

Annual Report 2022-2023

Report to Parliament's International Development Committee

May 2023

The Independent Commission for Aid Impact works to improve the quality of UK development assistance through robust, independent scrutiny. We provide assurance to the UK taxpayer by conducting independent reviews of the effectiveness and value for money of UK aid.

We operate independently of government, reporting to Parliament, and our mandate covers all UK official development assistance.



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Foreword

This is the last Annual Report from ICAI's third Commission, as ICAI was established on the basis that Commissions would have successive four-year terms – meaning that this one would end on 30 June. Changing the Board and re-tendering for the service provider carries risks of significant gaps in scrutiny. There was a ten-month gap before the second Commission could publish its first reports, and while there was a successful transition to the third Commission without a hiatus, unfortunately delays on the part of the Foreign, Commonwealth and Development Office (FCDO) side means that we are unlikely to repeat this feat in 2023.

At the time of writing, FCDO's Procurement and Commercial Department estimates that a new service provider for ICAI's research might be able to start in late autumn, some ten or more months behind where we were with the third Commission. There have also been delays with commissioner recruitment. In order to reduce the period without ICAI scrutiny, FCDO has extended this Commission by three months, so we will now finish at the end of September.

The extension is helpful because delays on ICAI's side, caused by staff shortages, resulting from FCDO HR systems and vetting requirements as well as delays with budget allocation at the beginning of the year, had led to a pile-up of reports in the last three months of this Commission, from April to June 2023. Now we can spread out the publications and take the time we need on our final synthesis report, bringing together the themes which have dominated this Commission and the lessons to be learned. We can also communicate more effectively the remaining reports, hopefully with the help of a head of engagement, a post which has been vacant for two years because of the problems noted above.

Despite having at times around half our staff complement, we have had a very productive year, publishing nine reviews and two information notes, as well as our annual follow-up report. These have covered themes of very high public interest, such as UK aid to Afghanistan, to India and the use of the aid budget for asylum seekers and refugees in the UK, as well as more general themes of importance such as transparency in UK aid. While the effective use of aid has been reflected in Green-Amber scores for full reviews such as the World Bank's IDA, education, the humanitarian response to COVID-19, peacebuilding and democracy, it must be noted that these are awarded primarily for the work in the years before 2020, and that the peacebuilding review was deliberately focused on positive case studies given the challenges. And even in the case of the democracy review there were shortcomings leading to an Amber-Red score for coherence. Meanwhile, our reviews of India, Afghanistan, refugees in the UK and transparency were strongly critical, although in the case of India we did note some effective programmes, including good use of FCDO's investment capital for catalytic work addressing climate change.

Since 2020, the UK's development efforts have been hit by successive crises beginning with COVID-19, the withdrawal from Afghanistan, the conflict in Ukraine and increases in the numbers of people coming to the UK seeking asylum. These shocks have been compounded by the challenges of implementing the government's decisions on machinery of government changes and the series of major budget reductions. We will assess how all of this has affected UK aid delivery in our synthesis review to be published in September, "UK aid in turbulent times".

Here we should note that the merger of FCO and DFID has created significant corporate challenges for ICAI, initially stimulating proposals that ICAI along with the International Development Committee should be abolished, and then leading to a review which attempted to compromise ICAI's independence. While happily ministers ended up endorsing ICAI's value as an independent scrutiny body, it has not been easy to deliver on our mandate. ICAI has been linked since 2020 to a much bigger department with many pressing priorities, and we have faced greater challenges in accessing information, carrying out our country visits, dealing with a continually changing cast of interlocutors, and having to use FCDO's IT, finance and HR systems which have been dysfunctional for most of the time. In the cases where we finally succeeded in recruiting staff, some gave up waiting for the contracts to be issued, and as for the finance, we have had to wait until June for clarity on our budget in the same Financial Year, and were unable to pay temporary staff or our contractors for several weeks.

The International Development Committee (IDC) has been a great help over the whole Commission in advocating on ICAI's behalf for FCDO to address these difficulties, pressing for information to be released, and for ICAI's budget to be preserved to fulfil the work plan agreed with them.

