

[31] Annual School Census and other data in ESSPIN states are discussed at quarterly meetings with State Education Commissioners.

[32] These concerns were expressed in interviews with government officials.

[33] Tanzania Basic Education Statistics (BEST), 2013, MoEVT.

[34] The assessment was based on an ICAI re-evaluation of the GEP2 Project Completion Report, as well as the plans for GEP3.

[35] In the Annex of our 2012 report, GEP2 was given an Amber-Red assessment. Based on the non-completion of key activities, there was little evidence of improved performance and the monitoring and evaluation was inadequate.

a capability gap in the UNICEF/GEP3 expertise on monitoring and evaluation. The DFID 2014 Annual Review of GEP3 noted little improvement in the delivery of GEP3.[36] Our continuing concerns over the responses from DFID and UNICEF caused us to write to the Secretary of State in 2014.

2.23 The Secretary of State responded in September 2014, reporting that the GEP3 programme had been streamlined, senior management strengthened and more rigorous plans were being put in place.[37] GEP3 completed a revised log frame and operational plan by the end of 2014. Baselines still have to be established for the major components of the log frame, a task to be completed in 2015 by EDOREN. DFID decided to terminate funding for the Female Teacher Training Scholarship Scheme (FTTSS)[38], a key component of UNICEF's initial strategy, due to the failure to operate effectively or produce a sound design that could overcome the problems in state administrations. DFID should have acted more resolutely in the early stages in order to secure an effective design and efficient operation of FTTSS.

2.24 We have examined a number of recent programme documents and note an improvement in the design and operations being planned for GEP3.[39] The new senior managers are having a positive impact on the work of the programme and GEP3 is applying some of the lessons learnt by the successful ESSPIN.[40] The extra support provided by EDOREN and the DFID Teacher Development Programme should strengthen the performance of GEP3.

2.25 We are pleased to observe that GEP3 is now on a positive track but we are concerned at the speed of DFID's response: it took over three years from the start of the programme to strengthen it. It is important that the next phases of GEP3 are monitored closely to establish whether the programme is operating successfully. The GEP3 programme has a critical contribution to make towards meeting the educational needs of young people, especially girls, in Northern Nigeria.

Conclusions and Recommendations

2.26 In all six countries, we have seen that there is a determined focus on improving pupil learning, with a particular emphasis on supporting teachers in the classroom. There are, however, no quick fixes to improve learning and progress is likely to be slower than national ambitions. DFID is well aware of the scale of the challenge to improve pupil learning. The gap between expectation and realisation will have to be carefully managed by governments and DFID. It is sharing good practice and offering the best advice to governments who continue to value DFID expertise and support. DFID should help governments to secure plans and targets which are affordable and achievable. DFID can use its experience in each country better to inform forward planning in all six countries.

Recommendation 1, Education: DFID should intensify its support for governments to set targets and timelines which reflect realistically achievable rates of improved educational attainment, in other words, not just more but better education. This would include the scaling-up of teacher training.

2.27 In Pakistan[41] and Tanzania[42] concerns have been raised about those areas with lower shares of education resources and the consequential impact on pupil learning. Raising standards of pupil learning will require a more equitable distribution of resources in order that all pupils have access to quality education. Whilst the quality of teachers will always be key, an initiative in Tanzania linking DFID funding to reductions in high pupil:teacher ratios could provide some very useful lessons which could be deployed in other countries to remove extreme inequalities in the distribution of resources, including, for example, both very high and very low pupil:teacher ratios.

---

36 The 2014 Annual Review scored GEP3 as 'C' – 'Outputs substantially did not meet expectation'. See *Annual Review: Girls Education Project (GEP) Phase 3 2014,* DFID, April-May 2014, http://iati.dfid.gov.uk/iati_documents/4604527.docx.

37 Letter from Secretary of State to ICAI, September 2014.

38 This decision followed the findings of the 2014 Annual Review and a more detailed review of FTTSS operations by EDOREN.

39 Examples include the Cash Transfer Programme for Niger and Sokoto states and the Quarterly GEP3 Report, December 2014.

40 Examples include the teacher survey, learning assessment, annual school census and school-based management committees.

41 Punjab School Reforms Roadmap - Stocktake with the Chief Minister, January 2015.

42 *Impact Evaluation of Education Quality Improvement Programme in Tanzania: Final Baseline Technical Report,* Volume I, January 2015, http://www.opml.co.uk/sites/default/files/OPM%20IE%20Final%20Baseline%20Report%20Volume%20I.pdf.

2 Follow-up of Education Reports

Recommendation 2, Education: DFID should encourage governments to have clear goals aimed at limiting inequities in resource distribution, for example through linking funding to reductions in very high pupil:teacher ratios.

2.28 DFID has been successful in generating sound annual reviews of education programmes based on good data at a national level. All countries reviewed are strengthening school leadership, parental and community participation and local government support for schools. These developments would be even stronger with improved local management information and a process of local review. DFID could usefully encourage this local process, which could lead to action plans designed to improve performance at this critical level in the education system. Where attention has been focussed on pupil and teacher attendance it has proved to be effective.

Recommendation 3, Education: DFID should intensify its support for local government to improve the use of data systems, quality control, analysis and performance review to support locally-determined actions for improving pupil learning. This should include key influencing factors, such as pupil and teacher attendance.

3 Main Follow-up Findings

3.1 In this section we have summarised the key findings from our main follow-up work. Each report has been followed up individually. Where there are common issues and themes between reports we have grouped the findings together. The detailed findings for each of the 22 reports we have followed up can be found in the Annex.

How DFID learns

3.2 From 2011-15 DFID has allocated at least £1.2 billion for research, evaluation and personnel development. This has resulted in considerable volumes of research and information, much of which is publicly available. We refer to learning as the extent to which DFID uses information and experience to influence its decisions. DFID's learning from its experience and the research it has generated does not appear to be consistent. In each of our reviews, we have assessed DFID's learning and found mixed results.

3.3 The findings from our follow-up work reinforce this picture. For example, we cover below the issue of how the central DFID policy team on Empowerment and Accountability needs to guide learning better on this type of programming across DFID's country programmes. There are also important learning points arising from our follow-up of reports of DFID's work in fragile states. For example, we note that some DFID country offices are better at working with beneficiaries in difficult environments than others, so good practices in one should be shared.

3.4 In this section, we focus on a separate report we published in April 2014, **How DFID Learns (Report 34),** and follow up our recommendations as part of this report.[43] The report has re-energised DFID to address organisational learning. Although the formal management response committed only to limited action, DFID has taken the report very seriously. A Task and Finish Group on Learning was established with the objective of developing a DFID Organisational Learning Strategy and Results Framework, by July 2015, to guide actions and track progress across DFID.

3.5 Feedback on the report has been highly positive, particularly from within DFID, from online commentators and from the specialist media. The report is now actively referenced across the organisation, by development NGOs and by other UK government departments.

3.6 DFID took seriously our recommendation to focus on consistent and continuous organisational learning during the implementation phase of its activities. DFID's response includes seeking to create a better system for collating and using the lessons learnt from annual reviews, project completion reports and evaluations. If successful, this has the potential to reduce significantly the considerable challenge of staff simply having too much information to take in. DFID is also undertaking a multi-country pilot to test external feedback tools. A learning champions network has been established to work together to embed a more co-ordinated approach to organisational learning; furthermore, Professional Development Conferences for DFID advisors now all incorporate reflective sessions. The Permanent Secretary has agreed that DFID's Alumni Network will help to launch a scheme for alumni to act as mentors for DFID staff. DFID is also seeking to develop key performance indicators that help to define expected behaviours and practices on learning.

3.7 Our report identified a large variation across DFID as to whether (and how much) time was given to staff to learn. We recommended that allocating time to learning was an investment in better delivery and should be integral to it. DFID has stated that it will consider how best to ensure that its staff spend enough time in the field engaging with beneficiaries and delivery partners within their own country; we remain concerned, however, about whether this is taken seriously by senior staff and will be applied consistently among offices.

3.8 We note that there has been a clear and positive attitudinal change in the organisation since our report, coupled with the roll-out of DFID's Better Programme Delivery process.[44] Staff feel more

[43] *How DFID Learns*, ICAI, April 2014, http://icai.independent.gov.uk/wp-content/uploads/2014/04/How-DFID-Learns-FINAL.pdf.

[44] *Smart Rules: Better Programme Delivery*, DFID, July 2014, updated February 2015, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/400269/Smart_Rules-Feb15.pdf.

3 Main Follow-up Findings

able to be open, in particular to discuss failure. Scepticism remains, however, as to whether this change is permanent. We will be interested to see what specific incentives will be put in place in the future to reward managers for enabling their staff to be consistently honest, raising and addressing issues that enable the work of DFID to be more effective.

Recommendation 4, Learning: DFID should ensure that its learning improvement initiatives and plans are consistently driven forward, with realistic timescales for change. In particular staff should spend more time engaged more directly with delivery partners and beneficiaries and specific incentives should be put in place to reward managers for encouraging and using staff feedback.

Empowerment and accountability

3.9 DFID's internal learning was also a key theme in following up on our report on **DFID's Empowerment and Accountability Programming in Ghana and Malawi (Report 28)**.[45] The report focussed on DFID's promotion of social accountability through support for civil society, the media and national parliaments. We found that DFID's work was contributing to more constructive engagement between communities and governments around the delivery of public services and development programmes. DFID also responded positively to our recommendation to improve its approach to research.

3.10 Partially in response to our review, DFID adopted the notion of 'strategic interventions', which combines three types of interventions:

- improving the enabling environment for collective actions (for example, improving the legal environment for the development of civil society organisations or for promoting freedom of information);
- scaling up citizen engagement with government; and
- bolstering the government's capacity to respond to citizens' concerns.

3.11 We welcome the commitment to work simultaneously on the supply and demand sides of social accountability, rather than supporting adversarial models of social accountability.

3.12 Two of our recommendations were only partially accepted. In the first, we suggested that DFID should promote constructive community engagement with government around the delivery of public services and development programmes with closer links to DFID's sector programmes. DFID did not want to make public service delivery the principal focus of its programming at the expense of programmes directed to achieve broader social and political change.

3.13 DFID also only partially accepted the recommendation to move away from large competitive grant-making funds towards more targeted or managed support with smaller portfolios and more tailored capacity building. While DFID agreed that such a model would be useful in some country contexts, it wanted to retain the flexibility to experiment with different funding models in different contexts.

3.14 Our third recommendation called for a more structured but flexible approach to learning. DFID accepted this recommendation and developed a five year, multi-country research programme on what works in identifying and supporting social and political action for more effective empowerment and accountability, which is soon to be tendered.

3.15 ***We remain concerned that the central policy team is not resourced to guide learning across the portfolio. In particular, the process of converting data into practical lessons and improvements in programming must be deliberate and well-managed to contribute to learning across DFID's country offices.***

3.16 DFID needs to decide whether these accountability programmes are best approached as discrete activities or integrated with others. This was an issue we saw in Nigeria in our report on **DFID's Approach to Anti-Corruption and its Impact on**

[45] *DFID's Empowerment and Accountability Programming in Ghana and Malawi*, ICAI, October 2013, http://icai.independent.gov.uk/wp-content/uploads/2013/12/Empowerment-and-Accountability-081013-FINAL.pdf.

the Poor[46] in programmes that involved integrating accountability interventions with service delivery programmes.

How DFID works with the private sector

3.17 Another current key strategic issue for DFID is its work with the private sector. DFID expects to spend £1.8 billion on economic development in 2015-16, over double that spent in 2012-13. A large share of this will be aimed at stimulating the private sector, including direct support to enterprises and working with governments to create a more conducive investment environment in developing countries. We reviewed **DFID's Private Sector Development (PSD) Work (Report 35)**[47] in our report published in May 2014. The report came at a time when DFID was undertaking a major restructuring in its approach to economic development, including private sector development. This may account for the management response's limited acceptance of the initial recommendations. We noted from our follow-up work, however, that the changes that DFID is introducing are often in line with our recommendations.

3.18 We recommended that DFID should provide clearer guidance to its staff on how to design a coherent and well-balanced PSD country portfolio that matches DFID's aim to end extreme poverty through economic development and transformational change.

3.19 Our follow-up work showed that DFID has taken a number of steps to translate its high level objectives into practical implementation. These include the pilot and subsequent roll-out of a new inclusive growth diagnostic. The diagnostic is a tool to help identify current patterns of growth, together with an analysis of the opportunities for and the constraints to economic development. Options are then developed to address the constraints. We expect the growth diagnostics to allow for greater co-ordination and guidance from the centre without being overly prescriptive and we believe the guidance on the diagnostic should be well disseminated among and used by DFID's private sector advisors.

3.20 We also recommended that DFID should clearly define and articulate where it can add most value in PSD relative to other donors and stakeholders and be more realistic in its ambitions and the impact it is trying to achieve. The roll-out of the economic growth diagnostic requires DFID country offices to consider these issues. The options for interventions addressing the constraints are to be developed in the light of DFID's comparative advantage. The related guidance also sets out the limitations that developing different sectors can have in generating inclusive and systemic development. ***DFID appears to be heading in the right direction; it still needs, however, to refine its approach to building a coherent portfolio at the country level, including the particular challenges for the private sector in fragile states.***

3.21 DFID has undertaken a number of initiatives centrally to understand better the needs of and to work more closely with the private sector. These include the development of a corporate relationship management system, an advisory panel with representation from the private sector and a number of private sector roundtables focussing on specific sector issues. In-country relationships with the private sector still, however, depend heavily on individual relationships of advisors in post. These issues are covered in more depth in our report on **Business in Development.**[48]

3.22 Despite the progress DFID is making on redefining its approach to economic development and the private sector ***we still consider that DFID could do more to (a) determine its global comparative advantage in delivering PSD projects; (b) move faster to adapt its processes to be more responsive when working with and when seeking to influence the private sector; and (c) ensure that the programmes developed reflect the realistic opportunity of countries to grow a***

[46] *DFID's Approach to Anti-Corruption and its Impact on the Poor*, ICAI, October 2014, http://icai.independent.gov.uk/wp-content/uploads/2014/10/DFIDs-Approach-to-Anti-Corruption-and-its-Impact-on-the-Poor-FINAL.pdf.

[47] *DFID's Private Sector Development Work*, ICAI, May 2014, http://icai.independent.gov.uk/wp-content/uploads/2014/05/ICAI-PSD-report-FINAL.pdf.

[48] *Business in Development*, ICAI, May 2015, http://icai.independent.gov.uk/wp-content/uploads/2015/05/ICAI-Business-in-Development-FINAL.pdf

3 Main Follow-up Findings

private sector. Given its vital importance in DFID's future strategy, this is an area that ICAI may choose to revisit in the future.

Working in fragile states

3.23 DFID has been increasingly focussing its activities on fragile states, where it has committed to spend 30% of ODA by 2014-15. This amounts to almost doubling the value of the UK's bilateral support to fragile states compared to 2011-12. This figure excludes multilateral expenditure and expenditure through centrally-managed programmes. In February 2015, ICAI published a separate review assessing the **Impact of the Scale-up of DFID's Support to Fragile States** (which is outside the remit of our follow-up work).[49]

3.24 For this follow-up review ICAI considered four previous reviews of DFID programmes in fragile states: **DFID's Water, Sanitation and Hygiene Programming in Sudan (Report 19)**,[50] **DFID's Peace and Security Programme in Nepal (Report 20)**[51], **DFID's Health Programmes in Burma (Report 25)**[52] and **DFID's Bilateral Support to Growth and Livelihoods in Afghanistan (Report 31)**.[53] Broadly, these reviews were consistent with the conclusions of ICAI's 2015 fragile states review, that DFID does not yet have 'a convincing positive trajectory towards achievement of the UK Government's stated goal of tackling conflict and fragility',[54] even if individual programmes are delivering basic services on the ground.

3.25 The fragile states reviewed which are currently in conflict – Afghanistan and Sudan – illustrate the particular difficulties of planning ahead in fragile state contexts. DFID has been carrying out one of its largest ever humanitarian operations in Sudan in response to the crisis in Darfur, which has been in conflict since 2003. Previous ICAI follow-up work recommended that DFID move away from short term emergency channels as they were creating dependency. DFID had agreed with the recommendation and was planning to focus on longer-term development and resilience programmes. The context in Sudan, however, has significantly deteriorated since the fieldwork was done for the initial ICAI review in 2012. The separation of South Sudan, failing peace process efforts and increasing numbers of displaced people have meant that DFID Sudan has not been able to focus on resilience as it intended, due to the necessity of responding to more pressing humanitarian needs.

3.26 Both the Afghanistan and Sudan reviews reinforced the importance of lesson learning within the context of fragile states where DFID does not have significant time for programme design. Consequently, long term planning of development interventions can be difficult. ***DFID should, where possible, address both short-term needs and longer-term goals simultaneously. This could be done by focussing interventions on addressing the chronic challenges in a manner that bridges the distinction between strictly humanitarian and development approaches.***

3.27 Good examples of such a way of working can be seen in DFID Sudan's programmes. DFID Sudan has attempted to introduce longer-term approaches to emergency measures in its programming, for example by exploring options to introduce payments for services such as water for internally displaced people (IDPs). This contributes to sustainable financing of service provision but also reduces tensions between the local populations and IDPs. DFID Sudan's investment in the World Food Programme's (WFP) electronic food voucher programme (instead of direct food provision) further illustrates the organisation's shift towards a more sustainable emergency assistance delivery model.

[49] *Assessing the Impact of the Scale-up of DFID's Support to Fragile States*, ICAI, February 2015, http://icai.independent.gov.uk/wp-content/uploads/2015/02/ICAI-Report-Assessing-the-Impact-of-the-Scale-up-of-DFID%E2%80%99s-Support-to-Fragile-States.pdf.
[50] *DFID's Water, Sanitation and Hygiene Programming in Sudan*, ICAI, February 2013, http://icai.independent.gov.uk/wp-content/uploads/2013/02/ICAI-Report-DFIDs-Water-Sanitation-and-Hygiene-Programming-in-Sudan2.pdf.
[51] *DFID's Peace and Security Programme in Nepal*, ICAI, February 2013, http://icai.independent.gov.uk/wp-content/uploads/2013/02/ICAI-report-DFIDs-Peace-and-Security-programme-in-Nepal2.pdf.
[52] *DFID's Health Programmes in Burma*, ICAI, July 2013, http://icai.independent.gov.uk/wp-content/uploads/2013/12/ICAI-Burma-Health-Report-FINAL.pdf.
[53] *DFID's Bilateral Support to Growth and Livelihoods in Afghanistan*, ICAI, March 2014, http://icai.independent.gov.uk/wp-content/uploads/2014/03/ICAI-Report-DFID%E2%80%99s-Bilateral-Support-to-Growth-and-Livelihoods-in-Afghanistan.pdf.
[54] *Assessing the Impact of the Scale-up of DFID's Support to Fragile States*, ICAI, February 2015, page 21, paragraph 4.3, http://icai.independent.gov.uk/wp-content/uploads/2015/02/ICAI-Report-Assessing-the-Impact-of-the-Scale-up-of-DFID%E2%80%99s-Support-to-Fragile-States.pdf.

3 Main Follow-up Findings

3.28 In our Sudan review we had recommended that, at corporate level, DFID should ensure that its WASH policy framework prioritises early planning for transition from emergency assistance through early recovery to development programming in the context of protracted and chronic crises. DFID's management response stated that it would, by September 2013, 'produce guidance on multi-year approaches to humanitarian planning to improve the effectiveness of its work in protracted crises'.[55] DFID produced such guidance in 2013. The guidance, however, has not had the desired impact as the humanitarian advisors in charge of planning and programming were not aware of the document. In February 2015 DFID Sudan was provided with a review of best practice and advantages of multi-year humanitarian business cases. It remains to be seen whether this document will have a more significant impact than the 2013 guidance.

3.29 There are particular difficulties working with governments in fragile states. These, however, should not constrain all DFID activities, which has happened in the past. For example, in Afghanistan delays in appointing senior government positions meant that progress in some of DFID's programmes was slowed. ***As a possible way around this difficulty, DFID should collaborate with other stakeholders, including local government and civil society organisations, to ensure continuity of its programmes when working with the central government is challenging.*** DFID Burma, in its health programming, provides a good example of effective working with government at different levels, as well as with other stakeholders.

3.30 In response to ICAI's recommendations, DFID Afghanistan has contracted statistics and evaluation advisors, who provide training and are responsible for ensuring that suppliers are able to meet DFID's requirements on beneficiary and independent monitoring and evaluation. It has also clearly outlined its approach to evidence, analysis and learning.

3.31 We previously made a specific recommendation on Afghanistan that DFID should do more to engage with local government offices, NGOs and other civil society organisations. Although it was not a formal recommendation, a similar concern was raised about DFID Nepal, which DFID Nepal has addressed. Security constraints in Afghanistan**,** however, mean that DFID staff are able to visit a very limited number of provinces, which makes conducting beneficiary consultations and monitoring and evaluation work particularly difficult. In our original review of **DFID's Support to Growth and Livelihoods in Afghanistan**, we recommended that DFID Afghanistan should develop a list of Afghan research and development organisations with the expertise to undertake beneficiary consultation. DFID has only partially responded to this recommendation, having undertaken a number of scoping activities under individual programmes to explore the supplier market in Afghanistan for beneficiary monitoring work. DFID Afghanistan has not, however, to date produced a comprehensive list of Afghan research and development organisations that could be called upon to conduct beneficiary monitoring. This list would be especially useful when DFID country staff rotate.