During the year, with the establishment of a Development and Humanitarian Directorate and the creation of the role of Development Minister, we have found engagement with FCDO more straightforward. With the arrival of Andrew Mitchell, who founded ICAI in 2011, as the new Development Minister, we have seen improvement in the reactions to our work and more appreciation of the value of independent scrutiny.

I am happy to say that despite all the obstacles, in this Commission we have fulfilled our plans to bring into our reviews the voices of people affected by UK aid and to give much more attention to scrutinising the majority of UK aid which flows through multilateral organisations. We have also examined aid delivery beyond FCDO. In particular, we have exposed in detail the failings and poor value for money for the taxpayer in the ways the costs of refugees in the UK have been allowed to escalate. In this review we followed up the IDC's inquiry on the issue and built on earlier work of the National Audit Office and Public Accounts Committee.

I would like to thank the IDC, in particular the chair and the chair of the ICAI sub-Committee, my fellow commissioners for their commitment and all the expertise and experience they have brought to our work, as well as the secretariat which has had to support us despite being so short-staffed, and of course all the organisations which have done the research for our reports.



Dr Tamsyn Barton Chief Commissioner

1. Reviews published during 2022-23

The Independent Commission for Aid Impact's (ICAI) programme of reviews is agreed each year with Parliament's International Development Committee (IDC). We choose our topics by consulting with a wide range of stakeholders and by using a number of selection criteria including: the amount of UK aid involved; relevance to the strategic priorities of UK aid and coverage of a wide range of Sustainable Development Goals; the level of risk; the potential evaluability of the subject and added value of an ICAI review. During the reporting period (April 2022 to March 2023), ICAI published ten reviews – seven scored reviews, two rapid reviews and the annual follow-up review – and two information notes.

Table 1: ICAI 2022-23 reviews and scores

Review title	Review type	Publication date	Score
The UK's changing approach to water, sanitation and hygiene (WASH)	Information note	April 2022	Not scored
Assessing UK aid's results in education	Results review	April 2022	GREEN/ AMBER
The UK's support to the World Bank's International Development Association (IDA)	Full review	May 2022	GREEN/ AMBER
ICAI follow-up review of 2020-21 reports	Follow-up	June 2022	The review found adequate progress on three reviews and inadequate progress on four reviews.
The UK's humanitarian response to COVID-19	Full review	July 2022	GREEN/ AMBER
The UK's work with the Global Fund	Information note	September 2022	Not scored
<u>Transparency in UK aid</u>	Rapid review	October 2022	Not scored
UK aid to Afghanistan	Country portfolio review	November 2022	AMBER/ RED
The UK's approaches to peacebuilding	Full review	December 2022	GREEN/ AMBER
The UK's approach to democracy and human rights	Full review	January 2023	GREEN/ AMBER
UK aid to India	Country portfolio review	March 2023	AMBER/ RED
UK aid funding for refugees in the UK	Rapid review	March 2023	Not scored

2. ICAI functions and structure

ICAI was established in May 2011 to scrutinise all UK official development assistance (ODA), irrespective of the spending department. ICAI is an advisory non-departmental public body sponsored by the Foreign, Commonwealth and Development Office (FCDO). It delivers its programme of work independently and reports to Parliament's International Development Committee (IDC).

Our remit, re-confirmed by FCDO in December 2020, is to provide independent evaluation and scrutiny of the impact and value for money of UK ODA. To do this, ICAI:

- carries out a small number of well-prioritised, well-evidenced and credible thematic reviews on strategic issues faced by the UK government's aid spending
- informs and supports Parliament in its role of holding the UK government to account
- ensures it makes its work available to the public.

ICAI is led by a board of independent public appointees (the commissioners) who are supported by a secretariat and external suppliers. These three teams – commissioners, secretariat and suppliers – work closely together to deliver reviews. **Figure 1** summarises the roles and responsibilities of the three parts of ICAI.

The ICAI team

Dr Tamsyn Barton, ICAI's chief commissioner, leads the board of commissioners. ICAI's other commissioners are Sir Hugh Bayley and Tarek Rouchdy. The commissioners' biographies are on the ICAI website.