3.32 DFID Nepal, partially in response to ICAI's recommendations, increased its beneficiary monitoring activities. It co-funded, with the United Nations Development Programme (UNDP), a survey on peace and security across 13 of the most unstable districts in Nepal covering 3,000 respondents. The survey findings are informing, in particular, the reformulation of DFID Nepal's work under the new Peace Support programme and the Security and Justice for the Poor programme. DFID Nepal also strengthened the methodology and approach of a Government-led 'perception survey' as part of its formulation of the 2014-2017 Nepal Peace Trust Fund (NPTF) Strategy. The survey results were distributed widely within the Nepali government, NGOs and international bodies involved in the peace process. We welcome this type of beneficiary consultation. ***We suggest that DFID adopt this, or more innovative approaches, on beneficiary feedback across all its programmes in fragile states.*** This was an

[55] *DFID Management Response to the Independent Commission for Aid Impact recommendations on: DFID's Water, Sanitation and Hygiene Programming in Sudan*, February 2013, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/142905/ICAI-man-response-water-sanitation-hygiene-prog-Sudan.pdf.

3 Main Follow-up Findings

issue that we have also covered in our reports on the **Scale-up of DFID's Support to Fragile States** and **DFID's Approach to Anti-Corruption and its Impact on the Poor**.

3.33 DFID Nepal has developed a comprehensive peace and security strategy, which combines peace and security-related outputs, indicators and baselines of DFID Nepal's programmes and covers directly and indirectly attributable results.

3.34 Our review of **DFID's Health Programmes in Burma** awarded an overall 'green' rating, as we found that DFID had designed and delivered an appropriate health aid programme in a country with significant capacity and access constraints. DFID had demonstrated clear leadership and co-operation with beneficiaries, the local government and other donors.

3.35 Since the initial ICAI review, the DFID health programme is now delivered mainly through the Three Millennium Development Goals (3MDG) Fund.[56] The Fund focusses on maternal, newborn and child health; HIV/AIDS, tuberculosis and malaria; and health systems strengthening. Despite positive results, such as an increased number of midwives trained and the reviews of prison healthcare and the health system, some issues remain. The progress in developing the 3MDG Fund has been slower than expected but the recent involvement of Burma's Ministry of Health in the 3MDG fund board should improve the fund's transparency and relationship with the government.

3.36 DFID has been playing a key role in managing the challenging relationship between the Government of Burma and the 3MDG Fund. DFID should continue being active in ensuring that the Fund works effectively with the national government and other organisations that operate in the health sector in Burma.

3.37 The lack of reliable data on the sector makes it difficult to assess accurately the added value of DFID's various contributions and of the work of the 3MDG Fund. The National Household Survey on Demography and Health, which is to be published in March 2016, should help to address this concern.

3.38 As part of our follow-up work, we found examples of well-managed transitions in key DFID personnel. ***To help to enable a successful transition, successors were identified early, hand-over included up to a month of joint working in Burma and after handover regular contact was maintained with predecessors. This approach has had clear benefits that can be replicated elsewhere where similar changes in key DFID personnel occur.***

Working across government departments

3.39 We followed up on reviews of aid programmes implemented by government departments other than DFID: **the Foreign and Commonwealth Office's (FCO) and British Council's use of aid in response to the Arab Spring (Report 24)**[57] and the **Evaluation of the Inter-Departmental Conflict Pool (Report 12).**[58]

3.40 Both reviews' previous follow-up findings commented on the positive engagement of the organisations with ICAI's recommendations. We have seen that the institutional arrangements of these organisations were not always best suited to facilitate efficient implementation of aid programmes. For example, the FCO managed the Arab Partnership Participation Fund (APPF), which had a budget of £40 million over four years, half of which was contributed by DFID. We commented on its weak project management capacity but acknowledged the impact of the requirement to respond rapidly and flexibly to a highly volatile situation that was considered a high priority for UK foreign policy.

3.41 We have noted that other government departments do not have DFID's level of project management capacity and culture of managing for results. The FCO responded well to our recommendation of

[56] Established in June 2012, the 3MDG Fund is funded by Australia, Denmark, European Union, Sweden, United Kingdom and United States and managed by the United Nations Office of Project Services (UNOPS). The Fund will invest more than US$300 million over five years.

[57] *FCO's and British Council's use of aid in response to the Arab Spring*, ICAI, June 2013, http://icai.independent.gov.uk/wp-content/uploads/2011/11/FCO-and-British-Council-Aid-Responses-to-the-Arab-Spring-Report.pdf.

[58] *Evaluation of the Inter-Departmental Conflict Pool*, ICAI, July 2012, http://icai.independent.gov.uk/wp-content/uploads/2012/07/Evaluation-of-the-Inter-Departmental-Conflict-Pool-ICAI-Report1.pdf.

incorporating theories of change into its 2014-15 country strategies and bringing in DFID experts to conduct training sessions for its staff on theory of change methodology. The FCO is also working with its partners to set baselines and generate the data needed to measure the impact and progress of its funded activities. It may take several programme cycles for theory of change thinking to be fully embedded into FCO strategy setting.

3.42 We had also recommended that the APPF should strengthen its knowledge management processes and share experiences and lessons learned across its country programmes and partners. The FCO has responded by bringing together its country and London based staff in conferences and thematic learning events; as well as by increasing the numbers of meetings that are held with local partners and other donors in each country. The FCO has developed an intranet for the APPF, in order to enable the sharing of documents and the referral of questions across the network. We welcome the strengthening changes that the FCO is making to create a network for sharing knowledge and envisage that they will contribute towards a more coherent portfolio.

3.43 Institutional constraints have made it more difficult for the FCO to respond to our recommendations on project management. The FCO has a one-size-fits-all approach to grant-making with complex and rather inflexible procedures, which do not distinguish between organisations with different levels of delivery and financial management capacity. This makes it difficult for the FCO to partner with local civil society organisations (CSOs). Nevertheless, the FCO has been able to fund CSOs via international partners, such as CARE, the British Council, BBC Media Action and the National Council for Voluntary Organisations. Furthermore, the FCO's financial accounting system is not suitable for project management. The FCO agreed that the system is inadequate. It has not, however, yet been able to change it. In the absence of a new system, the FCO has begun to prepare other software tools that can help to work around the problem.

3.44 We have seen the FCO working to professionalise its project management systems in advance of the commencement of the new Conflict, Stability and Security Fund (CSSF) – the successor to the Conflict Pool (CP) – which began operations in April 2015. The CSSF is under the direct authority of the National Security Council (NSC) and supported by a joint secretariat which is housed in the FCO. It reports to the National Security Secretariat in the Cabinet Office and is staffed by officials from across the NSC departments. The FCO's grant-making procedures are not yet fully developed, its accounting systems are not yet designed for project management and the cadre of trained project managers within its staff is not particularly strong. We are concerned about the FCO's readiness to manage the increased volume of aid funds under CSSF: CSSF combines the CP portfolio with the Peacekeeping Budget and the Deployed Military Activity Pool and has a total budget of £1 billion a year.[59]

3.45 Our 2012 **review of the Conflict Pool** found that it was delivering useful, if localised, results. It lacked a clear strategic framework, however, had cumbersome governance and management arrangements and had little capacity for measuring results. This year we followed up on whether our recommendations regarding the CP informed the design of CSSF. Our preliminary review suggests that there is a stronger focus on strategic and programme management in the design of the CSSF. The programme standards are still under development but the current guidelines mandate stronger country strategies based on explicit theories of change, with higher-level outcomes and indicators.

3.46 These new strategies and guidelines will need to be tested through implementation. ***DFID should proactively share its good practice tools and guidance on programme management with other departments undertaking development work.***

3.47 We are concerned about the potential risk that the way in which the CSSF is funded will generate unhelpful competition between departments. We are also concerned that it may become reactive in

[59] The Deployed Military Activity Pool is a ring-fenced, non-ODA resource controlled by HM Treasury and MOD and allocated through separate mechanisms.

3 Main Follow-up Findings

nature, due to excessive demands on the NSC's time and consequently insufficient attention paid to strategy and programme management. ***Both ICAI and the IDC may choose to keep the CSSF under scrutiny in the coming years.***

Influencing international organisations

3.48 Almost two thirds (£6.32 billion or 62.9%)[60] of DFID's £10.1 billion total expenditure was spent through multilateral agencies in 2013-14. This includes where DFID country offices channel funding through multilaterals at a local level as delivery partners. As part of this review, we followed up on **DFID's Support for Palestine Refugees through the United Nations Relief and Works Agency** (UNRWA) **(Report 27)**[61] and **DFID's Oversight of the EU's Aid to Low Income Countries (Report 17)**.[62] DFID responded positively to the original recommendations of both reports but challenges remain about engaging with such a range of international organisations. The former review highlighted that DFID, as UNRWA's fourth largest donor, contributing over £170 million in support from 2008-2012, continued to be a highly influential and valuable contributor at strategic and operational levels.

3.49 DFID seconded a planning officer to provide technical support in drafting UNRWA's medium term strategy document and to work with hosts, donors and UNRWA to identify strategic priorities to shape UNRWA's planning process. DFID has been advocating for reform within UNRWA, particularly in relation to UNRWA's provision of vocational training, education and health, as well as encouraging UNRWA to move away from food to cash assistance. It is important that DFID considers using short term contracted technical assistance to provide the input needed to push forward reforms (including those to ensure that UNRWA is financially sustainable) at the operational level and to ensure that the field offices are fully engaged in the reform process.

3.50 Influencing partners and working across Whitehall are also vital in DFID's contributions to the European Union (EU). In our report on **DFID's Oversight of the EU's Aid to Low-Income Countries**, we were concerned about the limited assurance DFID has on the significant contributions it makes to the EU, especially given DFID's restricted discretion to vary those contributions. In our follow-up work last year we found that, overall, DFID and the EU had made solid, if slow, progress. Some further progress has been made since then: DFID has provided support to the development of the EU's results framework and has helped to ensure that key development challenges (such as delivering better results for girls and women) are prioritised by the EU. Following requests by DFID and others, the new Development Commissioner (Neven Mimica) is now calling this issue one of his top priorities.

3.51 There remains a major opportunity for DFID to work more effectively with EU delegations in-country. In our report on **How DFID works with multilateral agencies to achieve impact**[63] we recommended that DFID needs clear objectives for working with multilaterals in its country-level strategies and that working with the EU should be prioritised for this (along with the World Bank). We also note that significant levels of DFID funding, through its multilateral contributions, go into countries where there is no DFID presence. DFID funding through the EU is a significant element of this. In our **Multilaterals** report we state that we would like to see a greater focus by DFID on this area.

Capital projects in Montserrat

3.52 Influencing governments is also essential in many DFID programmes. We followed up our report on **DFID's Support to Capital Projects in**

[60] *Statistics on International Development 2013 to 2014: GPEX Tables*, DFID, December 2014, https://www.gov.uk/government/publications/statistics-on-international-development-2013-to-2014-gpex-tables.

[61] *DFID's Support for Palestine Refugees through UNRWA*, ICAI, September 2013, http://icai.independent.gov.uk/wp-content/uploads/2011/11/ICAI-UNRWA-report-FINAL-110913.pdf.

[62] *DFID's Oversight of the EU's Aid to Low-Income Countries*, ICAI, December 2012, http://icai.independent.gov.uk/wp-content/uploads/2012/12/ICAI-EU-report-061212-FINAL.pdf.

[63] *How DFID works with Multilateral Agencies to achieve impact*, ICAI, June 2015, http://icai.independent.gov.uk/reports/how-dfid-works-with-multilateral-agencies-to-achieve-impact/.

Montserrat (Report 26),[64] where working with the government is a key focus. The UK spent £114.8 million on support to Montserrat between 2009 and 2013, which amounts to approximately £23,000 for each of the 5,000 people on the island. DFID's contribution to Montserrat's budget amounts to 60%.

3.53 We examined DFID's support to capital investments in areas such as transport and power and recommended that DFID develop a long term coherent plan for the island that better integrated the programme of projects as a whole. This recommendation was not accepted. Our follow-up work, however, found that DFID has been working with the new Government of Montserrat (GoM) to develop a longer term, more strategic approach to financial planning, as well as practical ways to integrate better capital and revenue planning. We therefore repeat our recommendation that ***in developing a clear and concise strategic plan with the GoM over the next 18 months, DFID should ensure that it shows how the different projects add up to a coherent impact on livelihoods and economic progress. It should set out the level and composition of financial and technical assistance and a projection of capital costs and necessary revenue support over a minimum five year period. DFID should also ensure that this plan is widely publicised among the population on the island.***

Child Mortality in Kenya

3.54 Our report on **DFID's Contribution to the Reduction of Child Mortality in Kenya (Report 33)**[65] had a significant impact, contributing to DFID's decision to exit malaria work in Kenya. We recommended that DFID should develop a clear exit strategy for funding basic health supplies in Kenya (such as bed nets) and rebalance support to the Government of Kenya to strengthen its health system and focus on achieving a long-term and co-ordinated approach amongst development and financing agencies, including the Global Fund to Fight AIDS, Tuberculosis and Malaria and the Gavi Alliance, to strengthen the health system.

3.55 The decision to exit from malaria work, which DFID is scheduled to do by December 2015, was not welcomed by other donors. The USAID health sector lead in Kenya stated that there will be grave consequences, as USAID and the Global Fund will not be able to fill the funding gap. Local DFID staff noted that their influence in the sector could also be reduced. We consider that DFID is moving strategically in the right direction as an exit from funding basic supplies will permit DFID to focus on a broader approach to strengthening Kenya's healthcare system. We are, however, concerned about how the recommendation is being implemented, namely the speed of DFID's exit from funding basic supplies. It is also not clear whether the money saved from DFID's exit from work on malaria will be invested in a co-ordinated approach to the strengthening of Kenya's health system, as proposed in our report.

3.56 We were also concerned about the devolution of health services in Kenya, where power and financial authority are being delegated to 47 counties. DFID is responding well to the challenge and continues to prioritise remote and hard-to-reach regions, as evidenced by its new maternal health programme. DFID policy division is producing guidance on value for money assessments in malaria programmes that includes consideration of equity. The guidance will be published in 2015. These actions, whilst welcome, are insufficient. Our original recommendation was that DFID should centrally specify its policy on equity and reaching remote populations: at the moment there is no corporate equity guidance on how to make trade-offs between reaching remote populations and the increased costs associated with doing so.

3.57 We were encouraged that the issues of abuse and poor quality of care that were highlighted to us by beneficiaries have been taken up with the Government of Kenya and are currently under active consideration. If these issues are addressed, the quality of care for mothers should significantly improve.

[64] *DFID's Support to Capital Projects in Montserrat*, ICAI, July 2013, http://icai.independent.gov.uk/wp-content/uploads/2013/12/16-July-2013-ICAI-Montserrat-report-FINAL.pdf.
[65] *DFID's Contribution to the Reduction of Child Mortality in Kenya*, ICAI, March 2014, http://icai.independent.gov.uk/wp-content/uploads/2014/03/ICAI-Child-Mortality-FINAL-120714.pdf.

3 Main Follow-up Findings

3.58 Our research for the initial review revealed that local DFID Kenya staff were not aware of all the DFID projects operating in Kenya. We had suggested that DFID code all its projects on an information system in order to allow country staff immediately to access information about the centrally-managed programmes that operate in their countries. We have seen some progress, as DFID has started mapping its current activities globally and DFID Kenya has organised sectoral meetings to draw in centrally-funded projects. We have not, however, been given a date as to when our recommendation of having an easily accessible database of DFID projects operating in each country will be available. While information sharing about central DFID programmes is improving and some progress has been made on the real integration and leverage of them in country portfolios, there is still more to do.

Recommendation 5, Child mortality in Kenya: There are risks to health outcomes in Kenya as a result of the pace and manner of DFID's decision to exit from malaria work. DFID should balance this decision with an appropriate focus on ensuring that alternative funding sources are available to continue the provision of basic health supplies, such as bed nets, and that a commensurate investment in health systems strengthening is made.

Support to agriculture

3.59 Our review of **DFID's Support to Agricultural Research (Report 29)**[66] considered DFID's responses to the estimates that food demand is expected to increase by 70% by 2050 as a result of population growth and changing food habits. DFID has been funding agricultural research in developing countries for the past 50 years; its annual expenditure in 2011-2013 amounted to £75 million. DFID's research is focussed on three main areas:

- developing new agricultural products (crops, livestock breeds, resilient farming systems);
- testing interventions and delivery models for rapidly scaling up the use of new technology by farmers; and
- increasing the understanding of the complex political, social and economic context that determines the success of agricultural investments.

3.60 We found DFID's agricultural research programme to be effective and innovative. In order for the research to have the intended effect, however, we stressed that DFID's research and development programmes should collaborate better. DFID responded well to our recommendation, scoped out possible new development programmes and developed a geo-referenced database of research projects, which enables country offices to identify quickly what agriculture research is being undertaken in their country. The agriculture team has started to work closely with a number of DFID's country programmes to find ways to integrate new agricultural technologies into poverty reduction programmes. This has the potential to improve significantly the impact for beneficiaries.

3.61 We remain concerned that DFID has not done enough to scope the needs of different classes of farmers and women farmers, which could result in the needs of the most vulnerable and marginalised farmers being overlooked in favour of those better off. DFID has also not addressed the issue of environmental sustainability in a satisfactory manner – ***it should place more emphasis on the potential adverse environmental impacts of conventional farming systems, such as land degradation, and also focus more on low-input, ecologically-focussed agricultural technologies.***

Improving nutrition

3.62 Our review of DFID's **Contribution to Improving Nutrition (Report 36)**[67] found that DFID has played a leading role in mobilising the global development community to combat undernutrition and in setting the global agenda. DFID also

[66] *DFID's Support to Agricultural Research*, ICAI, October 2013, http://icai.independent.gov.uk/wp-content/uploads/2013/12/ICAI-Agricultural-Research-report-FINAL.pdf.

[67] *DFID's Contribution to Improving Nutrition*, ICAI, July 2014, http://icai.independent.gov.uk/wp-content/uploads/2014/07/ICAI-REPORT-DFIDs-Contribution-to-Improving-Nutrition.pdf.

3 Main Follow-up Findings

responded to the challenge of global undernutrition by significantly increasing its investments in nutrition. It has committed £3.3 billion to nutrition in the period 2013-20. DFID's programmes concentrate on interventions during the first two years of a child's life, as interventions over this period have been shown to have the greatest impact on reducing stunting and improving cognitive development.

3.63 Overall, DFID responded positively to our recommendations. It is too soon to assess fully the impact of our recommendations as our report was only published in mid-2014 but we have seen significant progress. Our report helped initiate an internal Nutrition for Growth Strategy Group, which is chaired by one of the Africa directors in DFID. It will set the strategic direction for DFID's nutrition work, horizon scan and lead the refresh of DFID's approach. There is evidence of increasing engagement from some country offices, such as those in Somalia and Nigeria, although in Pakistan there was evidence that the office was not drawing enough on the guidance and best practice available in its design of new programmes in nutrition. In addition, in January 2015, DFID completed a draft Nutrition and Economic Development Action Plan. The plan could benefit from a stronger theory of change with clearly identified priority actions for work with the private sector.

3.64 DFID has yet to respond to our recommendation that it should develop guidelines for country offices on selecting the best package and mix of interventions that would have the greatest impact on stunting, in the local context. ***Unless this is done and mentoring is provided to country teams, it will not maximise impacts on stunting. DFID also should issue guidance to staff to ensure that nutrition interventions specifically address the needs of the most vulnerable.***

Critical interventions

3.65 A number of our reviews tackled issues at what have proved to be critical moments in the life of the programme. In the follow-up of education reports earlier in this review, we noted our concerns about the UNICEF **Girls' Education Project (GEP3) in Nigeria** and how, although immediate action was needed to respond to weaknesses we identified, it took over three years from the start of the programme to strengthen it. This section covers the follow-up of three reviews undertaken at critical times in the programme cycle providing DFID with the opportunity for timely course correction or lesson learning.

3.66 Our report on **DFID's Trade Development Work in Southern Africa (Report 30)**[68] (TMSA) revealed serious deficiencies in the TMSA programme and was our only report so far to have been given a 'red' rating. Our initial fieldwork results from the first quarter of 2013 prompted an Internal Audit investigation by DFID and resulted in the eventual closure of the programme in March 2014. Mechanisms were then put in place to transfer TMSA activities to more effective DFID partners. DFID took action to ensure more effective management of the programme during the closure period, including financial oversight, procurement, target setting and monitoring; it has since returned to its more traditional aid delivery in the form of technical assistance rather than infrastructure.

3.67 DFID has responded to ICAI's recommendations by fundamentally changing its risk management processes for this programming without reducing its commitment to trade work. For example, the planned replacement for the regional trade programme will have a stronger focus on poverty, a focus on small and informal traders and an improved regional/national balance. This has the potential to lead to improved development outcomes. We continue to encourage innovation and managed risk-taking in the design of interventions. It is also key that design should consider and address the risk of fraud, corruption and inadequate governance. ***In light of the TMSA example, DFID should make sure that, for future risk management, it distinguishes between risk arising from the context of an intervention and risk of internal mismanagement.***

[68] *DFID's Trade Development Work in Southern Africa*, ICAI, December 2013, http://icai.independent.gov.uk/wp-content/uploads/2013/12/DFIDs-Trade-Development-Work-in-Southern-Africa-Report.pdf.

3 Main Follow-up Findings

3.68 One of our previous concerns about the programme was the misreporting to DFID of TMSA's achievements against targets. DFID has addressed this in the new programme which is currently being designed, by planning to appoint an independent monitoring and evaluation contractor to work independently alongside the main management agent. We welcome the shift towards continuous independent monitoring by other suppliers. DFID has adopted this approach for other programmes, including TradeMark East Africa.

3.69 We recommended that DFID should undertake comprehensive analysis of the impact on trade and the poor, both at the outset and throughout implementation, when developing trade programmes. Our previous follow-up work noted that, despite the good work done by DFID on trade and poverty methodologies, neither TMSA nor DFID Southern Africa had used or referred to it. This remained the case despite DFID's own stock-take, which showed that, after six months, most staff responsible for the management and design of trade programmes within DFID were aware of the new guidelines. ***We remain concerned that there is no mechanism to ensure that the review and the previous guidance produced are used in the future***.

3.70 DFID has been engaging in more research activities, such as supporting studies and seminars to analyse the positive and negative effects of the Tripartite Free Trade Agreement (TFTA) on country and regional levels. It has not yet followed up to see if its actions have stimulated policy responses in the countries concerned.

3.71 In the course of our work following up on DFID's implementation of the recommendations of our report on DFID's Trade Development Work in Southern Africa, we examined how our recommendations had affected the management of other regional trade programmes. In so doing, we learnt that payment in advance of need, an issue we found on the TMSA report, may also have occurred in the case of the Support to West Africa Regional Integration Programme (SWARIP), a programme similar to TMSA in that it aims to help reduce the costs of doing business in West Africa through better regional integration.

3.72 During our follow-up work on TMSA, DFID informed us that, as part of the SWARIP programme, £1 million was paid to the Economic Community of West African States (ECOWAS) Secretariat in 2010-11. This was paid into a pooled donor fund in which DFID funds were mixed with those of other donors. It was therefore not dedicated as such to specific activities which DFID was alone in funding.

3.73 A DFID Internal Audit Department report into its funding to ECOWAS in 2012 found that support for the transfer of £1m in December 2010 in one transaction was unnecessary, especially as the 2010 audited statements showed a surplus of nearly $1.5m at the year end. The report also concluded that this funding may have been in advance of need. By this point DFID's funding to the multi-donor fund had been suspended, and has not been resumed since then. DFID have requested that ECOWAS provides details on disbursement of this money but as of May 2015, and despite DFID following up on this, ECOWAS has not provided any details of how this money has been spent.

3.74 DFID has informed us that, despite concerns that funding has been in advance of need, it does not have evidence that this has either been spent or has been spent on inappropriate items, and it is continuing to push ECOWAS for clarity on the use of this funding and has demanded the return of funds that have not been properly accounted for. In 2015, we will be following up on this to ensure that DFID has gained full clarity on the use of this funding and, if these funds have been disbursed inappropriately, is taking action to secure their return.

3.75 Another report where we had significant concerns was **Girl Hub: a DFID and Nike Foundation Initiative (Report 5).**[69] Girl Hub is a joint initiative of DFID and the Nike Foundation which started in 2010, so our review in 2012 was relatively early in the life cycle of the programme. Girl Hub aims to

[69] *Girl Hub: a DFID and Nike Foundation Initiative*, ICAI, March 2012, http://icai.independent.gov.uk/wp-content/uploads/2010/11/ICAI-Girl-Hub-Final-Report_P1-5.pdf.

empower adolescent girls to reach their potential. It does this by influencing decision-makers and donors to do more to assist vulnerable adolescent girls in the areas of education, health, safety and economic opportunity. It also delivers branded communication platforms, such as radio broadcasts and magazines to change attitudes and behaviour.

3.76 Our original report raised concerns about governance, how DFID worked with Nike Foundation and a lack of clarity on how the programme was intended to effect change and how this would be measured. Our 2013 follow-up work on Girl Hub noted that DFID had made progress on many of the earlier ICAI recommendations, fully or partly. The further follow-up work undertaken for this report was particularly timely as current DFID funding will end by summer 2015 and consideration is being given to a Phase 2 of the project. DFID has agreed further short term funding to the Girl Hubs in Ethiopia and Rwanda and is providing strategic advice to Girl Hub and Nike Foundation on future planning.

3.77 We recognise the importance of work with girls and the innovative nature of this partnership. We remain concerned, however, about aspects of governance, such as the lack of clarity over Nike Foundation's role and the degree of DFID oversight. Girl Hub is located in Nike Inc's offices. Nike Foundation has members on the board (including its CEO and President, who chairs the Girl Hub board) but DFID does not have any members nor does it attend the Girl Hub board meetings or receive the minutes of the meetings. DFID communicates directly with the Nike Foundation on all matters concerning Girl Hub. It meets Nike Foundation senior management every six months in a Senior Strategic Collaboration Group and at other times on the management of its accountable grant. It is not clear how effective this group is at addressing strategic issues.

3.78 The total value of Nike Foundation's 'in-kind' support is £16.7 million. A breakdown of Nike Foundation's in-kind support is not available to DFID or ICAI. DFID needs to understand the detailed contribution of Nike Foundation to assess properly the overall value for money of the programme. There are no other funders.

3.79 A recent evaluability review commissioned by DFID concluded that Girl Hub has evidence on what kinds of outcomes have been achieved but less evidence to attribute these results directly to Girl Hub. In our view, DFID currently lacks independent evidence on the effectiveness of the programme on which to base its Phase 2 funding decision.[70] We reported our concerns about these issues in a separate, more detailed note to DFID in March 2015 so that they could take these into account when renegotiating the arrangement.

Recommendation 6, Girl Hub: We recommend that DFID should consider in depth whether ongoing funding is merited and either reach a decision to cease funding or consider extending the project for a year to enable the evaluation to be completed. A condition for this should be that the governance issues be resolved and that Nike Foundation provides detailed information on its in-kind contributions.

3.80 Our Rapid Review of **DFID's Humanitarian Response to Typhoon Haiyan in the Philippines (Report 32)**[71] was undertaken at a critical moment in DFID's response. The review visit took place very shortly after the typhoon hit the Philippines and the report was delivered only a few weeks after the team returned. We gave the report an overall 'green' rating, noting that DFID was well prepared to act swiftly and decisively, mobilised efficiently and met the urgent needs of the affected communities.

3.81 Our rapid review enabled us to see humanitarian work at the point of delivery in the aftermath of a natural disaster and to provide timely feedback on its effectiveness. The timing of the report was welcomed by DFID, as it permitted DFID to learn from its experience in the Philippines when it was relevant and live and so contribute to the

[70] We understand that an evaluation of Girl Hub is currently under way that will assess what has worked at output and outcome level. We note that DFID does not consider there to be enough data to adequately assess the impact of Girl Hub's theory of change at this stage.

[71] *Rapid Review of DFID's Humanitarian Response to Typhoon Haiyan in the Philippines*, ICAI, March 2014, http://icai.independent.gov.uk/wp-content/uploads/2014/03/ICAI-Philippines-report-FINAL.pdf.

3 Main Follow-up Findings

organisation's transparency and learning objectives.

3.82 DFID credited our review with helping to improve accountability and focus on DFID's Conflict, Humanitarian and Security Department's (CHASE) priorities, such as scaling up stockpiles. In line with our recommendation and CHASE's own plans, DFID increased its stockpile of non-food items in size and flexibility and has continued to deliver significant value for money through its logistics capability. This has allowed DFID to respond rapidly and efficiently in crisis situations, such as Typhoon Hagupit in November 2014 and Cyclone Pam in Vanuatu in March 2015.

3.83 In line with our recommendations, DFID has allocated £5 million to a trust fund managed by the Asian Development Bank (ADB), to support the Government of Philippines (GoP) to 'build back better', as set out in its Yolanda Comprehensive Recovery and Reconstruction Plan.[72] The fund is directed by a government-managed steering committee. Contributions to the ADB fund, however, have been disappointing. The only other contribution to date is approximately $400,000 from Finland. UNDP had set up a separate fund prior to the ADB and the majority of donors that DFID was hoping would join the ADB fund opted for the other alternative. DFID continues to support the ADB fund, as it is more closely aligned with the GoP's priorities. ***We are concerned about how DFID will ensure value for money for its investment in the ADB fund and urge DFID to keep the ADB fund under close scrutiny, collaborating with the FCO, which currently represents DFID's interests on the ADB fund's steering committee.***

3.84 There are still challenges on DFID's ability to influence 'building back better' and longer-term climate resilience efforts. We recommended that DFID should set out clearly how it would respond to humanitarian emergencies where it has no in-country presence, incorporating lessons from the Haiyan response. While DFID has not yet completed this action, it is work in progress and will incorporate lessons learnt from DFID's responses in Haiti, Syria and Iraq as well as for the Ebola crisis, which tested DFID's ability to set up and start operating rapidly from makeshift facilities. There may also be useful lessons from looking more generally at DFID's approach to working with multilateral organisations in countries where it does not have an office. This is something we recommend DFID focus on more in our report on **How DFID Works with Multilateral Agencies to Achieve Impact**.

[72] 'Build back better' is associated with the reconstruction efforts in the Philippines and is explained in the following report: *Reconstruction Assistance on Yolanda: Build Back Better*, National Economic and Development Authority, the Philippines, December 2013, http://www.gov.ph/downloads/2013/12dec/20131216-RAY.pdf.

4 How DFID has Responded

4.1 Having analysed the progress DFID has made in responding to recommendations in individual reports, in this section we look at the way DFID has responded to ICAI's recommendations overall. We consider some of the challenges we have seen for DFID in responding clearly and effectively and where improvements can be made to how responses to recommendations are developed. We also identify what lessons there are in our follow-up work for future follow-up work by ICAI.

Overall DFID has taken action on the great majority of ICAI's recommendations

4.2 The follow-up work undertaken for this report covers 22 of the 35 reports we published during our first three years: 13 from 2013-14 and 9 from earlier years. This gives us a good basis from which to assess how DFID has responded to recommendations over a wide range of different reports and over time. Overall, we can see that DFID has taken action to address the great majority of ICAI's recommendations. DFID country offices and teams within DFID centrally have mostly shown, both in their approach and in the actions taken, a very serious intent to address issues that we have raised.

4.3 From our follow-up work we can see that, in many cases, the clear action taken by DFID to address recommendations recognises that we are raising issues that help DFID teams to take forward challenges, both internally and with the partners they work with, in implementing programmes. This was the case, for example, in **DFID's Support for Palestine Refugees through UNRWA**. Another example is that some of the DFID country offices covered by our education-focussed reports have told us that they found the analysis a useful basis for dialogue with government and other stakeholders.

4.4 In other cases, our recommendations support the strong learning agenda of the responsible DFID team. For example, our **Rapid Review of DFID's Humanitarian Response to Typhoon Haiyan in the Philippines** was 'fundamental' to DFID's learning from the Philippines response.[73] We recognise and commend the positive efforts DFID teams have made in addressing our recommendations.

Ownership from the right people is key to effective responses

4.5 We have noticed that, as we have moved to producing more thematic reports, the challenge of responding effectively has increased, because a larger number of people (cutting across teams in DFID) are required to come together to make the changes needed. For example, in **DFID's Contribution to the Reduction of Child Mortality in Kenya** we found that there was a strong response to the report from the country office in Kenya but that the issues that were more corporate (for example providing clearer central guidance on how to make trade-offs between reaching remote populations and the increased costs that this involves) have not been responded to as effectively.

4.6 Ownership by key people in DFID is essential if recommendations are to be implemented thoroughly and benefits realised. This is more complex for thematic reports. We saw, however, in the response to our **How DFID Learns** report that complex cross-cutting issues can be taken up and worked on across DFID teams in a joined-up way. ***DFID needs to ensure that, in such cross-cutting cases, the individuals leading the responses are able to address issues across DFID, whether at the centre, in-country or both.***

Where other departments are involved, there are specific challenges

4.7 Where other government departments are involved, there is less development expertise and a greater need for cross-departmental co-ordination. In the follow-up to our report on the **Foreign and Commonwealth Office's and the British Council's use of aid in response to the Arab Spring**, for example, we noted that, although the FCO had begun to work more seriously on results

[73] *Oral evidence: Sub-Committee on the Work of the Independent Commission for Aid Impact Reports; Child Mortality in Kenya;* and *Rapid Review of DFID's Humanitarian Response to Typhoon Haiyan in the Philippines*, International Development Committee, 25 June 2014, http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/international-development-committee/icaitranscripts/oral/11080.html.

management, this requires a significant culture change that will take time to get right.

4.8 Our follow-up to the **Evaluation of the Inter-Departmental Conflict Pool** focussed on the new CSSF. As we noted earlier, the CSSF will be under the direct authority of the National Security Council (NSC). Cross-government working is inherently difficult but, added to this, the departments in question have limited project management capacity and no embedded culture of managing for results.

4.9 Some of the same issues with cross-Whitehall working were also apparent in our work on **DFID's Support to Capital Projects in Montserrat** and **Oversight of the EU's Aid to Low-Income Countries**. In Montserrat, several government departments need to combine for an effective overall approach and our follow-up work showed that this is now improving. In its work with the EU, DFID needs to work more closely with the Foreign Office in countries where there is no DFID country office and development work needs to be led through the Foreign Office post.

4.10 More of what DFID is planning to do will be under a cross-departmental approach in the future. We note, however, that an understanding of development approaches is typically less embedded when a cross-departmental approach is used. The tools used to plan interventions and assess progress, such as business cases and structured monitoring and evaluation, are not so well understood or used. They are areas where wider UK objectives and national interest also play a role in shaping the nature of the interventions, while still fully meeting the definitions of overseas development assistance. Yet the process of signing off a country programme, which in a DFID-focussed country is where most of the UK contribution will be, is still a very DFID-centric one.

4.11 There is an an opportunity to address these barriers and ensure more effective joined-up interventions in the future. We consider that the NSC should play a more active role in signing off the overall strategic response in different countries and regions. For example, in Pakistan, where DFID is a major investor, there should be both a greater recognition of the political dimension and its impact on what makes for effective interventions; and a greater understanding of the development agenda and the tools required to deliver it. This is an important area for ICAI, which may choose to revisit this in the coming years.

Improvements can be made to the way responses to recommendations are developed

Understanding the recommendation

4.12 Whilst DFID's response to recommendations and the actions taken have been positive, it is clear that sometimes the DFID team responding has not fully understood the aim of the recommendation or the underlying issue. It is notable that, in follow-up meetings with the senior DFID officials responsible for responding to reports, we are often told that they wish that they had had these meetings earlier to understand better the Commissioners' intent. It appears to us, from our research and meetings with senior DFID staff, that the formal responses have not always been based on a thorough look at the Conclusions and Recommendations section of our reports, where more context and detail about the recommendations is provided than in the Executive Summary.

4.13 We have worked on providing fewer, more succinct recommendations. We have also begun to engage more with DFID teams in the process of formulating responses, for example on our report on **Assessing the Impact of the Scale-up of DFID's Support to Fragile States**. We have done this by meeting with DFID staff, following publication of the report, to clarify their understanding of our key messages and to discuss ideas related to their management responses. This deeper interaction should mean better quality responses, leading to more effective action by DFID. It is important, however, that findings and recommendations are not negotiated in any way before publication as this could compromise ICAI's independence.

Consistency of the formal management response to recommendations

4.14 In our Annual Report last year we noticed a lack of consistency in some of the management responses from DFID: particularly in the categorisation of 'accept', 'partially accept' and 'reject'. We noted this in particular where DFID states that it is already doing work: DFID sometimes accepts the associated recommendations; sometimes partially accepts them; and sometimes rejects them. In our follow-up work this year we have seen this lack of clarity continue for a number of reports.

4.15 For example, several of our recommendations in our report on **DFID's Support to Capital Projects in Montserrat** were rejected but we then saw evidence of action being taken that should address some of the issues we raised (for instance, on improving the maintenance of capital investments and taking a longer term approach to financial planning). In the case of our report on **How DFID Learns**, the formal response to our recommendations did not reflect the significant action that DFID was, in practice, taking.

4.16 How 'partially accept' is interpreted is a particular problem. We note that there has been an increase in the proportion of recommendations that were partially accepted for the Year 3 reports - from about 10% in Years 1 and 2, to over 30% in Year 3. The rationale for why recommendations were partially accepted is usually not clear in the responses and, as reported above, action often has, in fact, been taken to address them.

4.17 One case where there was a good explanation for the partial acceptance of recommendations was in the response to our report on **DFID's Empowerment and Accountability Programming in Ghana and Malawi**. DFID provided a more detailed breakdown of what it did and did not agree with in the recommendations, using the 'management actions already taken' section of the response to do so. Our sense is that responses vary in tone depending on the underlying attitude of the responding team – some see recommendations as a constructive vehicle for change but some as a critique to be defended.

4.18 Evidence of DFID tracking implementation is lacking and not readily available at the start of the follow-up process. For example, the management response to our recommendations in our report on **DFID's Health programmes in Burma** did not fully reflect some of the challenges in implementation, such as the proposed baseline survey. This was modified at the request of the Government of Burma to be combined with the forthcoming National Household Survey on Demographic and Health.

Recommendation 7, Future Follow-up: To improve the effectiveness of the follow-up process DFID should engage directly with the ICAI team post publication to ensure that responses address the key issues raised; that there is greater consistency in how the terms 'accept', 'reject' and 'partially accept' are used; and that progress is tracked by DFID in a more rigorous and structured way.

Lessons for ICAI from follow-up work

4.19 From our experience of undertaking follow-up work over the last three years – and particularly for this report – there are a number of lessons for the future operation of ICAI. We recognise the work and effort that the recommendations we have made require of DFID. We have sought to raise only the most vital issues emerging from our work in the simplest, most direct and comprehensible way. Generally, of course, more work is required by DFID where the report raises more significant concerns or where a more thematic cross-DFID issue needs addressing.

4.20 An important issue is the timing of some ICAI reviews. From our follow-up work it is clear that sometimes the most important findings have come from reviews where it was not initially seen as the right time to review an area. For example, it was seen as too early to investigate when models were emerging or where processes were already under review. This applied in our reviews of **Girl Hub** and **Private Sector Development** for instance.

4.21 In these circumstances, it can be tempting to wait for a programme or stage to complete before assessing it. It is important, however, not to be put off conducting an examination at a difficult time. Rigorous monitoring in real time allows valuable course correction. For example, on **DFID's Trade Development Work in Southern Africa**, if the problems we identified had been left until further time had been spent on the programme, more taxpayers' funds would have been wasted. Similarly, if the challenges that we identified on the GEP education programme in Nigeria had been responded to more quickly, then the needs of school children in Northern Nigeria could have been met sooner.

Annex

This Annex provides more detailed background information to the review. This includes:

Annex

Annex A1: List of ICAI reports followed up in detail for this review

Report Title	Report Number	Publication Date	Page number
Years 1 and 2			
Girl Hub: a DFID and Nike Foundation Initiative	5	22 March 2012	41
DFID's Education Programmes in Three East African Countries	10	18 May 2012	37, 39, 40
DFID's Support to Health and Education Programmes in India	11	18 May 2012	38
Evaluation of the Inter-Departmental Conflict Pool	12	13 July 2012	43
DFID's Bilateral Aid to Pakistan	15	17 October 2012	39
DFID's Education Programmes in Nigeria	16	20 November 2012	38
Oversight of the EU's Aid to Low-Income Countries	17	11 December 2012	45
DFID's Water, Sanitation and Hygiene Programming in Sudan	19	21 February 2013	47
DFID's Peace and Security Programme in Nepal	20	21 February 2013	49
Year 3			
Foreign and Commonwealth Office's and the British Council's use of aid in response to the Arab Spring	24	14 June 2013	51
DFID's Health Programmes in Burma	25	16 July 2013	53
DFID's Support to Capital Projects in Montserrat	26	16 July 2013	55
DFID's Support for Palestine Refugees through UNRWA	27	13 September 2013	57
DFID's Empowerment and Accountability Programming in Ghana and Malawi	28	11 October 2013	59
DFID's Support to Agricultural Research	29	25 October 2013	61
DFID's Trade Development Work in Southern Africa	30	6 December 2013	63
DFID's Bilateral Support to Growth and Livelihoods in Afghanistan	31	7 March 2014	67
Rapid Review of DFID's Humanitarian Response to Typhoon Haiyan in the Philippines	32	11 March 2014	69
DFID's Contribution to the Reduction of Child Mortality in Kenya	33	14 March 2014	71
How DFID Learns	34	4 April 2014	73
DFID's Private Sector Development Work	35	15 May 2014	75
DFID's Contribution to Improving Nutrition	36	9 July 2014	77

Annex

Annex A2: Education Tables

The tables below set out the key facts and figures noted in the four reports covered in the Follow-up of Education section. These reports were followed up as a group, looking at some of the key education issues, particularly how DFID can focus on the quality of education provided. The tables below set out DFID Education staff numbers from when our original reports were published and now; technical assistance activities; current education projects; total education budget for each country; and DFID's projected yearly spend on education programmes in 2014-15.