Ekpe Attah leads ICAI's secretariat of ten full-time-equivalent civil servants (when at full complement). They are responsible for review management (working alongside the external suppliers), supplier contract management, financial control and corporate governance, and communications and engagement. ICAI's office is in Gwydyr House, Whitehall.

ICAI was supported in the research for its reports during 2022-23 by an external supplier consortium led by the specialist international development consultancy Agulhas Applied Knowledge. The consortium also included Ecorys, ODI and INTRAC. DAI, 3B Impact and Oxford Policy Management also provided services outside ICAI's main external supplier contract.

Figure 1: High-level roles and responsibilities



Commissioners set the strategic direction for ICAI. They decide the programme of reviews and provide strategic leadership for individual reviews.

The secretariat supports and advises the commissioners on corporate issues and on the delivery and publication of reviews. The secretariat works closely with the suppliers to provide quality assurance, maintain direction, oversee delivery and engage with external stakeholders.

External suppliers support ICAI with the research for the reviews. The suppliers appoint teams to conduct individual reviews, including methodology design, evidence gathering and drafting the final report, with oversight from the secretariat and the commissioners.

¹ Foreign, Commonwealth & Development Office's review of the Independent Commission for Aid Impact, Foreign, Commonwealth and Development Office and Independent Commission for Aid Impact, 16 December 2020, link.

3. Corporate governance

ICAI's commissioners, who lead the selection process for all reviews and lead the work on each review, were appointed after a recruitment process regulated by the Commissioner for Public Appointments. They hold quarterly board meetings, the minutes of which are published on ICAI's website.²

ICAI's primary governance objective is to act in accordance with the mandate agreed with the foreign secretary, set out in our Framework Agreement.³ ICAI's remit is to provide independent evaluation and scrutiny of the impact and value for money of all UK government ODA. This involves:

- carrying out a small number of well-prioritised, well-evidenced and credible, thematic reviews on strategic issues faced by the UK government's aid spending
- informing and supporting Parliament in its role of holding the UK government to account
- ensuring our work is made available to the public.

A copy of the Framework Agreement can be found here.

Risk management

The ICAI secretariat maintains a risk register which identifies and monitors ICAI's corporate risks. ICAI's risk register includes an assessment of gross and net risk, mitigating actions and assigned risk owners. It includes both risks relating to the operating environment and risks inherent to the production of ICAI reviews.

Annual audit

As set out in the Framework Agreement, ICAI is subject to an annual audit, undertaken by FCDO's Internal Audit and Investigations Department. This is to provide assurance to ICAI and FCDO on the effectiveness of our systems and processes in place to manage risk and deliver objectives.

The 2022-23 audit review, which had not concluded at the time of writing, is examining ICAI's performance management of its service provider. We expect the review to be completed by June 2023.

Conflict of interest

ICAI takes conflicts of interest, both actual and perceived, extremely seriously. Our independence is vital for us to achieve real impact.

We publish our conflict of interest and gifts and hospitality policies on our website and update the commissioners' conflict of interests register every six months. We review potential conflicts of interest for all supplier team members before beginning work on reviews.

We manage any potential conflicts of interest on a case-by-case basis. The specialist nature of our work, and the requirement for strong technical input, means that we need to weigh the risk of a possible or perceived conflict with the need to ensure that high-quality and knowledgeable teams conduct our reviews.

Whistleblowing

ICAI has limited capacity to investigate concerns raised by the public and this is not part of our mandate. Our whistleblowing policy is on our <u>website</u>.

In line with the policy, if we receive allegations of misconduct, we offer to put the complainant in contact with the relevant department's investigations team, if appropriate, or with the National Audit Office's investigation function.

² Commissioners - ICAI (independent.gov.uk), link.

³ The Framework Agreement is the document that sets out the principles and ways of working for ICAI's relationship with its sponsoring department.

Safeguarding

ICAI complies with FCDO safeguarding and reporting standards. Two reports have been made to FCDO in this reporting period about safeguarding concerns arising from evidence gathering for ICAI reviews. In one case, after investigation no further action was required. In the second case, FCDO is reviewing the robustness and implementation of control measures.