The tables for each country aim to provide information on the basic building blocks in each country in terms of numbers of education advisors, the current education programmes and the scale of DFID's investment. Several general points emerge from the tables:

- the education advisors are tasked with designing and managing the education programme in each country. The figures show that the number of advisors has increased over the two years but they are still quite small relative to the overall programme expenditures;
- DFID education programmes now have a much wider coverage in terms of supporting improvement across the education systems; and
- there are many large education programmes being funded which create a demand for programme management inputs for both the DFID funded activities, as well as supporting implementation by the governments.

Ethiopia

DFID Education Advisors 2011-2012	DFID Education Advisors 2014-2015[74]	Technical Assistance being provided by DFID	Current education projects	Total budget[75]	DFID average yearly spend
1.2	1.5	• *Strategic planning* • *Enrolling out-of-school children* • *Teacher training* • *Curriculum and textbooks* • *Learning assessments* • *Management information* • *Parental and community engagement in schools* • *Local government support and oversight* • *Financial planning* • *Innovative pilots*	Pilot Project of Results Based Aid in the Education Sector in Ethiopia General Education Quality Improvement in Ethiopia II Protection of Basic Services Programme Phase III (70% Education policy support)	£31.5 million (m) £130m £388m (£272m)	£5.4m £30m £78.2m (£54.7m)

[74] The education advisor figures refer to whole-time equivalents: in certain cases, individuals are not full time on the education portfolio.
[75] Figures in brackets denote education-specific funding.

Annex

India

DFID Education Staff 2011-2012	DFID Education Staff 2014-2015	Technical Assistance being provided by DFID	Current education projects	Total budget	DFID yearly spend (2014-2015)
2	1	• *Strategic planning* • *Enrolling out-of-school children* • *Teacher training* • *Learning assessments* • *Financial planning* • *Innovative pilots* • *Schools distribution and location*	Teacher Education through School-based Support in India (TESS I) Support to Government of India National Secondary Education Programme (RMSA) Disadvantaged Girls Incentive Programme for Secondary Education in Odisha (OGIP)	£10m £81.5m £20.4m	£2.4m £23.3m £3.5m

Nigeria

DFID Education Staff 2011-2012	DFID Education Staff 2014-2015	Technical Assistance being provided by DFID	Current education projects	Total budget	DFID yearly spend (2014-2015)
2	4	• *Strategic planning* • *Enrolling out-of-school children* • *Teacher training* • *Curriculum and textbooks* • *Learning assessments* • *Management information* • *Parental and community engagement in schools* • *Local government support and oversight* • *Financial planning* • *Innovative pilots*	Education Sector Support Programme in Nigeria (ESSPIN) Developing Effective Private Education - Nigeria (DEEPEN) Safe Schools Initiative Teacher Development Programme Girls' Education Project (GEP) Phase 3 Education Data, Research and Evaluation in Nigeria (EDOREN)	£141.4m £18.5m £1m £37.3m £103 m £6m	£14.3m £2.3m £0.2m £4.2m £4.9m £1.3m

Annex

Pakistan

DFID Education Staff 2011-2012	DFID Education Staff 2014-2015	Technical Assistance being provided by DFID	Current education projects	Total budget	DFID yearly spend (2014-2015)
6	5	• *Enrolling out-of-school children* • *Teacher training* • *Curriculum and textbooks* • *Learning assessments* • *Management information* • *Parental and community engagement in schools* • *Local government support and oversight* • *Financial planning* • *Innovative pilots*	Transforming Education in Pakistan (including the 'Alif Ailaan' campaign) Punjab Education Support Programme II ILM Ideas (Innovation Fund and Voice and Accountability Fund) Education Fund for Sindh Education Sector Voice and Accountability Project (40% primary/secondary education) Pakistan National Cash Transfers Programme (42% primary education) Khyber Pukhtunkhwa Education Sector Programme	£20m £370.5m £11m £44m £5m (£2m) £300m (£124m) £288.2 m	£4.15m £52.8m £4.1m £5.05m £1.6m (£0.6m) £4m £34.5m

Rwanda

DFID Education Staff 2011-2012	DFID Education Staff 2014-2015	Technical Assistance being provided by DFID	Current education projects	Total budget	DFID yearly spend (2014-2015)
1	2	• *Teacher training* • *Curriculum and textbooks* • *Learning assessments* • *Parental and community*	Rwanda Learning for All Programme Rwanda Education Sector Program Improving service delivery	£0.1m £101m £4.1m	£0.03m £18.14m £1.2m

		engagement in schools • *Local government support and oversight* • *Financial planning* • *Innovative pilots*	for children in basic education and people with disabilities through VSO (59 % primary education and 1% education policy) Rwanda Girls' Education Challenge Rwanda East Africa Scholarships Programme	(£2.5m) £1.1m £3.7m	(£0.5m) £0.3m £0.7m

Tanzania

DFID Education Staff 2011-2012	**DFID Education Staff 2014-2015**	**Technical Assistance being provided by DFID**	**Current education projects**	**Total budget**	**DFID yearly spend (2014-2015)**
0.5	1	• *Strategic planning* • *Enrolling out-of-school children* • *Teacher training* • *Curriculum and textbooks* • *Learning assessments* • *Management information* • *Parental and community engagement in schools* • *Local government support and oversight* • *Financial planning* • *Innovative pilots*	Human Development Innovation Fund for Tanzania (30% Education Policy) Tanzania Education Quality Improvement Programme Girls' Education Challenge (CAMFED) Big Results Now in Education Programme Growth and Poverty Reduction and Education Development Grant (51% Education policy support) Girls' Education Challenge (BRAC Tanzania)	£30.1m (£9m) £60.2m £9m £56.1m £223m (£113.7m) £1.8m	£2.1m (£0.6m) £6.4m £1.5m £0.1m £35.75m (£26.9m) £0.7m

Annex

Annex A3: Reports for Years 1 and 2 Follow-up

Girl Hub: a DFID and Nike Foundation Initiative (Report number 5)

Report published March 2012; Assessment*: Amber/Red*

Girl Hub (GH) is a joint initiative of DFID and the Nike Foundation (NF), which started in 2010. It aims to empower adolescent girls by influencing decision-makers and donors to do more to assist vulnerable adolescent girls. It also delivers branded communication platforms such as radio broadcasts and magazines, to change attitudes and behaviour.

GH is a programme with separate offices in Ethiopia, Nigeria and Rwanda. In Ethiopia and Rwanda GH supports branded media platforms, including radio and print media, which aim to transmit behaviour change messages to girls, their families and communities. It also aims to influence national policies to improve opportunities for girls and undertakes research to identify girls' priorities. We did not review the Nigeria office as part of the follow-up exercise, as it is accepted that the Nigeria operation has not been effective. We were told that this is because of the security situation, entrenched gender norms in northern Nigeria and difficulties in registering an independent organisation.

As of 31 May 2015 the total investment by DFID and NF in GH is £53.8 million, of which DFID is expected to contribute £27.1 million (50%). DFID's contribution is mostly provided in cash, while two-thirds of NF's contribution (£16.7 million) is made in-kind and only one-third in cash.

We reviewed Girl Hub in 2012 and gave an overall amber-red rating. Our 2013 follow-up report noted that DFID and NF had implemented many of our earlier recommendations. Despite this, we remained concerned about a number of aspects of the GH programme. The further follow-up work undertaken for this report was particularly timely as current DFID funding will end by summer 2015 and consideration is being given to a Phase 2 of the project. DFID has agreed further short term funding to the Girl Hubs in Ethiopia and Rwanda and is providing strategic advice to Girl Hub and Nike Foundation on future planning.

The original 2009 programme design envisaged that DFID and NF would form a strategic partnership and create GH as an independent entity. GH would have its own board and be capable of attracting other sources of finance and becoming independent. In the event, this did not happen and while GH is an independent entity (a not-for-profit company and charity), it is managed as an integral part of the Nike Foundation. The only funding it has is from NF and DFID. In September 2011, Girl Hub became a company limited by guarantee and controlled by the Nike Foundation and a registered charity in the UK with its own board of trustees. The board of trustees consists of the CEO and President of the Nike Foundation, current and former employees of Nike Inc. and independent trustees.

The current GH management arrangement creates room for potential conflicts of institutional interest and results in ambiguity about the relationships between DFID, NF and GH. For example, DFID told us that they have no board members because of potential conflicts of interest, causing us to question whether NF is not also affected by issues of conflict; we note that the brand name Girl Effect, which NF created, is now used by both GH and NF; GH is located in the offices of Nike Inc. In our view, these governance issues should be resolved, based on a shared vision of GH's future as an independent organisation, before DFID agrees to support GH Phase 2.

DFID is transparent about its cash and in-kind payments, which include staff costs. While NF is open about how it spends its cash contribution, it does not provide DFID with details of how it spends its in-kind contributions on grounds of 'commercial confidence'. DFID commented that it did not need to know the breakdown of NF's in-kind contributions so long as NF delivered the kind and quantum of support agreed (even though these were not specified or agreed in any detail). This is unusual: in other DFID-business partnerships reviewed by ICAI, such information is fully documented. In sensitive cases DFID still obtains the information but treats it as 'commercial in confidence' and does not put it in the public domain.

In our view, DFID needs to know the total cost of the programme and how the resources were spent in order to evaluate GH's value for money and assess the relative effectiveness of its different components. Unless DFID can assess GH's value for money, it will not be possible to decide whether to fund Phase 2 of the programme. NF's in-kind contributions account for 31% of the total programme cost. It is essential that DFID knows how these resources were spent.

A recent evaluability review commissioned by DFID concludes that, while GH has good evidence on what kinds of outputs and outcomes have been achieved, there is less good evidence on how and why changes have happened. It also notes that it is not possible to attribute these results to GH with currently available data. The evaluability study also notes that, while there is some evidence on changing knowledge and attitudes in Rwanda and Ethiopia, GH only has patchy data on how behaviour and social norms are changing. It states that it is not possible, with the information available, to assess whether GH's approach is effective or replicable. To do this, a full evaluation is required.

The GH programme has not yet been independently evaluated, though we note that the 2013 annual review was completed by independent consultants. DFID recognises that this should be done and recently commissioned an independent formative evaluation that will report in July 2015. This will assess what has worked at output and outcome level but we note that DFID does not consider there to be enough data to adequately assess the impact of Girl Hub's theory of change at this stage.

DFID has argued that there is sufficient indicative evidence to go ahead with Phase 2. They also stated that evaluation and learning would be more firmly embedded in Phase 2 than in Phase 1. We note that only now is GH beginning to establish baselines to track whether or not girls are, for instance, staying in school or avoiding pregnancy or early marriage as a result of these activities. This could have been done from the beginning of the programme.

In our view, DFID does not currently have sufficient independent evidence on the effectiveness of GH on which to base its Phase 2 funding decision. ICAI fully recognises the importance of working to protect and assist adolescent girls but questions whether GH provides sufficient impact or value for money and whether it is, as currently structured, an appropriate vehicle through which to achieve change on such a complex, holistic and important issue.

Overall we recognise the importance of work with girls, and the innovative nature of this partnership. We note, however, that there are ongoing issues as to governance (the board structure and DFID's oversight), transparency (an absence of information about Nike Foundation's 'in kind' contributions) and effectiveness (from our own review and the recent DFID-commissioned evaluability study). We reported our concerns about these issues in a separate, more detailed note to DFID in March 2015 so that it could take them into account when renegotiating the arrangement.

Recommendation 6, Girl Hub: We recommend that DFID should consider in depth whether ongoing funding is merited and either reach a decision to cease funding or consider extending the project for a year to enable the evaluation to be completed. A condition for this should be that the governance issues be resolved and that Nike Foundation provides detailed information on its in-kind contributions.

Annex

Evaluation of the Inter-Departmental Conflict Pool (Report number 12)

Report published July 2012; *Assessment: Amber/Red*

Our report found that the Conflict Pool (CP) was effective at identifying and supporting worthwhile conflict prevention activities and had delivered useful, if localised results. On the other hand, we noted that it lacked a clear strategic framework, had cumbersome governance and management arrangements and had little capacity for measuring results. As a result, it had struggled to demonstrate strategic impact and required significant reform to achieve its potential. It received an overall amber-red rating.

Shortly after our report was published, the UK Government announced that the CP would be replaced from 2015-16 with a new Conflict, Stability and Security Fund (CSSF). The CSSF, which combines the CP portfolio with the Peacekeeping Budget and the Deployed Military Activity Pool, will have a budget of £1 billion a year, effectively doubling the resources available for conflict-prevention programming.[76] The CSSF will be under the direct authority of the National Security Council (NSC). Programming will be guided by NSC country strategies across 44 priority countries. Other UK Government departments and agencies, such as the Home Office, Ministry of Justice, the National Crime Agency and covert agencies, will be able to bid for funds. The CSSF is supported by a joint secretariat, which is housed in the FCO. It reports to the National Security Secretariat in the Cabinet Office and is staffed by officials from across the NSC departments.

Last year's follow-up of the CP report found that implementation of our recommendations had been deferred, pending the establishment of the CSSF, leaving the CP to operate for its final 18 months in substantially the same way. In fact, we were told that the Cabinet Office, which led on the design of the CSSF, instructed departments not to implement any major changes. The follow-up was critical of this decision, describing it as a missed opportunity to tackle the weaknesses of the CP, so that it would be a better foundation for the new CSSF. Nonetheless, we found that the CP country programme in Pakistan, which had been one of our case studies, had dramatically improved its strategy and portfolio management in response to the ICAI visit. We made a commitment in our 2014 Annual Report to keep the new CSSF under review.

For this follow-up work, we focussed, therefore, on whether the design of the new CSSF is addressing the issues that ICAI found with the CP. The CSSF came into operation at the beginning of the 2015-16 financial year, so preparations were fairly advanced at the time of our work for this review. Without any actual practice to review, however, this is only a preliminary assessment.

We noted that a significant effort is under way to set the CSSF on stronger strategic and programme management foundations. The new joint secretariat has a good knowledge of ICAI's analysis and is working hard to put in place systems, processes and guidance to address the deficits. ***DFID should proactively share its good practice tools and guidance on programme management with other departments undertaking development work.***

The new joint secretariat's challenge, however, is a substantial one. Cross-government working is inherently difficult. The other government departments in question do not have DFID's level of project management capacity and culture of managing for results. There is a risk that the expansion of CSSF's budget will generate unhelpful competition between departments. There is also a danger that the NSC itself will have so many demands on its time that it will fail to give sufficient attention to strategy and programme management, leaving the CSSF to be reactive in nature.

Overall, while the direction of travel is positive, it is likely that the first year will be difficult and that it will take some years for the new programme management arrangements to bed down and become effective. This is, therefore, an important area for ICAI which may choose to revisit this in the coming years.

[76] The Deployed Military Activity Pool is a ring-fenced, non-ODA resource controlled by HM Treasury and MOD and allocated through separate mechanisms.

Annex

Our follow-up work also noted the following in relation to the new CSSF:

- **Governing structure:** The CSSF will be organised around a series of regional programme boards, each with a high level of autonomy. There will be boards for Middle East and North Africa, Africa, South Asia, South-East Asia, Wider Europe, Central Asia, Afghanistan/Pakistan, the Americas and the multilateral system. Each board will be free to set up its own detailed governance structures. In most instances, there will be a director-level board, for strategic decisions, supported by a programme board for detailed scrutiny of proposals.
- **Joint Secretariat:** The CSSF is supported by a joint secretariat. This is not just a secretariat for the CSSF but a secretariat supporting the delivery of NSC country strategies. It has a remit to support cross-departmental co-ordination in the policy arena and between the CSSF and other sources of programme funding (although how it will do this is still unclear). Despite its expanded size, the CSSF is still considered to be a 'niche fund', supporting quick interventions and pilots. Large-scale, long-term programming is still expected to come from the core budgets of the responsible departments. The Joint Secretariat will oversee all these activities.
- **Minimum programme standards:** The old CP secretariat had no direct authority over regional boards. It supported financial management and reporting for the CP as a whole but could not impose standard approaches to programming. The Joint Secretariat will have a stronger role, able to set minimum programme standards. The programme standards are still under development. The responsible staff showed close familiarity with the ICAI report and appeared genuinely to be trying to address the problems. Their guidelines mandate stronger country strategies, based on explicit theories of change, with higher-level outcomes and indicators. Individual projects will then be tasked with collecting the data required to report on overall results. This is, however, a technically challenging area and they acknowledge that it will take time to get right.
- **Multi-annual programming:** It is expected that the CSSF will support multi-annual programming. Currently, however, the CSSF has only one year of allocated funding, for 2015-16, pending a new Comprehensive Spending Review after the election. So, in the first year of programming, boards can only commit to a single year of funding but are asked to plan on the basis that activities can continue into subsequent years.
- **Macro-allocation process:** The Joint Secretariat will also support the UK's early warning tool – the Countries at Risk of Instability Index. This is a global risk assessment tool that provides a basis for allocating funds across regions and priority countries. While there will be a nominal funding allocation for each country, geographical boards will have the authority to shift money around. An interesting issue for the future will be whether country allocations are determined more by needs assessments or by the quality of proposals received.
- **Official Development Assistance (ODA):** The CSSF will continue to have a mixture of ring-fenced ODA and non-ODA funds. As with the CP, the non-ODA funds will be heavily over-subscribed. This will create incentives for departments to re-package activities as ODA – an issue that should be kept under review. There is also discussion under way as to what position the UK should take on the 'modernising ODA definition' debate in the Organisation for Economic Co-operation and Development's Development Assistance Committee. There will be pressure from some quarters to broaden the definition to recognise more contributions to post-conflict stabilisation.
- **Stabilisation Unit:** The Stabilisation Unit will be fully funded from the CSSF. This makes it more directly an arm of the NSC. It will be a technical resource and, to some extent, a delivery agent for CSSF activities but its exact role is still being determined. There are plans for it to co-locate with the Joint Secretariat.
- **Parliamentary oversight:** We have previously expressed concern over the lack of holistic parliamentary oversight of the CP. For the CSSF, we are informed that the National Security Council (NSC) has decided that the Joint Committee on the National Security Strategy will oversee the implementation of NSC country strategies, while the National Security Adviser will report to the Public Accounts Committee (PAC) on the CSSF itself. It is unclear at this point whether the PAC's scrutiny will reach down to the level of programme management systems and capacities. We therefore suggest that this area may benefit from continuing ICAI scrutiny.

Annex

DFID's Oversight of the EU's Aid to Low-Income Countries (Report number 17)

Report published December 2012; *Assessment: Amber/Red*

Our original report assessed the effectiveness of DFID's oversight of UK contributions to the European Union (EU), focussing on the impact of EU aid on the ground in low-income countries and on the co-operation between DFID and the EU in those countries. The UK contributions to the EU's aid programme are a significant part of DFID's portfolio, approximately £1.2 billion in 2013.[77] Contributions are made through the UK's membership payment to the EU and through more discretionary funding of the European Development Fund (EDF), a separate EU institution for development aid.

The report concluded that DFID had a clear focus for its engagement with the EU and co-operation with the EU centrally was good. DFID's efforts, however, did not adequately match the need, given the scale of the UK's contributions, the weaknesses in the EU's performance management and the lack of evidence of impact of EU programmes. Our overall assessment was amber-red.

In our follow-up of this report last year we found that, overall, DFID and the EU had made solid, if slow, progress. An update of the Multilateral Aid Review (MAR) had been undertaken, including an assessment of EU aid. This focussed only on the reform priorities identified in the original MAR. The update concluded that, generally, some moderate progress had been made on those priorities by the EU but there was a lot still to do.

In choosing to undertake further follow-up work we focussed on: how DFID has developed its level of assurance over the contributions it makes, in terms of the results framework and other sources of assurance; whether there is progress on how effectively DFID offices and Foreign Office posts work with EU delegations in-country; and what more evidence DFID is getting of the impact of EU programmes on the ground around the world.

On the first of these, DFID has been most effective in its response to our recommendation in relation to the development of the EU's results framework. This is an approach to collecting and publishing results, based on the 'logical chain' that tells a coherent story of how a donor's outputs contribute to sustainable progress and how the donor's inputs and project activities deliver outputs. The planned new framework was strongly supported by the UK European Scrutiny Committee in November 2014. It now has a clear timetable with the aim of producing preliminary data in the summer of 2015.

DFID has also been active in helping to ensure that key development challenges, such as delivering better results for girls and women, are prioritised by the EU. Following requests by DFID and others, the new Development Commissioner, Neven Mimica, formally appointed in November 2014, is now calling this issue one of his top priorities.

DFID has continued to encourage country offices and Foreign Office posts to contribute to and comment on the strategic plans that EU delegations have been finalising on the shape of their country development programmes. Feedback from country offices and FCO posts confirmed broad agreement with EU programmes, although detail in the feedback varied across respondents. Country offices also reflect, however, that they are unclear about the boundaries of their engagement with the EU in-country. They are not confident that there is a common view between the EU and DFID about how DFID country offices and EU delegations should relate to each other, particularly over the design of programmes. This lack of clarity can make country level working difficult. In its current planning approach, DFID recognises that understanding the effectiveness of local EU programming processes is linked to getting DFID country offices and Foreign and Commonwealth Office (FCO) posts more actively engaged with EU programming. This will influence upstream planning as well as provide feedback on downstream implementation. Substantive measures to effect this still need to be taken.

[77] *Statistics on International Development 2014*, October 2014, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/403381/SID-2014-revised-UNDP-figure-feb15.pdf.

Annex

There was also little further action on the issue of what evidence DFID is getting on the impact of EU programmes on the ground. We noted that the performance of multilateral organisations more generally is discussed on a periodic basis by a policy group within DFID. Action on a further MAR is on hold until after the UK general election.

A further issue that was raised in our original report is that of beneficiary engagement, where DFID is seeking to press for greater action by the EU. Our report noted that there was limited evidence of how intended beneficiaries are involved in the design and assessment of EU programmes. DFID is planning to engage with EU officials on this issue to share DFID's current thinking and approach. DFID's analysis is that the EU is missing opportunities by having a state-centred approach.

In summary, we consider that fundamental issues remain around an overall strategy commensurate with the funding and potential for local leverage in-country. This is an issue that needs to be considered across DFID and across government departments. There remains a major opportunity for DFID to work more effectively with EU delegations in-country. In our report on **How DFID works with multilateral agencies to achieve impact**[78] we recommended that DFID needs clear objectives for working with multilaterals in its country-level strategies and that working with the EU should be prioritised for this (along with the World Bank). We also note the significant level of DFID funding, through its multilateral contributions, that goes into countries where there is no DFID presence. DFID funding through the EU is a significant element of this. In our Multilaterals report we state we would like to see a greater focus by DFID on this area.

[78] *How DFID works with Multilateral Agencies to achieve impact*, ICAI, June 2015, http://icai.independent.gov.uk/reports/how-dfid-works-with-multilateral-agencies-to-achieve-impact/.

Annex

DFID's Water, Sanitation and Hygiene Programming in Sudan (Report number 19)

Report published February 2013; *Assessment: Amber/Red*

DFID has been carrying out one of its largest ever humanitarian operations in Sudan, particularly in response to the crisis in Darfur, which has been in conflict since 2003. The initial ICAI review looked at three different delivery channels and their sustainability, concluding that, while DFID was efficient in mobilising large-scale international support for Darfur, its response could be improved in a protracted crisis situation. More specifically, the review found that DFID's use of short-term emergency channels was creating dependency.

The initial ICAI review, therefore, recommended that DFID Sudan transition away from emergency programming towards more sustainable investments in infrastructure and services. In response to ICAI's concern that DFID lacked a consistent strategy to deliver basic services in chronic emergencies, DFID introduced multi-annual humanitarian programming and pre-approved contingency funding. We were also concerned in the initial follow-up review that DFID was unable to assess the value for money of its funding via the UN Common Humanitarian Fund (CHF) programme. DFID noted that the Office for the Coordination of Humanitarian Affairs (OCHA) is currently undertaking a study to assess the value for money of its projects. Given the deteriorating humanitarian context, DFID Sudan has not reduced funding to the CHF.

The situation in Sudan has significantly deteriorated since the fieldwork was done for the initial ICAI review in 2012. DFID had been optimistic at the time. The separation of South Sudan, however, together with failing peace process efforts and increasing numbers of refugees, has meant that DFID Sudan has not been able to focus as much on resilience as it needed to in order to respond to the more pressing needs and expand its humanitarian programme. Accordingly, it has increased its contributions to the humanitarian fund and focussed on emergency rather than multi-year programmes. DFID's humanitarian advisor has been tasked with prioritising where resources are invested and OCHA recruited a consultant economist with expertise in cost benefit analysis and value for money to work with them on developing a VfM framework. In areas where new displacement of population is not an issue, DFID is working on longer term WASH programmes, such as the 'Water for Darfur' programme.

DFID is attempting to transition from emergency programming towards long-term sustainable approaches as far as the challenging context of Sudan permits. For example, DFID Sudan has designed two substantial multi-year programmes in both the East of Sudan and in Darfur to provide sustainable access to water supply and to promote behaviour change for sanitation and hygiene. DFID is attempting to introduce measures for cost recovery and is trying to appease the relationship between internally displaced people and the local population, by, for example, introducing measures for payments for services, including water. DFID Sudan is also moving away from providing direct food assistance to issuing vouchers using a WFP programme, which is a welcome move that will contribute to boosting the local economy and production. Building on such programmes, ***DFID should, where possible, address both short-term needs and longer-term goals simultaneously. This could be done by focussing interventions on addressing the chronic challenges in a manner that bridges the distinction between strictly humanitarian and development approaches.***

We were also pleased to see that DFID is investing in disaster preparedness and mitigation. For example, DFID Sudan is using some of its contingency funding to provide resources to areas that are periodically heavily affected by seasonal rains before the situation becomes acute and the areas become difficult to access.

In our initial Sudan review we had recommended that, at corporate level, DFID should ensure that its WASH policy framework prioritises early planning for transition from emergency assistance through early recovery to development programming in the context of protracted and chronic crises. DFID's management response stated that it would, by September 2013, 'produce guidance on multi-year approaches to humanitarian planning to improve the effectiveness of its work in protracted crises'.[79] DFID produced such guidance in 2013. The guidance, however, has not had the desired impact as the humanitarian advisors in charge of planning and programming were not aware of the document. In February 2015 DFID Sudan was provided with a review of best practice and advantages of multi-year humanitarian

[79] *DFID Management Response to the Independent Commission for Aid Impact recommendations on: DFID's Water, Sanitation and Hygiene Programming in Sudan*, February 2013, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/142905/ICAI-man-response-water-sanitation-hygiene-prog-Sudan.pdf.

business cases. It remains to be seen whether this document will have a more significant impact than the 2013 guidance. The document clearly outlines the particularities of multi-year approaches to humanitarian programmes and recommended approaches. These include managing partner and government relationships, monitoring and evaluation as well as contingency and preparedness. We are pleased to see that the guidance has been produced. Our recommendation should, however, have been addressed sooner.

Annex

Follow-up on DFID's Peace and Security Programme in Nepal (Report number 20)

Report published February 2013; *Assessment: Green/Amber*

The ten year civil war in Nepal ended in 2006; however, insecurity, politically-motivated violence and grievances related to land and access to resources are still relatively common. DFID notes that progress on improving the security and justice situation in Nepal is often impeded by short-term political settlements at national and local levels and the pervasiveness of vested political interests, which translates into frequent transfers of power between key government officials, in addition to the over-riding political priority of agreeing a new constitution.

ICAI's initial report on DFID-funded peace and security projects assessed five programmes and projects with a total value of £53 million. The programmes addressed issues such as the rehabilitation of former child soldiers, election support, access to justice and police reforms. The portfolio received a green-amber rating and was found to be well-designed, delivering good results, demonstrating a good choice of delivery partners and the initial planning was deemed appropriate to the post-conflict country context. The report gave a Red rating for learning, however, as ICAI highlighted an urgent need for DFID programmes in Nepal to respond to changes in country context and to translate political analysis into programming, more credible evaluation and better programme management oversight, including better information management.

The initial follow-up review stated that DFID had failed to develop an associated results framework to demonstrate a clear flow from strategy to programming and to set targets against established guidelines. At the time of the first follow-up on the ICAI review, DFID had not finished developing the results framework and presented a high-level and multi-sector logframe, which was assessed as a) not high-level enough to incorporate all the elements of the strategy; and b) not specific enough to outline the deliverables and activities demonstrating the logical flow from strategy to programming. The results framework at the time was therefore assessed as incomplete, as its scope was more limited than the strategy and it did not reflect the local government's priorities.

Since the initial follow-up review, DFID Nepal has developed a results framework. This framework combines the most relevant peace and security-related outputs, indicators and baselines of DFID Nepal's programmes and covers directly and indirectly attributable results.

The 2013 ICAI follow-up review found that DFID's peace-building strategy was 'comprehensive and based on a robust theory of change'. It included, however, very little consultation with the relevant stakeholders or government input. DFID accepted ICAI's initial suggestions to update its peace-building strategy and has now developed a new Comprehensive Peace and Security Strategy (CPSS).

DFID Nepal has been increasingly engaging with and taking into account the views of its programme beneficiaries. DFID Nepal reported that it used surveys of a variety of stakeholders to inform its programme and strategy design. DFID Nepal strengthened the methodology and approach of a Government-led 'perception survey' as part of its formulation of the 2014-2017 Nepal Peace Trust Fund (NPTF) Strategy. The survey aimed to capture the views of a variety of stakeholders on future priorities as well as to ensure a high level of ownership and endorsement of the programme. A total of 81 individuals from 10 respondent groups were interviewed. The interviewees included representatives of political parties, high level government officials (serving and retired), former ministers, journalists, representatives of NPTF implementing agencies, national and international NGO representatives and bilateral and multilateral donors. The themes covered by the survey included an assessment of the past performance of the NPTF and its future priorities and continuation scenarios.

DFID Nepal has co-funded, with UNDP, a survey on peace and security across 13 of the most unstable districts in Nepal, covering more than 3,000 respondents (this consisted of semi-structured interviews with 2,633 households and 920 'key informants' from government authorities and civil society actors, in addition to focus group discussions). The survey findings are informing, in particular, the reformulation of DFID Nepal's work under the Peace Support programme (through the joint donor Governance Facility) and the inception of the new Security and Justice for the Poor programme. We welcome this type of beneficiary consultation***. We suggest that DFID adopt this, or more innovative approaches, on beneficiary feedback across all its programmes in fragile states.*** This was an issue that we have also covered in our reports on the Scale-up of DFID's support to Fragile States, and DFID's Approach to Anti-Corruption and its Impact on the Poor.

The consideration of the government's priorities is apparent in the formulation of the 2014-2017 Nepal Peace Trust Fund Strategy. The strategy, however, has not yet been approved due to ongoing negotiations with the government regarding arrangements relating to the transitional justice arrangements and, in particular, the extent of powers awarded to the Truth and Reconciliation Committee (TRC) and the Commission on Enforced Disappearances (CoED) to address incidences of gross human rights violations during the civil war.

Pursuant to our original recommendation, DFID Nepal has developed a new methodology to select optimal programme delivery mechanisms and to improve the transparency of its delivery partner selection systems. The methodology has been included for testing in various projects in Nepal; it was also recently used on a £35 million economic development programme. DFID Nepal has been working to level the playing field so as to ensure that local and international NGOs can compete with commercial suppliers. DFID cited an open EU tender which allowed it to compare the costs of NGO and commercial suppliers, in an attempt to ensure that the maximum funds would be delivered to beneficiaries. The EU contract was ultimately awarded to a local NGO, which has historically been extremely rare.

DFID Nepal is planning to share lessons learned through its commercial advisors' conferences, held every two years in the UK with DFID staff from across its offices and, in between, in the Africa or Asia regions. Country staff normally present their lessons learnt at such events. ***We suggest that DFID Nepal engages more with other DFID offices to share its experience and methods: for example, in its successful involvement of local NGOs and beneficiaries in its programming.***

Annex

Annex A4: Reports for Year 3 Follow-up

FCO and British Council's Aid Responses to the Arab Spring (Report number 24)

Report published June 2013; *Assessment: Green/Amber*

Each year, at least one of our reviews has focussed on an aid programme implemented by a UK Government department other than DFID. In 2013, we looked at how the Foreign and Commonwealth Office (FCO) and the British Council responded to the wave of political unrest that swept the Middle East and North Africa (MENA) region from late 2010, which become known as the Arab Spring. The core element of this response was the FCO-managed Arab Partnership Participation Fund (APPF), which supported democratic transition in the region with a budget of £40 million over four years, with a contribution of £20 million from DFID. We also looked at British Council programming in the region, both from its core funding and as an implementer of APPF programmes.

The review found that the FCO had made a commendable effort to put in place the capacity to respond rapidly and flexibly to a highly volatile situation that was considered a high priority for UK foreign policy. The APPF had a sound strategy, good delivery capacity and a promising portfolio of projects, although it was held back somewhat by weaknesses in the FCO's project management capacity. We found the British Council's response to the Arab Spring to be considered and strategic, with a strong delivery model based on good local partnerships and strong engagement with beneficiaries. We gave the APPF and accompanying programmes a green-amber rating overall. Since our review, the political context in the MENA region has become even more complex, with security conditions deteriorating in a number of countries. The APPF, however, continues to search for opportunities to make a contribution to democratic reform.

We recommended that the FCO should sharpen its strategy-setting process by introducing explicit theories of change into its country programmes and improving its processes for measuring and reporting on progress towards overall results. The FCO has responded well to this recommendation. It brought in DFID experts to train its people on theory of change methodology and mandated the inclusion of theories of change in its 2014-15 country strategies. This has helped to strengthen its country programmes, encouraging tighter portfolios with fewer, larger interventions aimed at strategic outcomes. Measuring results at this level is technically challenging and remains a work in progress. The FCO is working with its partners to set baselines and generate the data needed to measure progress.

We also recommended that APPF strengthen its knowledge management processes, particularly by sharing experience across its country programmes and partners. The FCO has responded by strengthening its network of country- and London-based staff and implementing partners, who are now brought together periodically for conferences and thematic learning events. There are now more joint meetings with local partners in each country, to share experience, as well as more interaction with other donors. The FCO has developed an intranet site for the APPF, for sharing documents and referring questions across the network. There are still some areas where the programme could do better on knowledge management, particularly in making sure that lessons learned from individual projects are captured and implemented.

We made two recommendations on project management that the FCO has found more difficult. We found that the FCO has a one-size-fits-all approach to grant-making. Its complex and rather inflexible procedures make it difficult for it to partner with local civil society organisations (CSO). We recommended that the FCO distinguish in its grant-making procedures amongst partners with different levels of delivery and financial management capacity. While the FCO has somewhat simplified its procedures, it informs us that it has been constrained by the inflexible rules that govern its operations. It has been able to work around the problem in various ways, including by funding local CSOs through international partners. We were also concerned that the FCO's financial accounting system is not suitable for project management and recommended that it be changed. While the FCO acknowledges the problem, it has not yet been able to move forward on this. In the absence of a new system, however, it has begun to prepare other software tools that can help to work around the problem.

We found that the British Council's results management system, although strong in many respects, had difficulty capturing the wider social and institutional impact of its interventions. We recommended that it further develop its methods of measuring results beyond skills transfer to individuals. The British Council responded by committing to a rolling 18 month schedule of impact evaluations, to strengthen its practices. It is increasing the number of evaluations of major programmes, including from external, independent sources, to better understand wider impact. The organisation has continued to strengthen its overall programme management standards framework and implemented management reforms designed to strengthen the link between evaluation and corporate planning. It is pushing for greater standardisation in impact tracking and reporting. While this is a technically challenging field, the British Council has responded to our report by continuing to strengthen its capacities and practices.

Overall, our follow-up work has found that both the FCO and the British Council have responded positively to our original review, particularly in the areas of strategy-setting and results management. The APPF has matured as a programme and is now more focussed on delivering strategic impact. We are aware that the FCO is working to professionalise its project management, in light of the new CSSF – the successor to the Conflict Pool – which began operations in April 2015. We still have outstanding questions, however, about the FCO's readiness to manage the increased volume of aid funds under the CSSF. Its grant-making procedures are not yet fully developed, its accounting systems are still not designed for project management and it needs to build a stronger cadre of trained project managers within its staff. While we are told that FCO senior management is aware of these challenges, there is still some way to go. ***We therefore suggest that this area may benefit from continuing ICAI scrutiny***.

Annex

DFID's Health Programmes in Burma (Report number 25)

Report published July 2013; *Assessment: Green* G

The purpose of our review was to assess whether DFID was achieving impact and value for money in Burma through its bilateral aid to the health sector. DFID's overall health goal for Burma is 'to address the basic health needs of the poorest and most vulnerable and maximise the contribution of the programme to longer-term change that addresses the root causes of conflict and fragility in Burma'. This programme accounted for £110 million of UK expenditure in the period 2010-15.

We found that DFID had designed and delivered an appropriate health aid programme in a country where there is significant health need and where there are significant challenges of access and capacity. DFID had demonstrated clear leadership in working well with intended beneficiaries, other donors, delivery partners and the Government of Burma's Ministry of Health. We found that the health programme had addressed many health needs, although demonstrating the impact of DFID's health programmes was difficult given the lack of good data in Burma. We gave DFID's Health Programmes in Burma an overall 'Green' rating. Overall, we have seen steady rather than rapid progress in DFID's health programme in Burma since our review.

Our first recommendation focussed on DFID leveraging its relationship with Burma's Ministry of Health to accelerate the building of a more robust health system, including better integration of the for-profit sector. We found that DFID's relationship with the Ministry of Health still remains strong. Since our review a number of studies have been commissioned on how the health system can be strengthened. Two reviews in particular - the review of the healthcare supply chain and an assessment of prison healthcare - demonstrate clear progress in improving the healthcare system in Burma and align closely with DFID's objective of delivering healthcare to those with the most significant healthcare needs. There is, however, a risk that future reviews of this nature become a collection of add-on projects rather than a co-ordinated strategy. Going forward, DFID needs to ensure that the reviews align closely with the Ministry of Health's key healthcare priorities and include better integration and consideration of the for-profit sector.

Our second recommendation emphasised the lack of reliable baseline data in Burma that was attributable to the restrictions imposed by the Government of Burma on what data could be collected and the lack of adequate state-collected public health data. We encouraged DFID to work with other donors and the Ministry of Health to capture better quality health information and to create stronger and more robust monitoring systems. There has been very limited progress in collecting robust baseline data to date. Any data collected in Burma still requires approval from the Government of Burma. Attempts so far to collect data on a national scale have not received the necessary approval. This will be addressed, however, with the National Household Survey on Demography and Health, which is due to be published in March 2016. This review includes a variety of non-health information and should significantly contribute to establishing the necessary baseline data.

The third recommendation we made focussed on the major opportunity that the Three Millennium Development Goals (3MDG) Fund[80] managed by UNOPS offered and the risks associated with a fund that was still in the early stages of development. We encouraged DFID to work with all parties to ensure that all potential risks were identified and addressed, including the management of the UNOPS contract. Progress on the development of the 3MDG Fund, which remains one of the largest external sources of health funding in Burma, has not been as quick as intended or hoped for. This has been partly due to a changing aid environment where more money has been made available from the international community and a challenging relationship between the Ministry of Health and the 3MDG Fund. The Ministry of Health wanted increased transparency on how the fund operates. Direct donor involvement, including by DFID, has helped to improve the relationship. Recently, a senior Ministry of Health representative joined the 3MDG Fund board and this should help to improve transparency and build co-operation. The 3MDG Fund is scheduled to finish in December

[80] A multi-donor trust fund that focusses on maternal and child health; HIV/AIDS, tuberculosis and malaria; and health system strengthening.

2016 and decisions still need to be made on what the arrangements will be going forward. Other aid donors are considering how best to support the Government of Burma in the future and in particular how to fund activities. Direct funding to Government is a possible option and this needs to be carefully considered by DFID. There has been a significant amount of learning from the setting up and running of the 3MDG Fund. This learning should be captured by DFID to ensure that it can be applied to future programmes.

Our fourth and final recommendation considered the impact of key personnel changes of DFID staff in Burma. We recognised the good relationships that had been established over a long period of time and identified the potential risk of developing new relationships with partners and, in particular, the Ministry of Health during a period of rapid change in Burma. We found that the transition in key DFID personnel has been managed well. ***To help to enable a successful transition, successors were identified early, handover included up to a month of joint working in Burma and after handover regular contact was maintained with predecessors. This approach has had clear benefits that can be replicated elsewhere where similar changes in key DFID personnel occur.***

Annex

DFID's Support to Capital Projects in Montserrat (Report number 26)

Report published July 2013; *Assessment: Amber/Red*

Montserrat is one of the United Kingdom's 14 Overseas Territories (OT) and one of the three OTs with long-term financial dependency on the UK. Volcanic eruptions destroyed the island's infrastructure by 1997 and, in the process, its financial self-sufficiency.

The UK spent £114.8 million on support to Montserrat in the five years between 2009 and 2013, approximately £23,000 for each of the 5,000 people on the island. In continuing to meet 'the reasonable assistance needs of Territories where financial self-sufficiency is not possible, as a first call on the aid budget',[81] DFID provides about 60% of the Government of Montserrat's (GoM) annual budget.

In our original report, we found that DFID has worked successfully with the GoM to re-provide much of the necessary shelter and transport, access to water and education for the remaining islanders. Since averting a complete evacuation of the island, DFID's attention has turned to returning the island to self-sufficiency. We found, however, that DFID did not have a firm view of how to improve Montserrat strategically over the long term and what is affordable to the taxpayers of the UK and Montserrat. We also found that DFID reacts in a piecemeal fashion to the GoM's bids for DFID's funding. Our overall assessment was amber-red.

From our follow-up work, we found evidence that, even though DFID rejected three of our four recommendations and partially accepted one, the new GoM, which has been in office since September 2014, and the DFID team have progressed many of the points we raised. Much of the strategic planning work is, however, in its early stages and it will, therefore, be at least 12 to 18 months before any impact is discernible.

Our first recommendation was that DFID should develop a more detailed understanding of self-sufficiency for Montserrat. We believed that this was an important building block in developing an economic plan and providing direction for planning, prioritising and developing investments with the GoM over the longer term. DFID rejected this recommendation. DFID's management action stated that it felt its focus was on developing practical propositions with the GoM that would maximise Montserrat's self-sufficiency and, therefore, working on a theoretical understanding of self-sufficiency would be a distraction. DFID also reported to us that this might create a precedent for other OTs with politically difficult consequences. We understand that achieving a meaningful and transparent agreement on self-sufficiency will be politically difficult. We believe, however, that it is worth pursuing this as a long-term goal in order to pave the way to implement a strategic plan with the investments required.