4. Financial summary

This chapter sets out:

- the overall financial position of ICAI
- expenditure for the financial year period April 2022 to March 2023
- the cost of each ICAI review published in the financial year April 2022 to March 2023.

Overall financial position

ICAI was allocated a budget of £15.08 million for the four-year period July 2019 to June 2023 (ICAI Phase 3). In the financial year April 2022 to March 2023, ICAI spent £3.595 million (£2.8 million on programmes and £0.795 million on administration and front-line delivery). This means that the total Phase 3 spend to the end of March 2022 was £12.885 million.

In June 2022, FCDO belatedly proposed an annual limit on the ICAI programme budget of £2.8 million in 2022-3. This was not the full programme allocation required to deliver the work plan previously agreed with the IDC. However, delays to the programme of work arising mainly from delays in FCDO recruiting to ICAI's vacant posts, alongside rescheduling of some review milestones, mean that spend has been contained to the reduced £2.8 million budget allocation.

Discharging ICAI's remit means managing a rolling programme of reviews which often span financial reporting years. Consequently, costs payable to suppliers in any one financial year cover both reviews published in that year and initiation costs for those due for publication the following year.

Expenditure from April 2022 to March 2023

Table 2 provides a breakdown of expenditure for the period 1 April 2022 to 31 March 2023.

Table 2: ICAI expenditure April 2022 to March 2023

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Area of spend	Actual expenditure April 2022 to March 2023
April 2022 to March 2023	£2,752,966
External engagement activities	£46,884
Total programme spending	£2,799,850
Secretariat pay cost	£467,910
Commissioners' pay and honoraria costs	£264,411
ICAI office rent costs	£47,808
ICAI travel costs	£11,728
Office costs including training and stationery	£2,971
Total ICAI costs	£794,828
Total spend	£3,594,678

ICAI spends most of its budget on supplier costs. In 2022-23, these supplier costs (programme spend) were £2.8 million. This included the cost of reviews and information notes, project management and communication activities.

As explained above, some of this cost is for initiating work on reviews for publication after March 2023 to maintain the pipeline of review production. **Table 3** sets out the supplier costs to date directly attributed to each review published between April 2022 and March 2023. These costs are paid over several financial years and not solely in the year of publication.

Table 3: Total supplier cost for each review published April 2022 to March 2023

Review	Supplier cost
The UK's changing approach to water, sanitation and hygiene (WASH)	£36,243
Assessing UK aid's results in education	£405,799
The UK's support to the World Bank's International Development Association (IDA)	£324,528
ICAI follow-up review of 2020-21 reports	£164,211
The UK's humanitarian response to COVID-19	£380,153
The UK's work with the Global Fund	£39,236
<u>Transparency in UK aid</u>	£129,635
<u>UK aid to Afghanistan</u>	£295,828
The UK's approaches to peacebuilding	£386,833
The UK's approach to democracy and human rights	£385,907
UK aid to India	£386,487
UK aid funding for refugees in the UK	£178,236

The variation in the costs of ICAI reviews is driven by the breadth of the topic under review and the methodological approach required to provide robust and credible scrutiny of the topic (including whether and how many country case studies and visits may be required and the extent of citizen engagement research to discover the views of people affected by UK aid). For example, although our report on *UK aid to Afghanistan* was a full country portfolio review, ICAI was unable to travel to Afghanistan or arrange a virtual visit to gather evidence for this review because of concerns about the security situation in Afghanistan. This meant review costs in this instance were lower than for other full reviews where in-country evidence gathering was possible. The education review, on the other hand, cost more than usual because it involved a much bigger programme sample than usual, as an in-depth review of a major sector with a wide range of programmes.

We will continue to manage ICAI's administration and programme budgets carefully to ensure that all expenditure contributes directly to meeting ICAI's objectives.

5. ICAI's performance

This chapter sets out performance during the year against ICAI's key performance indicators for 2022-23.