In our follow-up work, we have found that DFID is working closely with the new GoM. A fresh partnership approach is being formed, based on the mutual principles of honesty and transparency. DFID's immediate priority is to help the former party of opposition become an effective government and make the difficult decisions ahead in meeting its electoral promises and balancing the books. DFID is taking a pragmatic approach to agreeing the 2015-16 budget negotiations and both DFID and the GoM have described positive and productive discussions involving the new Premier and ministers. These discussions have helped the GoM to develop a deeper understanding of government, for example to translate housing and health needs into policy and in developing a more comprehensive understanding of the role and responsibilities of its civil service. In our view, however, the test of this new partnership lies ahead and it remains to be seen whether it will continue to flourish in the absence of an agreed end goal.

Our second recommendation was for DFID to support the GoM to develop a longer-term plan for the island based on an agreed understanding of self-sufficiency. This needed to show how the different projects add up to a coherent impact on livelihoods and economic progress. Although this recommendation was rejected, we found evidence of greater long-term planning (albeit without a clear understanding of self-sufficiency) and a desire to integrate capital and revenue planning

[81] *Operational Plan 2011-2016, Overseas Territories Department*, DFID, updated December 2014, page13, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/389088/Overseas-Territories-Department.pdf.

between DFID and the GoM. DFID explained that it was developing a profile of the potential capital investments over a five to seven year period. DFID hopes to use this potential capital portfolio outline and budget for the six financial years from 2015-16 to 2020-21 to help to shape its discussions with GoM on identifying the professional capacity and capabilities necessary within the GoM to implement these; and on creating a longer term coherency and clarity between capital and revenue plans.

We therefore repeat our recommendation that ***in developing a clear and concise strategic plan with the GoM over the next 18 months, DFID should ensure that it shows how the different projects add up to a coherent impact on livelihoods and economic progress. It should set out the level and composition of financial and technical assistance and a projection of capital costs and necessary revenue support over a minimum five year period. DFID should also ensure that this plan is widely publicised among the population on the island.***

Both parties appear to be committed to addressing Montserrat's access issues. The previous detailed plans for a new port and town were rejected by DFID, following 18 months of GoM development and significant design costs. GoM could not attract sufficient tangible private sector commitment to meet DFID's criteria and, in the absence of more positive general economic conditions in the Caribbean, we do not anticipate any marked change to DFID's position. The port will continue to be a priority in developing Montserrat's economic progress and its impact will need careful modelling and consideration. In similar fashion, DFID has continued to fund further work to bring geothermal energy to fruition and has begun to think about the impact of cheaper electricity production on tariffs and taxes for industry and the population.

Our third recommendation was that DFID should work with the GoM to increase the engagement of the people of Montserrat in its projects. DFID partially accepted this recommendation and set out future actions on greater beneficiary engagement. The arrival of a new government has provided DFID with further opportunity to take stock and identify further ways in which greater direct beneficiary engagement can improve plans and delivery.

Our fourth and final recommendation was that DFID, working with the Foreign and Commonwealth Office (FCO), should bring together the required actions and commitments from across Whitehall to achieve the aims of the 2012 White Paper for Montserrat and the other OTs, so that best practice is built into future projects, programmes and policies. Despite rejecting this recommendation, we found that DFID has made notable progress to make available wider expertise from across the UK Government to the GoM. DFID also reported closer working with the FCO in the UK and in Montserrat.

Overall, DFID and Montserrat have made steady, if moderate, progress. Importantly, DFID's new partnership approach with Montserrat is positive, valued by the GoM and forms a solid foundation on which future challenges can be tackled constructively. This relationship has yet to be fully tested. The new GoM presented initial spending requests for 2015-16 which were 20% higher than the previous year. It also made a substantial capital request and has set itself and DFID a focus on securing concrete changes within a short timescale. For DFID to resolve this initial challenge successfully, it will need to balance carefully the development needs of the islanders and ensuring value for money for UK taxpayers.

Annex

DFID's Support for Palestine Refugees through the United Nations Relief and Works Agency (UNRWA) (Report number 27)

Report published September 2013; *Assessment: Green/Amber*

Our report assessed the effectiveness and value for money of DFID's assistance to Palestine refugees, as delivered through the United Nations Relief and Works Agency (UNRWA). The report focussed on health, education and social support provided from all field offices, with the exception of Syria. The overall assessment was green-amber. We found that, although UNRWA was performing a vital function well, the sustainability of the model was at risk.

UNRWA was established by the United Nations immediately after the 1948 Arab–Israeli conflict to provide support to Palestine refugees. Today, it provides services such as education and healthcare to around five million refugees. UNRWA's position cannot be considered in isolation from the political context due to its intimate connection with the Middle East Peace Process and its symbolic status as the embodiment of refugees' 'right to return' to their original homes. DFID is UNRWA's fourth largest donor, contributing £173.2 million in support from 2008–2012.

UNRWA has been attempting a much-needed reform process to address the widening gap between the demand for its services and what it is able to supply. The political context both increases the need for reform, as demand rises, and impedes reform, as pressures on hosts increase and tensions in the region intensify. Since our 2013 report, the political context has deteriorated further, making the operating context considerably more difficult and reform harder to achieve.

In our follow-up work, we found that DFID has continued to be a highly influential and valuable contributor at the strategic and operational levels. It has provided significant support to enable UNRWA to perform its crucial role for Palestine refugees and to drive forward much-needed reforms to ensure UNRWA is financially sustainable. As a result of our report, DFID has adopted some excellent initiatives aimed at assisting UNRWA in its forward planning. Notably, it has been very active in shaping UNRWA's mid-term planning strategy process, led negotiations between donors and encouraged UNRWA to place beneficiary engagement on the agenda. DFID now needs to speed up implementation of those of its planned actions which have stalled and to focus efforts in a structured way to ensure that refugees are actively involved in the reform process.

In our original report, we recommended that DFID should support UNRWA in its forward planning. We noted that UNRWA urgently needed to prioritise its services in order to determine how best to use its limited resources. Since publication of our report, UNRWA has completed the planning process for the period 2016-21 and its plans are set out in its Medium Term Strategy (MTS) document.[82] Although DFID only partially accepted our recommendation, we acknowledge that it has been an extremely influential and effective voice in this process. DFID seconded a planning officer to UNRWA to provide technical support to the MTS process; this proved to be a vitally helpful initiative warmly welcomed by UNRWA. DFID continued to work closely with hosts, donors and UNRWA to identify strategic priorities to shape the planning process. DFID's expertise in the 'soft' skills of negotiation, fostering dialogue and mediation between UNRWA, hosts and donors, was widely acknowledged and much appreciated. DFID's role was instrumental in making the MTS more realistic, addressing necessary structural changes, such as the need to prioritise specific services.

Our original report also recommended that DFID should use its influential position to encourage and co-ordinate donor efforts to reform and that DFID itself should provide substantive support in priority areas. DFID partially accepted this recommendation and agreed to two actions to implement it: first, to be active in the UNRWA donors' committee to encourage unified support for UNRWA; and second, to carry out an assessment to determine whether and where additional support for reform at an operational level would be useful. Our follow-up work shows that DFID has clearly continued to be a strong voice in favour of reform, engaging closely with UNRWA bilaterally and through UNRWA

[82] *UNRWA 2016-21 Medium Term Strategy*, Draft, http://www.unrwa.org/sites/default/files/draft_-_medium_term_strategy_2016-2021.pdf. DFID and other donors have worked with UNRWA to produce an updated version of the MTS which is due to be published in June 2015.

committees of donors and hosts. DFID has also been effective in many ways in advancing reform in UNRWA priority areas. Notably, it has continued to push for reform in UNRWA's provision of vocational training, education and health, and it has encouraged the move away from food to cash assistance.

Nevertheless, we find that DFID could have done more to advance the work under this recommendation and that progress on some aspects appears to have stalled for no good reason. In particular, we note that the key management action – the recruitment of a social development advisor to drive forward reform work on the ground – has not yet been achieved.

DFID now needs to ensure that the necessary actions to advance this area of work are progressed. In particular, it should use the opportunity presented by the new type of business case coming into effect in 2016 to undertake the promised assessment during 2015. It should also consider using short-term contracted technical assistance to provide the input needed to push forward reform at the operational level, to ensure that field offices are fully engaged in the reform process.

In our 2013 report, we found that one of the reasons reform was not progressing was the strong resistance to change amongst refugees and UNRWA staff (who are themselves mainly refugees), as any change was viewed as an erosion of UNRWA's commitment to the 'right to return'. UNRWA, we found, had not attempted sufficiently to engage refugees in the reform process and communications were ineffectual. We recommended that DFID should work to encourage UNRWA to engage more actively with refugees and should consider providing technical support to help with this.

Although the principle of wider beneficiary engagement has been accepted, for the moment all practical engagement has been with UNRWA staff. DFID is driving forward, with UNRWA, the need to engage beneficiaries directly but this has not yet been implemented by UNRWA. DFID agreed with UNWRA that technical support to help UNRWA improve its engagement with refugees would be useful. DFID was seeking to create a post to take forward the area of refugee engagement but has again experienced difficulties in filling this post.

We welcome the progress made to date but feel that more could have been done to push forward the work on beneficiary engagement. Work is needed not simply to enable difficult messages around reform to be delivered but to introduce a real change in how refugees and UNRWA communicate with each other, focussed on beneficiary needs. DFID should now develop a clear and structured plan to determine how best to achieve this and should consider bringing in short-term contractors to provide the agreed technical assistance. The need for reform remains pressing, particularly in light of the financial challenges facing UNWRA and increased demand for its services as a result of the protracted conflict in Syria.

Annex

Empowerment and Accountability Programming in Ghana and Malawi (Report number 28)

Report published October 2013; *Assessment: Green/Amber*

'Empowerment and accountability' is a relatively young part of DFID's portfolio and has grown in importance since 2010. It encompasses a range of objectives, including democratic politics, fair and equal societies and open economies.

Our review examined one aspect of this portfolio – namely, DFID's promotion of social accountability through support for civil society, the media and national parliaments. We visited Ghana and Malawi and reviewed two programmes that provided grants to civil society organisations (CSO) and one that supported citizen monitoring of public services. We found that, while DFID's approach in this area was still evolving, it was already generating some useful results, particularly more constructive engagement between communities and governments around the delivery of public services and development programmes. Some of DFID's higher-level objectives around political change, however, appeared to us to be unrealistic. We were also concerned that DFID tends to default towards CSO grant-making. We gave the programmes an overall green-amber rating, with an amber-red for objectives, because DFID's basic strategy and approach was not yet settled.

While DFID fed back that it found our report 'useful and challenging', it responded cautiously to the recommendations. Given that the evidence base for this kind of programme is still being developed, DFID was reluctant to limit the options available to country offices and, therefore, only partially accepted two of the recommendations.

Our first recommendation was that DFID focus its social accountability programming at the community level on promoting constructive community engagement with government around the delivery of public services and development programmes, with closer links to DFID's sector programmes. This was the area where we saw the most promising results in the programmes we reviewed. We further suggested that this kind of support could be more efficiently delivered through direct grants to national CSOs – a model we saw work well in Malawi – rather than through competitive grant-making. DFID only partially accepted the recommendation. While it agreed that social accountability initiatives should be more consistently integrated with sector programmes, DFID did not wish to make public service delivery the principal focus of its programming, at the expense of aiming for broader social and political change. It also insisted that CSO funding mechanisms needed to be adapted to each country context.

Our second recommendation related to support for CSOs for advocacy at the national level. We recommended that DFID move away from large, competitive grant-making funds, towards more targeted or managed support with smaller portfolios, longer partnerships and more tailored capacity-building support. We had found that the competitive grant-making instruments imposed such a heavy burden on implementers, who were required to manage large portfolios against strict fiduciary requirements, that they fostered one-size-fits-all approaches to grant-making. Again, DFID only partially accepted this recommendation. While it agreed that this could be helpful, it wanted to retain the flexibility to experiment with different funding models in order to find the most suitable options.

DFID is reviewing the effectiveness of its social accountability initiatives through an ongoing macro-evaluation of DFID investments in empowerment and accountability and is developing an updated theory of change for the portfolio. This has been done and there has been positive development in DFID's thinking through this process. In particular, DFID has adopted the notion of 'strategic interventions', which combine improving the enabling environment for collective action (such as improving the legal environment for civil society or promoting freedom of information), scaling up citizen engagement with government and trying to bolster government capacity to respond to citizen voice. We welcome, in particular, the commitment to working simultaneously on the supply and demand sides of social accountability, rather than promoting purely adversarial models of accountability. Furthermore, DFID has told us that there has been considerable debate around our critique of traditional CSO grant-making instruments and that a number of country offices are now experimenting with alternatives.

Our third recommendation called for a more structured approach to learning. We proposed building enough flexibility into individual programmes to enable them to try out different approaches and scale up successful initiatives. We also recommended that the central policy team should guide a process of structured learning across country offices. DFID accepted this recommendation. It had already planned a macro-evaluation of the portfolio, which is now under way. It has also developed a five year, multi-country research programme on what works in identifying and supporting social and political action for more effective empowerment and accountability, which is about to go to tender. These initiatives are intended to generate learning to inform programming choices over the coming years.

While we welcome these initiatives, they do not entirely address all our recommendations. ***We remain concerned that the central policy team is not resourced to guide learning across the portfolio. In particular, the process of converting data into practical lessons and improvements in programming must be deliberate and well managed to contribute to learning across DFID's country offices.*** During our visits to Ghana and Malawi, we made a number of practical recommendations to the programmes as to how to strengthen their processes and build on their results. We are pleased to see that DFID in Ghana and Malawi and its implementing partners have responded well to these suggestions, making some course corrections and taking some of these ideas forward into preparations for the next generation of programming.

Overall, we are pleased to see that this report has prompted a lively debate. We recognise that this is a young and dynamic portfolio, where the evidence as to what works is still emerging. We understand DFID's reluctance to issue prescriptive guidance to country offices that would narrow their programming options.

Annex

DFID's Support to Agricultural Research (Report number 29)

Report published October 2013; *Assessment: Green/Amber*

One billion people in the world do not have sufficient food to meet their dietary needs and face hunger. By 2050, food demand is expected to jump by 70% as result of population growth and changing food habits. There is thus an urgent need to increase agricultural productivity in developing countries, especially in Africa – a continent where farming systems are more complex and there is increasing pressure on soil, water and other resources. Farmers in Asia and Africa also face the challenge of climate change, which is likely to lead to higher temperatures and more erratic rainfall.

The UK has financed agricultural research in developing countries for over 50 years. Over the last decade, DFID's average annual expenditure on this more than doubled: to £75 million in 2011-13. Currently, approximately 60 percent of total expenditure is channelled through the CGIAR, a consortium of 15 global agricultural research centres. The remaining 40 percent goes to other international research centres, UK universities, international foundations (for example the Gates Foundation) and other organisations.

DFID's agricultural research programme currently has three main aims: to develop new agricultural products (crops, livestock breeds, resilient faming systems); to test interventions and delivery models for rapidly scaling up the use of new technology; and to increase understanding of the complex political, social and economic contexts that determine the success of agricultural investments.

We gave DFID's agricultural research programme a green-amber rating. Overall, we found it to be effective and innovative. It focusses on developing technologies and products and testing ways to deliver these to farmers. It works with leading agricultural research organisations to ensure that they deliver high quality research and development outcomes for poor farmers. In our view, DFID's agricultural research programme has made a significant contribution to improved food security and nutrition for poor people in developing countries. The challenge DFID faces is to scale up delivery to make the research outputs widely available to farmers in Africa and Asia.

We recommended that DFID should ensure its agricultural research and development programmes collaborate better to deliver research outputs to farmers as quickly as possible and at a scale to maximise the benefits for poor people. We noted that the programme includes a number of innovative market-based projects, designed to stimulate the private sector to innovate and to find new ways to deliver new products to farmers at scale. While this approach is sound, we considered that the programme could have an even greater impact on poor people if it worked more closely with DFID's development departments and country programmes. By collaborating with other parts of DFID with experience in improving the livelihoods of poor people, research outputs could be taken to scale more effectively and more quickly. DFID committed to a management action involving a stock-take of country level demand for agricultural research findings. In reality, DFID has gone beyond this and is now working with country offices to scope possible new development programmes. This could result in the agricultural research programme having considerably greater impact.

We also recommended that DFID should develop explicit 'theories of change', mapping out the steps and partnerships needed to ensure that research outputs reach poor farmers and lead to improved food security and nutrition for poor people. Many actions are involved to get a new technology (for example a new way of controlling a livestock disease) from the laboratory and into use, at scale, with farmers. Theories of change are needed to identify what needs to be done, by whom, at each stage to achieve impact for poor people. While DFID has reviewed its existing programme portfolio to ensure that, where appropriate, research projects have theories of change in place and was developing a new research priorities paper, it has not fully taken on board the spirit of the recommendation. In our view, DFID has not adequately responded to our recommendation and should be more proactive in facilitating collaboration between its research partners and development organisations to scale up research outputs quickly and effectively.

We were also concerned that the technologies and delivery mechanisms being developed by DFID will mainly benefit the better-off farmers, often men, who are linked to markets. DFID's partners should ensure that their programmes also address the challenges poorer subsistence farmers and women farmers face. We considered that DFID and its partners should assess the impact of their agricultural research projects on specific groups of farmers and on women. ***They should participate in the design, implementation and evaluation of the projects, where appropriate. This will require DFID's partners to build their expertise in social impact analysis. DFID has strong capacity-building expertise in this area to facilitate this.***

Finally, we recommended that DFID should be careful, when developing new agricultural technologies, to minimise negative environmental impacts. DFID's agricultural research programme is on track to deliver a number of new technologies and products, which aim to increase agricultural output. It is important that these are integrated into farming systems in ways that will maximise overall productivity and minimise negative environmental impacts. Researchers and development specialists should work closely together to develop and test improved farming methods that minimise input use and land degradation. DFID's agriculture team has developed a new business case to support targeted research on sustainable intensification in Africa, leveraging other funders' research investments in Africa Rising, Vital Signs and CGIAR Humid Tropics research programmes. ***We consider, however, that DFID should place more emphasis on the potential adverse environmental impacts of conventional farming systems, such as land degradation and also focus more on low-input, ecologically-focussed agricultural technologies. We also suggest that DFID mainstream concerns for ecological sustainability across its portfolio.***

Overall, DFID's agriculture team has responded actively to our recommendations. We are pleased to see that DFID continues innovatively to search for new solutions and to get new technologies and products into use with farmers. The agriculture team has started to work closely with a number of DFID's country programmes to find ways to integrate new agricultural technologies into poverty reduction programmes. ***More needs to be done, however, to address the specific challenges facing poorer and women farmers and to ensuring environmental sustainability across the programme. These are difficult issues and need continuing attention.***

Annex

DFID's Trade Development Work in Southern Africa (Report number 30)

Report published December 2013; *Assessment: Red*

Our review found that the overall aims of DFID's two regional trade programmes - TradeMark Southern Africa (TMSA) and the Mozambique Regional Gateway Programme (MRGP) - were potentially transformational in the long term. Both programmes were managed by the Secretariat of the Common Market for Eastern and Southern Africa (COMESA), through a Memorandum of Understanding. MRGP showed signs of promise but it was too early in its implementation to assess fully. We found, however, serious deficiencies in TMSA which impeded its progress and jeopardised its potential to generate a meaningful impact on the region's poor. On the basis of this concern, we gave a red rating to our review, the only red we have given to date.

TMSA's design and implementation were based on assumed benefits to the poor rather than on causal relationships between activities and impact. There had been inadequate focus on the poor without the necessary mitigating action against short- and medium-term risks. There had also been inadequate learning about TMSA's impact (both positive and negative), with a failure to use either DFID's central or local knowledge. We found major failings in the delivery of TMSA and were so concerned about these that, for the first time, we alerted DFID to these issues as soon as our initial fieldwork was completed. This prompted an Internal Audit investigation by DFID.

We recommended in our original report that DFID should continue to take swift action, as it started to do when we raised our concerns, to ensure effective management of TMSA, including financial oversight, procurement, target setting and monitoring. DFID's response was to close TMSA and put in place mechanisms to transfer activities to other, more effective partners. DFID has continued to support regional integration in Southern Africa but has refocussed away from infrastructure towards its more traditional provision of technical assistance. We are satisfied that the closure of TMSA was conducted efficiently. It appears that £2 million was saved from the technical assistance budget, £1 million of which was reallocated to the Trade Advocacy Fund to continue support of the Tripartite Free Trade Agreement (TFTA) negotiations. Of the £67 million capital delegation (CDEL) funds for trade infrastructure projects, £44 million was recovered by DFID and the balance of money is now funding three different projects.

DFID made a commitment to the International Development Committee (IDC) to investigate the initial recruitment of TMSA staff, as we had raised concerns over the openness and transparency of the recruitment process. In September 2014, IDC stated that they were disappointed at the lack of reported follow-up on strengthening internal audit. DFID informed us that an internal investigation was undertaken and discussed by DFID senior management and the Cabinet Office.

DFID recognises the importance of COMESA in the regional integration agenda but will no longer channel funding through this institution's systems after the completion of the current DFID Southern Africa funded Climate-Smart Agriculture programme. COMESA's Secretary General expressed strong views and disappointment at TMSA's closure but DFID has done good work to restore co-operation through a visit by the Secretary of State, several visits by senior management and the appointment of a liaison person in the DFID Lusaka office. Over time, relationships are being normalised as COMESA has seen DFID's continued support to regional integration. COMESA declined to continue to manage MRGP. We also note that DFID has appointed a managing agent to take responsibility for the regional component of MRGP.

We recommended that DFID should urgently work to raise awareness of the results of TMSA's recent economic modelling to countries of the Tripartite, undertake further analysis and support poorer countries to address the potential negative impacts of trade growth. A regional seminar with business and government representatives was held and the economic modelling report was distributed with headline messages to encourage further study at a country level. Subsequently, there have been two studies to increase understanding of the positives and negatives of the TFTA at a country level, which have been important to assist countries and afford them the opportunity to change negotiation positions or put mitigation policies in place. DFID has not, however, followed up to see if its actions have stimulated any policy response in the countries concerned.

We recommended that DFID's support to regional integration in Southern Africa should identify a more suitable mechanism to deliver technical assistance to the Tripartite, with a focus on accelerating progress and drawing, as appropriate, on international expertise. TFTA support has been transferred to DFID's global Trade Advocacy Fund, with a notable improvement in the negotiation process at regional and national levels.

The planned replacement regional trade programme will be a design and implementation contract, with a stronger focus on poverty, a focus on small and informal traders and an improved regional/national balance. DFID Southern Africa (DFIDSA) appears to have taken our recommendations seriously and taken appropriate steps to ensure more effective support to regional integration in Southern Africa. Until the design phase is complete, however, we cannot be sure that the poverty linkages are fully integrated. Nevertheless we have seen some positive developments as a result of the Secretary of State's commitment to strengthen the oversight and financial control of DFIDSA's programmes. This was made, following the closure of TMSA, in a written statement to Parliament.[83] For example, DFIDSA has appointed two regional commercial advisors to bolster its team and provide commercial support to DFID offices in the Southern Africa region. This is a new development for DFID and should help to ensure a stronger focus on value for money and better management of contractors, both of which were previously lacking within TMSA.

The Secretary of State made a number of other commitments in her statement to Parliament on the UK's programmes of regional integration and trade in Southern Africa. These included strengthening DFID's approach on value for money (VFM), particularly on procurement and ministerial oversight of new business cases and contracts. On this commitment, DFID has developed closer working links between procurement teams and programme managers to ensure value for money in DFID's engagement with suppliers. In addition, commercial training linked to the new Smart Rules has been developed for programme managers, Senior Civil Servants and Senior Responsible Owners. On DFID's regional trade programming in Southern Africa in particular, the draft scope of work for the new regional trade programme that will follow TMSA has been shared widely with DFID senior management. This suggests stronger senior management engagement in new programme design. The scope of work also talks explicitly about building in new VFM measures in line with DFID's new Smart Rules, such as regular annual VFM audits, in order to keep close track of value for money when external partners are involved. This is positive but the new regional trade programme is still at design stage: how well DFID Southern Africa does in implementation will only become clear two or three years from now.

A further commitment by the Secretary of State was that programme management controls will be strengthened in relation to mandatory annual reviews and project improvement plans. This has been addressed through the adoption of Smart Rules. Smart Rules have new programme management guidelines, which require that Ministers receive a strategic overview of poorly performing projects every quarter as part of regular board reports. The Smart Rules set clear criteria for when projects must have an annual review and for approval of the review by Heads of Department or a delegate. These programme management controls should facilitate early detection of under-performing programmes.

We have also followed up on the Secretary of State's commitment to expand DFID's internal audit capability to enhance its risk based approach, targeting internal audit effort more effectively and increasing the frequency of review of key areas. The Internal Audit Department (IAD) enhancement plan outlines the specific changes to which the Department has committed. The IAD has achieved the majority of its targets under the enhancement plan: it has recruited 10 out of the 11 planned additional staff members, which has brought the total number of IAD staff to 29; it has implemented new counter fraud case management software and contracted IT specialist auditors; and it has increased funding to support these improvements. This should enable the Department to increase, as promised, the frequency of country office reviews to every two years rather than the previous average of four years. IAD has already significantly increased the number of reviews overall it has delivered: it anticipates completing 85 reviews by the end of the year; compared to the

[83] Written statement to Parliament on DFID programme management in southern Africa, December 2013, https://www.gov.uk/government/speeches/dfid-programme-management-in-southern-africa.

43 reviews planned and 32 produced in 2013-2014. At this point it is too early to comment on the impact of this scale-up but the increased staff numbers with specialist expertise, funds allocated for overseas travel and enhanced software demonstrate progress in the delivery of the Secretary of State's commitments.

One of our greatest previous concerns was the misreporting to DFID of TMSA's achievements against targets. DFID intends to address this in the new programme by building monitoring and evaluation into the programme's design, in order to measure programme implementation, impact (including on the poor) and the performance of the implementing contractor.

We recommended that, as a prerequisite of any future trade development programme, DFID should undertake comprehensive analysis of the impact on trade and the poor, both at the outset and throughout implementation, and build in mitigating actions to alleviate any negative effects. DFID's Trade for Development Department has prepared a four page guidance note on methodological approaches for analysing the links between trade and poverty, which has been distributed to its economist cadre. This is very useful but takes a narrow view of poverty impact based on the reduction of trade costs, although DFID reported that it intends to extend this work in the future. We had previously highlighted our disappointment that, despite the very good work previously commissioned by DFID on trade and poverty methodologies, neither TMSA nor DFIDSA had used or referred to it. ***We remain concerned that there is no mechanism to ensure that the review and guidance produced so far are used in the future.***

As a result of our follow-up work, we conclude that DFID is now taking steps to address each of our recommendations and is putting in place measures and procedures that address most of ICAI's concerns. Our review has changed DFID's approach towards risk in the design of the programme that will follow TMSA, without reducing DFID's overall commitment to trade work. We continue to encourage innovation and managed risk-taking in the design of interventions. It is also key that design should consider and address the risk of fraud, corruption and inadequate governance. ***In light of the TMSA example, DFID should make sure that for future risk management it distinguishes between risk arising from the context of an intervention and risk of internal mismanagement.***

We recognise that DFID has addressed trade and poverty linkages, both within Southern Africa and more widely, with the development of new trade and poverty guidance. We are unsure, however, whether this attention will be sustained over the long term, given the difficulties of ensuring that these guidance materials are applied consistently in the design and implementation of future trade programmes.

In the course of our work following up on DFID's implementation of the recommendations of our report on DFID's Trade Development Work in Southern Africa, we examined how our recommendations had affected the management of other regional trade programmes. In so doing, we learnt that payment in advance of need, an issue we found on the TMSA report, may also have occurred in the case of SWARIP (Support to West Africa Regional Integration Programme), a programme similar to TMSA in that it aims to help reduce the costs of doing business in West Africa through better regional integration.

In our 2013 report on TMSA, we raised a concern with DFID regarding a £67 million Trust Account managed by the Development Bank of South Africa. We found that this account had been operational since February 2010 and that DFID had transferred all monies to it within the first ten months of operation. At the time of our report, these funds had neither been spent nor had they attracted additional finance from other investors, as was intended. A Management Assurance Review carried out by DFID itself concluded that the monies in this account were paid in advance of need and that this represented poor value for money.

During our follow-up work on TMSA, DFID informed us that, as part of the SWARIP programme, £1 million was paid to the ECOWAS (Economic Community of West African States) Secretariat in 2010-11. This was paid into a pooled donor fund in which DFID funds were mixed with those of other donors. It was therefore not dedicated as such to specific activities which DFID was alone in funding.

Annex

A DFID Internal Audit Department report into its funding to ECOWAS in 2012 found that support for the transfer of £1m in December 2010 in one transaction was unnecessary, especially as the 2010 audited statements showed a surplus of nearly $1.5m at the year end. The report also concluded that this funding may have been in advance of need. By this point DFID's funding to the multi-donor fund had been suspended, and has not been resumed since then. DFID have requested that ECOWAS provides details on disbursement of this money but as of May 2015, and despite DFID following up on this, ECOWAS has not provided any details of how this money has been spent.

DFID have informed us that, despite concerns that funding has been in advance of need, they do not have evidence that this has either been spent or has been spent on inappropriate items, and they are continuing to push ECOWAS for clarity on the use of this funding and have demanded the return of funds that have not been properly accounted for. In 2015, we will be following up on this to ensure that DFID have gained full clarity on the use of this funding and, if these funds have been disbursed inappropriately, are taking action to secure their return.

Annex

DFID's Bilateral Support to Growth and Livelihoods in Afghanistan (Report number 31)

Report Published March 2014; *Assessment: Amber/Red*

The ICAI review assessed DFID's support to bilateral growth and livelihoods projects in Afghanistan, which make up approximately 30% of DFID's £190 million annual aid flows to Afghanistan. DFID has pledged to maintain current levels of development assistance until at least 2017. Our overall assessment was amber-red, noting that, while individual projects did meet critical needs, the overall portfolio lacked strategic coherence, direct consultation with intended beneficiaries and appropriate results monitoring. DFID Afghanistan noted that the ICAI review continues to have a positive influence on DFID's thinking and planning. In a fragile and volatile context such as Afghanistan, however, directly implementing recommendations may not always be possible. As a result, all of the ICAI recommendations were partially accepted.

Since ICAI's report was published in March 2014, Afghanistan has undergone its first democratic transition of power. Subsequently, President Ghani authorised the US and International Security Assistance Force (ISAF) forces to remain in Afghanistan in a non-combat role beyond December 2014, the initially planned date for withdrawal of all troops from Afghanistan. The new Government continues to face significant challenges, such as fiscal instability, exacerbated partly by uncertainty around the presidential elections, in addition to its history of decades of conflict, instability and poor economic performance. At the time of research for the follow-up review, a full cabinet had not yet been formed, which made planning and engaging with the Government difficult. The security situation remains fragile, especially as Afghan forces now receive very limited international support and are faced with four different insurgent groups operating around the country, one of which is the Taliban.

Our report recommended that DFID should formally review its current and future projects to focus its portfolio more firmly on reducing poverty using evidence-based interventions. DFID has responded well to this recommendation. Since our review, all of DFID Afghanistan's new business cases specifically mention pro-poor growth, poverty reduction or support to the most vulnerable. DFID has also produced Afghanistan's Country Poverty Reduction Diagnostic (CPRD) strategic review, which attempts to consolidate and establish a clear pro-poor focus in its portfolio in Afghanistan. Three additional research documents were commissioned during the process of research for the review: on state legitimacy, labour and agriculture. These are in-depth analyses of the particular country context and the factors influencing each of these spheres in Afghanistan and will be used to inform future planning. The CPRD will play a role in consolidating DFID Afghanistan's bilateral portfolio for it to be more sharply focussed on economic growth and job creation, namely by supporting job creation in agriculture and focussing on specific activities to improve the status of women and girls. DFID acknowledged, however, that due to the time pressure of completing the strategic review in eight weeks, stakeholder consultations were limited to informal consultations with DFID's implementing partners and the local government; a more formal consultation process including roundtables or surveys was not carried out.

Our second recommendation was for DFID to ensure that intended beneficiaries are, as far as practicable, directly consulted when new projects are being designed, so that their needs are clearly addressed and their ownership is enhanced. Due to the security situation, however, it is particularly difficult for DFID to conduct beneficiary consultations itself. From March 2013 to September 2014 DFID was only able to visit three provinces outside of Kabul – Bamiyan, Herat and Balkh – while there are live programmes in all 34 provinces. DFID has been able to visit one additional province since then and is exploring options to visit several more provinces, including travelling with the UN and other international partners. The security situation will, however, continue to limit DFID's ability to travel. To address this challenge, DFID responded that it would develop a full list of Afghan research and development organisations with the expertise to undertake beneficiary consultation on behalf of DFID. DFID Afghanistan considers the action as 'completed' but we have not seen evidence of a comprehensive list of approved contractors that could be used for future programming. It is also unclear how widely the list is or has been used by DFID Afghanistan.

DFID Afghanistan further noted that, due to the Government of Afghanistan currently not being in a position to agree on a financial strategy regarding its engagement with international organisations, DFID's strategy regarding work with multilaterals has not been reviewed. DFID stressed that it has been working with multilateral partners to strengthen their approach to beneficiary consultation. The structures of the decision-making processes, however, do not always allow for much influence of one particular country. For example, DFID advises that it has raised the issue of improving independent and beneficiary monitoring in the multi-donor Afghanistan Reconstruction Trust Fund (ARTF) with the World Bank, who manage the fund. This was, however, in the form of a point raised during a workshop, the impact of which is yet to be seen. The weaknesses in beneficiary consultations among multilaterals was an issue we raised in our Multilaterals report.

DFID Afghanistan noted that during the last ten months it did not focus on designing new programmes but on reducing the portfolio size to launch a financial management exercise to support projects better in the future. In particular, DFID stressed the need to assess what the 'do nothing' option is - in other words, whether it would be best to support civil society in Afghanistan directly rather than have a portfolio and roll over some of the existing projects. An operational government in Afghanistan may take time to be established. ***As a possible way around this difficulty, DFID should collaborate with other stakeholders, including local government and civil society organisations, to ensure continuity of its programmes when working with the central government is challenging.***

Our initial review stated that DFID has not always been able to supply us with reliable, up-to-date targets and results, which impacts DFID's ability to learn what may be effective in such a challenging environment. Accordingly, our third recommendation suggested that DFID should enhance its approach and commitment to independent monitoring in order to assess current and future project performance and to allow it to assess the impact of its programme. DFID Afghanistan responded that it had explored the option of a single cross-portfolio monitoring programme in depth, including both independent verification and beneficiary monitoring for all programmes, and concluded that it would not represent value for money. The argument presented was that programmes where bilateral beneficiary and independent monitoring would be of most value already have these approaches built into the design. Furthermore, it is likely that bilateral projects in easy-to-reach areas (mainly in Kabul) would be over-monitored but projects in more challenging areas would not benefit. We consider, however, that DFID Afghanistan should do more to ensure that it has a more consistent and rigorous approach to independent monitoring in its programming.

DFID suggested that it had instead designed a 'monitoring strategy that commits DFID Afghanistan to: (i) undertake independent monitoring for a cross-section of the portfolio; (ii) expand beneficiary and non-beneficiary monitoring; (iii) build the capacity of DFID staff and implementing partners to monitor our programmes better, including in relation to conflict sensitivity and the risk of unintentional negative impacts; and (iv) triangulate information through knowledge sharing with donors and the Afghan Government'. DFID Afghanistan developed, in February 2015, an 'Approach to Evidence Analysis and Learning' which combines the monitoring and evaluation strategies and complements these with a systematic approach to context and conflict analysis, including conflict sensitivity training and a VFM checklist. We have already seen evidence of good remote monitoring by DFID in Somalia, as we noted in our report on the Scale-up of DFID's Support to Fragile States.

Annex

Rapid Review of DFID's Humanitarian Response to Typhoon Haiyan in the Philippines (Report number 32)

Report published March 2014; *Assessment: Green* G

Super Typhoon Haiyan, one of the largest typhoons ever to make landfall, struck the Philippines on 8 November 2013. Over 7,300 people died and more than 14 million were affected. 1.1 million homes were damaged or destroyed and livelihoods and businesses were wiped out. DFID provided £77 million of humanitarian assistance. We conducted a rapid review to provide timely feedback on the effectiveness of the UK's response. While not a comprehensive assessment, our rapid review drew out key messages and learning from observations and interactions with intended beneficiaries and humanitarian actors.

We gave a Green rating overall. We concluded that the UK's response was successful: DFID was well prepared to act swiftly and decisively; it mobilised quickly and efficiently; and met the urgent needs of affected communities. We also identified challenges in how DFID would support the ongoing recovery, especially given that it did not intend to establish a permanent presence in the Philippines. DFID responded positively to our report and accepted the recommendations. DFID credited the report with helping to improve the accountability of implementing partners in the Philippines and in subsequent responses and with supporting CHASE's priorities for developing stockpiles and logistical capacity. DFID also told us that it helped it to make a strong case for further UN reform.

We recommended that DFID and the Foreign and Commonwealth Office (FCO) should support the Government of Philippines' (GoP) reconstruction plan in strategic areas such as climate change resilience. DFID responded by working with the FCO to engage the GoP on its reconstruction plans. DFID has allocated £5 million to a trust fund managed by the Asian Development Bank (ADB), to support the GoP to 'build back better' set out in its Yolanda Comprehensive Recovery and Reconstruction Plan. The fund is directed by a government-managed steering committee. Contributions to the ADB fund, however, have been disappointing. The only other contribution to date is approximately $400,000 from Finland. UNDP had set up a separate fund prior to the ADB and the majority of donors that DFID was hoping would join the ADB fund opted for the other alternative. DFID continues to support the ADB fund, as it is more closely aligned with the GoP's priorities. DFID did indicate that its closer engagement with UNDP during the setup of its fund may have helped to align it with the Government's priorities in the first place. DFID is still considering options of what to do with the £5 million it has within the ADB fund. It is unlikely now to leverage significant additional funds but could still have a positive impact, as the need is great.

Since our report, DFID withdrew from the Philippines as planned and has worked closely with the FCO. The FCO represents DFID's interests on the ADB fund's steering committee. DFID and the FCO also worked collaboratively to respond to typhoon Hagupit in December 2014, albeit on a much smaller scale than the Haiyan response. In our interviews, DFID noted that, in the national recovery, the ambition to 'build back better' is proving challenging.[84]

We recommended that DFID should continue to strengthen its leadership within the global humanitarian response system and enhance its stockpiling and logistical capacity, which were particularly effective in the Haiyan response. DFID has reached its target of holding a stockpile sufficient to meet the needs of 75,000 people, up from 38,000. DFID updated its stockpile items, which are now more flexible and better address specific needs of women and girls. There have been major distributions in DFID's Ebola response and in Northern Iraq. Goods have also been supplied in Ukraine. New line items, including k-sets, solar lanterns and jerry cans, were completely used up in the Northern Iraq response. DFID has supplier agreements in place and could quickly and efficiently replenish supplies following these responses. DFID noted the case of Northern Iraq as an example of where it was able to mobilise the delivery of non-food items faster than the UN and other agencies, with strong value for money. DFID's logistics team co-ordinated the UK's response in getting hospitals set up throughout Ebola-affected countries, including regular movements of blood products for the Ministry of Defence (MOD), as well as the charter of passenger and cargo aircraft for MOD personnel.

---

[84] 'Build back better' is associated with the reconstruction efforts in the Philippines and is explained in the following report: *Reconstruction Assistance on Yolanda: Build Back Better*, National Economic and Development Authority, the Philippines, December 2013, http://www.gov.ph/downloads/2013/12dec/20131216-RAY.pdf.

Annex

In terms of global leadership, the impact of DFID's response is less evident. The Secretary of State gave a speech at the World Bank spring meetings in April 2014 which set out important messages, including learning from Haiyan; this will need to be followed up repeatedly and strategically by DFID.[85] There are some measures in place to help to achieve this, such as providing technical input into relevant UN summits and conferences. DFID stated that new core funding arrangements for humanitarian agencies will reflect these priorities.

We recommended that DFID use learning from the Haiyan response to develop a clear strategy for humanitarian engagement where it has no in-country presence. DFID set out to achieve this by December 2014 but this was delayed. At the time of preparing our update, DFID had begun to gather learning from the Haiyan and other responses. DFID stated that lessons would be incorporated from the Ebola response, which tested DFID's ability to get on the ground quickly in makeshift facilities. Learning from DFID's experiences in countries such as Haiti, Syria and Iraq would also be included. DFID subsequently provided a draft policy which shows how thinking is developing in this area. Further development of the draft is needed, in particular to integrate with wider UK Government resources available (such as from the Ministry of Defence and National Health Service). This remains important and should incorporate cross-Whitehall engagement. There may also be useful lessons from looking more generally at DFID's approach to working with multilateral organisations in countries where it does not have an office. This is something we recommend DFID focus on more in our report on Multilaterals.

Overall, DFID has aimed to learn from the findings of our and its own reviews and has made notable developments in its stockpiles and improvements in its monitoring of implementing partners. DFID's £5 million trust fund contribution is unlikely to have a significant magnifying impact but targeted technical support to help to 'build back better' may prove to be good value for money. ***We are concerned about how DFID will ensure value for money for its investment in the ADB fund and urge DFID to keep the ADB fund under close scrutiny, collaborating with the FCO, which currently represents DFID's interests on the ADB fund's steering committee.***

[85] Rt. Hon. Justine Greening MP: Speech on *A Humanitarian System for the 21st Century*, DFID, 11 April 2014, www.gov.uk/government/speeches/justine-greening-a-humanitarian-system-for-the-21st-century.

Annex

DFID's Contribution to the Reduction of Child Mortality in Kenya (Report number 33)

Report published March 2014; *Assessment: Green/Amber*

Our report reviewed progress on one of the Millennium Development Goals in a country where DFID is not providing budget support. As well as the DFID bilateral programme, we examined DFID's impact through its support of multilateral funds: Gavi, which supports health systems strengthening and immunisation efforts; and the Global Fund, particularly its work in support of reducing malaria. The report found that Kenya had made progress in reducing under-five mortality but not as much as other countries in the region. We gave an overall assessment of green-amber.

We found that DFID's contribution had been effective in reducing under-five mortality in Kenya, both through its wider influence in the international system and through its own bilateral work. It had implemented proven interventions, identified by global research and incorporating cross-country learning, particularly for malaria reduction. Sustaining the gains of child mortality reduction is, however, essential. This required continued DFID funding in the short term and a clear plan for further engagement with – and the transfer of responsibility to – the Government of Kenya in the medium term. The core of sustainability lies in strengthening basic health systems. This is an area of proven DFID expertise and we recommended that it should be an increasing focus of its work.

Our follow-up work was undertaken between December 2014 and February 2015. We found that the DFID Kenya country office has taken substantial action in response to the report but noted that there may be negative unintended consequences of the decision to exit malaria work. We are also concerned that there has been no response to our recommendation on developing a policy on equity at corporate level.

DFID has responded positively to ICAI's recommendation to develop a clear exit strategy for funding basic supplies in Kenya in favour of focussing on a long-term approach to strengthening the healthcare system in Kenya. An exit strategy for malaria has been produced by DFID Kenya, which highlights risks due to devolution and the lack of capacity of other parties to take up the funding which is being rapidly reduced by DFID over a short time period. We are concerned, however, about the manner of implementation of the strategy and the speed of DFID's exit from funding basic supplies, such as bed nets. A rapid exit, without having ensured the availability of alternative sources of funding for the provision of such basic supplies to vulnerable populations, may have significant consequences on maternal and child health in Kenya.

The ICAI recommendation concerning an exit from malaria commodities was conditional on a commensurate refocussing of resources on health system strengthening. We did not expect a one-sided decision and our fears about the consequences on health outcomes are, therefore, heightened. There is a limited extension of DFID's work on health systems strengthening in the new maternal and child health programme, which has been expanded from three to six counties in Kenya. This does not, however, represent a strategic move into health systems strengthening and donor co-ordination as proposed in our report. While DFID has been actively engaged in donor co-ordination in the field in Kenya, the Government of Kenya itself lacks a clear national strategy.

Our original report was also concerned about the impact of devolution on health outcomes, which has yet to be fully worked out. There remains a gap in the area of gathering data at county level in terms of health investments and outcomes. We welcome DFID's support for the new national health survey (KDHS), which will be published shortly. This will update data from 2008 and provide a baseline at county level for the first time.

DFID Kenya has shown strong progress in addressing the report's recommendations on intended beneficiary consultation, while recognising that DFID is currently not involved in extensive project design work in the health sector in Kenya. We are encouraged that the issues of abuse and poor quality of care that were highlighted to us by beneficiaries have been taken up with the Government of Kenya and are under active consideration.

Annex

DFID Kenya continues to prioritise poor and hard-to-reach counties in the new maternal and child health programme. There has been no corporate action in response to Recommendation 1: to specify DFID's overall equity policy more clearly.

DFID Kenya has made progress in mapping all the DFID projects which are active in Kenya and has held meetings to develop synergies between country programmes and centrally-funded initiatives at the sectoral level. While information sharing about central DFID programmes is improving and some progress has been made on the real integration and leverage of them in country portfolios, there is still more to do.

Recommendation 5, Child Mortality in Kenya: There are risks to health outcomes in Kenya as a result of the pace and manner of DFID's decision to exit from malaria work. DFID should balance this decision with an appropriate focus on ensuring that alternative funding sources are available to continue the provision of basic health supplies, such as bed nets, and that a commensurate investment in health systems strengthening is made.

Annex

How DFID Learns (Report number 34)

Report published April 2014; *Assessment: Amber/Red*

Our report has re-energised DFID to address organisational learning. We found that, while DFID's support for individual learning was the best of all UK government departments, organisational learning was inconsistent and needed to be strengthened. We noted that DFID has the potential to be excellent at organisational learning, if the best practices we have seen become common and systematic. We gave an overall assessment of amber-red.

ICAI's report was welcomed by DFID, not least by the Secretary of State. Feedback has been highly positive, particularly from within DFID, from online commentators and from the specialist media. The report is now actively referenced across the organisation, by development non-government organisations and by other UK government departments. The Ministry of Defence (MOD) has used it as evidence to support the implementation of its new Defence Organisational Learning Strategy.

The report led to clear action from DFID. The previous Learning Council (whose role had become unclear) has been all but abolished, replaced by a Task and Finish Group on Learning (TFGL). Its stated output (by July 2015) will be a DFID Organisational Learning Strategy and Results Framework to guide actions and track progress across DFID. The TFGL began its work in July 2014 and is supported by a senior Advisory Group (with members from outside DFID, under one of DFID's non-executive Directors). The TFGL is also tasked to follow up on the Cabinet Office's 'What Works' Review.[86] The Group's initial focus has been in four areas: organisational leadership and culture; learning throughout the programme cycle; knowledge, research and evaluation; and personal learning practices and capability.

It is particularly notable that DFID took seriously our challenge to focus on consistent and continuous organisational learning during the implementation phase of its activities. Its response includes seeking to create a living mechanism systematically to collate lessons learned from annual reviews, project completion reports and evaluations. If successful, this has the potential significantly to reduce the challenge of staff simply having too much information to take in. DFID is also undertaking a multi-country pilot to test external feedback tools. A learning champions network has been established to work together to embed a more co-ordinated approach to organisational learning; and professional development conferences for DFID advisors now all incorporate reflective sessions. The Permanent Secretary has agreed that DFID's Alumni Network will help to launch a scheme for alumni to act as mentors for DFID staff. DFID is also seeking to develop key performance indicators that help to define expected behaviours and practices on learning (likely to be based on a model currently being piloted in the MOD).

Our report identified a large variation across DFID as to whether (and how much) time was given to staff to learn. We proposed that allocating time to learning was an investment in better delivery and should be integral to it. DFID responded by saying that 'all offices will consider how best to ensure their staff spend enough time in the field in their own country'. Making time to learn is central to learning taking place. We remain concerned that senior staff, particularly departmental heads, should take this recommendation seriously.

We note that there has been a clear and positive attitudinal change in the organisation since our report, coupled with the roll-out of DFID's Better Programme Delivery process. Senior management have made clear statements that they recognise that there is a need to create an environment where staff feel free to be honest. They have also begun to redefine the culture away from a bias towards positive messages, with statements such as 'good news is bad news fast'. Staff feel more able to be open, in particular to discuss challenges and failure. Scepticism remains, however, as to whether this change is permanent. We will be interested to see what specific incentives will be put in place in the future

[86] *What Works Review of the Use of Evidence in the Department for International Development,* Corporate Report, DFID and UK Cabinet Office, August 2014,https://www.gov.uk/government/publications/what-works-review-of-the-use-of-evidence-in-the-department-for-international-development--2.

to reward managers for enabling their staff to be consistently honest and to raise issues that enable the work of DFID to be more effective.

Recommendation 4, Learning: DFID should ensure that its learning improvement initiatives and plans are consistently driven forward, with realistic timescales for change. In particular staff should spend more time engaged more directly with delivery partners and beneficiaries and specific incentives should be put in place to reward managers for encouraging and using staff feedback.

Annex

DFID’s Private Sector Development Work (Report number 35)

Report published May 2014; ***Assessment: Amber/Red***

In 2015-16, DFID expects to spend £1.8 billion on economic development. This includes a significant share of expenditure aimed at stimulating the private sector, including direct support to enterprises and working with governments to create a more conducive investment environment in developing countries.

Our 2014 review of DFID’s private sector development (PSD) work found DFID’s approach to be overly ambitious and lacking clear guidance for the development of coherent, realistic, well-balanced and joined-up country-level portfolios. Whilst individual programmes were having an impact, we did not see evidence that portfolios were leading to significant change at the country level. We had concerns over the flexibility of DFID to respond to changing market conditions; internal management structures; and the level of staff experience. We noted that more can be done by DFID to leverage and to build on its relationships with the private sector. Overall we gave DFID’s PSD work an amber-red rating.

DFID’s response to our report was not positive. DFID’s view is that the timing of our report, during a period of reorganisation around economic growth, renders it backward-looking and no longer relevant. Notwithstanding, we note that DFID was in the process of significantly restructuring its approach to economic development (which includes private sector development) and that many of the changes that it introduced in 2014 are in line with our recommendations.

We recommended that DFID should clearly define and articulate where it can add most value in PSD relative to other stakeholders and that it should be more realistic in its ambitions and the impact it seeks to achieve. We also recommended that DFID should provide clearer guidance to its staff on how to design a coherent and well-balanced PSD country portfolio that matches its goals for an end to extreme poverty through economic development and transformational change.

We noted in our follow-up work that in DFID’s reorganisation of its economic development work it had taken a number of steps to translate its high-level objectives into practical implementation. One of the most significant initiatives DFID has taken is the piloting and subsequent roll-out of a new inclusive growth diagnostic. This tool provides a good framework for identifying the opportunities for inclusive economic growth. The guidance provided with it sets out the limitations that developing different sectors can have in generating inclusive, systemic development. Whilst we were pleased to see an appreciation of the limits about what can be achieved, DFID will need to ensure that this is well understood amongst its growing number of private sector advisors.

The final section of the economic growth diagnostic required DFID country offices to identify the interventions which it could take based on growth opportunities and constraints identified in earlier sections, as well as its comparative advantage relative to other donors. In the subsequent roll-out, it was decided to split this final section into a separate stage to be undertaken once the diagnosis had been completed. We believe this is a sensible approach. The scrutiny to be applied to the diagnostic and the options for intervention will allow DFID to draw upon the experience of its network of advisors at the centre and in country offices. DFID still needs to refine its approach to building a coherent portfolio at the country level but we believe it is heading in the right direction. We expect the growth diagnostics to allow for greater co-ordination and guidance from the centre, without being overly prescriptive.

Our original review observed a limited appreciation by DFID of the risks associated with PSD. Specifically, the review questioned whether DFID had the relevant skills to manage the innovative financial instruments that are being rolled out. In our follow-up work, we did not see much progress with respect to this recommendation. In particular, we believe that DFID’s usual ways of working (through business cases, outsourced management and periodic reviews) and its low, albeit improving, level of private – and in particular financial – sector experience limit its responsiveness to changes in the business environment. Addressing these issues would allow DFID to take on greater levels of risk when working with the private sector, which may also allow it to have greater impact.

Annex

Our final recommendation was that DFID needs to work harder to understand the barriers and business imperatives faced by the private sector in participating in development. Wherever it operates, DFID needs to be clear how and where its interventions can address these barriers.

DFID has undertaken a number of initiatives at the centre in 2014 to work more closely with the private sector. It has developed a corporate relationship management system and convened an advisory panel with representation from the private sector, as well as a number of private sector roundtables focussing on specific sectors and issues. We welcome these efforts to improve understanding of business priorities. We note, however, that in-country relationships with the private sector still depend heavily on the individual relationships of advisors in post. These issues are covered in more depth in our report on Business in Development.

Overall, despite DFID's coolness towards our recommendations, we are pleased to see that significant changes are being implemented by DFID in its approach to private sector development. ***DFID appears to be heading in the right direction; it still needs, however, to refine its approach to building a coherent portfolio at the country level, including the particular challenges for the private sector in fragile states. We also consider that DFID could do more to (a) determine its global comparative advantage in delivering PSD projects; (b) move faster to adapt its processes to be more responsive when working with and when seeking to influence the private sector; and (c) ensure that the programmes developed reflect the realistic opportunity of countries to grow a private sector.***

Annex

DFID's Contribution to Improving Nutrition (Report number 36)

Report published July 2014; *Assessment: Green/Amber*

Undernutrition is a major challenge to human development and to the future economic prosperity of developing countries. It causes the deaths of more than 3 million children and more than 100,000 mothers each year. It accounts for 45% of all child deaths globally. Undernutrition makes children more susceptible to infections than healthy children and less able to recover from disease. It also blocks development by inhibiting cognitive growth in children, leading to lower educational attainment and reduced productivity.

Although most developing countries and donors have recognised nutrition as a development priority for decades, since 2009 they have ramped up their efforts. DFID published a 2010 position paper on scaling-up nutrition, in which it outlined the activities it would undertake to combat undernutrition.

DFID's goal is to reach 20 million children under five years of age and pregnant and breastfeeding women between 2011 and 2015. It aims to achieve this by:

- **investing in nutrition-specific interventions,** which directly address the immediate causes of undernutrition by, for example, supplementing mothers' and children's diets with key vitamins and minerals and promoting exclusive breastfeeding for the first six months;
- **investing in nutrition-sensitive interventions,** which indirectly address undernutrition, including food security projects, agricultural research, access to safe drinking water and sanitation facilities and stronger health systems;
- **generating evidence on what works** and does not work as a basis for action; and
- **encouraging a global effort** to tackle undernutrition by donors working in partnership with country governments.

DFID's programme concentrates on the first 1,000 critical days (from conception to the child's second birthday), because interventions over this period have been shown to have the greatest impact on reducing stunting and improving cognitive development. It focusses on stunting (chronic undernutrition) but also addresses wasting (acute undernutrition).

We gave DFID's work on nutrition a green-amber rating. We found that DFID has played a leading role in mobilising the global development community to combat undernutrition and in setting the global agenda. DFID also responded to the challenge of global undernutrition by significantly increasing its investments in nutrition. It has committed £3.3 billion to nutrition in 2013-20 and aims to contribute to a dramatic reduction in the high levels of global undernutrition. Although DFID's global work is strong, we found that implementation at the country level has been too slow and interventions should be better targeted to address the needs of the most vulnerable children. ***Also, while DFID generally learns well in this area, its monitoring systems could be improved.***

We recommended that DFID should make long-term commitments to maintain the pace and scale of its nutrition investments, through its country programmes. We noted that DFID advocates effectively at the global level, for example to include nutrition in the new Sustainable Development Goals. This is important but donors will need to make long-term commitments if global undernutrition is to be overcome effectively. In our view, DFID should plan and implement longer multi-phase projects of up to ten years to ensure that its projects do have an impact on stunting. It should also strengthen its capacity to plan and implement nutrition projects by appointing more nutrition advisors and training advisors from different disciplines.

We recommended that DFID should implement nutrition interventions which will have the greatest impact on stunting and cognitive development. Although DFID's work is generally based on sound evidence, its projects do not always focus on the mix of interventions for the greatest impact on stunting. In our view, DFID should develop guidelines for country offices on selecting the best package of interventions for the local context. It should also support staff in designing and implementing the right mix for these interventions. In Pakistan, for example, we were concerned that the nutrition programme was not drawing on the guidance and best practice available within DFID.

We were concerned that DFID's interventions do not always target the nutritional needs of the most vulnerable mothers and children. Although DFID generally focusses on communities with high levels of undernutrition, it does not always address the specific needs of the most vulnerable members of these communities. We consider that DFID should improve its project management systems to identify these groups better. It should also use its extensive experience of working with vulnerable groups to serve their needs effectively.

We recommended that DFID should ensure that systems are in place to measure the impacts of its programmes. Although DFID works effectively at a global level to strengthen national nutrition surveys, we found that it should do more to assess whether its programmes are working and reducing stunting rates. It should also ensure that its monitoring systems focus adequately on the short term results leading from outputs to long term impacts on undernutrition.

Finally, we recommended that DFID should actively explore ways to engage the private sector in reducing undernutrition. DFID recognises the potential contribution the private sector could make to combatting undernutrition. As yet, however, it has made only limited progress on this. We consider that DFID should explore ways to engage the private sector in a range of countries – with local businesses, private sector associations and other stakeholders. Engaging with the private sector involves opportunities and risks and DFID should be clear about what it wants to achieve by partnering with the private sector.

Overall, DFID's nutrition team has responded actively to our recommendations. The action plans it has put in place are addressing most of the key issues. Since our report was only published in mid-2014, it is too soon to assess fully the impact of DFID's actions. So far, however, the indications are good. If DFID's action plans are implemented fully, they should improve programme performance for undernourished mothers and children.

Since we published our report, DFID has set up an internal Nutrition for Growth Strategy group, chaired by one of the Africa directors. It will set the strategic direction for DFID's nutrition work, horizon scan and lead the refresh of DFID's position paper as recommended by ICAI. DFID has also run sessions on nutrition at a number of professional development conferences for other advisory groups, including health and livelihoods. We were pleased to see that DFID supported the publication of the first Global Nutrition Report, which focussed on evidence gaps. It has also continued to work globally with other donors in tracking stunting rates.

We note that DFID has yet to respond to our recommendation that it should develop guidelines for country offices on selecting the best package and mix of interventions that would have the greatest impact on stunting, in the local context. ***Unless this is done and mentoring is provided to country teams, it will not maximise impacts on stunting. DFID also needs to issue guidance to staff to ensure nutrition interventions specifically address the needs of the most vulnerable.*** In January 2015, DFID completed a draft Nutrition and Economic Development Action Plan. While the Action Plan is wide-ranging, it needs a stronger theory of change, with clearly identified priority actions for work with the private sector.

Annex

Annex A5: Follow-up Assessment Framework

1.	Objectives: Do DFID's proposed actions address the recommendations and are they well designed?
1.1.	Do these proposed actions coherently address all key component aspects of the recommendations?
1.2.	Are actions timely, realistic and holistic and do they fully reflect the country context(s) concerned?
2.	Delivery: Are actions being implemented effectively and are they resulting in better programme delivery?
2.1.	Are actions being delivered to the deadlines set out in the management response?
2.2.	Is there evidence of actions evolving due to changing circumstances or other factors in order to enhance the way in which recommendations are being addressed?
2.3.	Have actions improved the delivery of the programme?
3.	Impact: What difference have the actions made to the impact of the programme for intended beneficiaries, including women and girls?
3.1.	Are actions addressing the issues raised by the report and recommendations?
3.2.	Do intermediate outcomes delivered as a result of the actions provide a basis for a future trajectory leading to impact?
3.3.	Are actions leading to better outcomes for intended beneficiaries, including for women and girls?
4.	Learning: What has been learnt or shared and what could have been done better?
4.1.	What has been learnt as a result of implementing the actions and have these lessons been shared effectively across the department? Have there been improvements in policy and staff culture?
4.2.	Could there have been more effective actions to address the recommendations?
4.3.	Is there evidence that different recommendations could have addressed the issues raised by the report more effectively?

Annex

Annex A6: List of Abbreviations

3MDG	Three Millennium Development Goals
ADB	Asian Development Bank
APPF	Arab Partnership Participation Fund
AR	Annual Review
ARTF	Afghanistan Reconstruction Trust Fund
CARD-F	Comprehensive Agriculture and Rural Development Fund
CHASE	Conflict, Humanitarian and Security Department
CoEd	Commission on Enforced Disappearances
COMESA	Common Market for Eastern and Southern Africa
CP	Conflict Pool
CPRD	Country Poverty Reduction Diagnostic
CSO	Civil society organisation
CSSF	Conflict, Stability and Security Fund
DEEPEN	Developing Effective Private Education – Nigeria
DFID	Department for International Development
ECOWAS	Economic Community of West African States
EDF	European Development Fund
EDOREN	Education Data, Research and Evaluation in Nigeria programme
EMIS	Education Management Information System
EQUIP-T	Education Quality Improvement Programme in Tanzania
ESSPIN	Education Sector Support Programme in Nigeria
EU	European Union
FCO	Foreign and Commonwealth Office
FTTSS	Female Teacher Training Scholarship Scheme
GEP	Girls' Education Project
GEQIP	General Education Quality Improvement Programme
GH	Girl Hub
GoM	Government of Montserrat
GoP	Government of Philippines
GPEX	Gross Public Expenditure
IDC	International Development Committee
ICAI	Independent Commission for Aid Impact
IDP	Internally Displaced People
ISAF	International Security Assistance Force
JRES	Joint Review of the Education Sector
KDHS	New National Health Survey
MAR	Multilateral Aid Review
MENA	Middle East and North Africa
MOD	Ministry of Defence
MRGP	Mozambique Regional Gateway Programme
MTS	Medium term strategy
NF	Nike Foundation

Annex

NGO	Non-governmental organisation
NPTF	Nepal Peace Trust Fund
NSC	National Security Council
OCHA	Office for the Coordination of Humanitarian Affairs
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
OGIP	Disadvantaged Girls Incentive Programme for Secondary Education in Odisha
OT	Overseas Territories
PEF	Punjab Education Foundation
PIP	Project Improvement Plan
PSD	Private Sector Development
RMSA	Government of India National Secondary Education Programme
SCS	Senior Civil Servant
SPAD	Strengthening Provincial Administration and Delivery
SRO	Senior Responsible Owner
SWARIP	Support to West Africa Regional Integration Programme
TA	Technical Assistance
TESS I	Teacher Education through School-based Support in India
TEP	Transforming Education Programme
TFTA	Tripartite Free Trade Agreement
TFGL	Task and Finish Group on Learning
TMSA	TradeMark South Africa
TRC	Truth and Reconciliation Committee
UNDP	United National Development Programme
UNICEF	United Nations Children's Fund
UNOPS	United Nations Office for Project Services
UNRWA	United Nations Relief and Works Agency in the Near and Middle East
USAID	United States Agency for International Development
VFM	Value for Money
WASH	Water, Sanitation and Hygiene
WFP	World Food Programme

This report was prepared by ICAI with the assistance of KPMG LLP, Agulhas Applied Knowledge, Center for Effective Global Action (CEGA) and the Swedish Institute for Public Administration (SIPU International).

Any enquiries regarding this publication should be sent to us at enquiries@icai.independent.gov.uk.