Table 4: Performance summary 2022-23

Key performance indicator	Outcome
Proportion of ICAI recommendations accepted or partially accepted by the government	100% of recommendations were accepted or partially accepted by the government of which 72% were accepted and 28% partially accepted
Proportion of ICAI recommendations actioned by the government	Progress on 48% of recommendations rated as adequate based on the 2022 follow-up review
Change in government practice due to ICAI reviews	Verified through the follow-up review process (and set out in more detail in the annual follow-up review)
International Development Committee (IDC) satisfaction with ICAI	Parliamentary stakeholders, including IDC, regard ICAI as key to supporting Parliament's scrutiny role
ICAI communications and engagement activity	ICAI continues to promote its reviews effectively to stakeholders and the public, reaching different audiences through different channels
Media and social media coverage	ICAI continues to achieve accurate media coverage and its social media channels continue to grow
Budgetary control	ICAI operated within budget

Government responses to ICAI reviews

The government has six weeks to publish a response to an ICAI review. There was a significant delay in responding to the Covid Humanitarian review, but we have been assured that this was a result of particular circumstances relating to changes of ministers and will not happen again. By the end of March 2023, we had received responses from the government for 9 of our reviews published in 2022-23.⁴ The government does not formally respond to information notes. In government responses received by ICAI in 2022-23, the government accepted 28 of ICAI's recommendations and partially accepted 11. Zero recommendations were not accepted by government.

Proportion of ICAI recommendations actioned by government

ICAI conducts a follow-up review each year which assesses whether adequate progress has been made on recommendations accepted by government. Based on the follow-up review published in July 2022, ICAI's assessment is that 48% of recommendations had been adequately progressed and 52% had not. ICAI will publish its next follow-up review in July 2023.

Working with the International Development Committee

ICAI's work with the International Development Committee (IDC) plays a vital role in delivering real improvements to how UK aid is spent, through hearings in relation to our reviews or contributions to IDC inquiry evidence sessions.

Commissioners took part in four evidence sessions with the Committee during the reporting period, through a combination of remote and in-person hearings.

In April 2022, Sir Hugh Bayley gave evidence to the ICAI sub-Committee on our review *The UK aid response to COVID-19*. The evidence session was chaired by Theo Clarke MP, who also took evidence from witnesses from FCDO. Tarek Rouchdy gave evidence to the ICAI sub-Committee in May 2022 on our review Tackling fraud in UK aid through multilateral organisations. This hybrid evidence session was also chaired by Theo Clarke MP and included representatives from FCDO.

In June 2022, Sir Hugh Bayley gave evidence to the IDC's main Committee, chaired by Sarah Champion MP, on our review *The UK's approach to safeguarding in the humanitarian sector*. FCDO Minister Vicky Ford gave evidence on behalf of FCDO, with two FCDO senior officials. Sir Hugh also gave evidence to the main Committee in February 2023 on our country portfolio review *UK aid to Afghanistan*, which contributed to the IDC's inquiry on the situation for women and girls in Afghanistan. Lord Ahmad represented FCDO at this hearing with an FCDO senior official.

ICAI continues to work with Parliament to consider how it can continue to support the latter's scrutiny of government aid spending. Over the past year we have provided private briefings for the IDC on the findings of ICAI reviews. We also continue to work with other Parliamentary Committees and All-Party Parliamentary Groups, to brief them on the findings of relevant ICAI reviews.

External engagement

ICAI's remit includes ensuring our work is accessible to the public and although its engagement team remains short-staffed, ICAI has continued to prioritise strategic engagement with its key audiences – the government, Parliament, the aid sector, and the public – to promote interest in and the impact of its reviews. Positive and proactive engagement has continued for each ICAI review, with aid sector stakeholders regularly consulted at all stages in the review cycle, through evidence-gathering roundtables and workshops, briefings, and events.

Events

ICAI endeavours to run a full programme of events to maximise the impact of its work and increase understanding and learning around its findings. We participated in or arranged 16 events over the last year.

ICAI worked successfully with partners to organise external events, covering four review topics. In June 2022, Tamsyn Barton presented the findings of *The UK's support to the World Bank's International Development Association (IDA)* to members of the Aid Effectiveness working group at Bond (the UK's network for organisations working in international development).

In July 2022, Tarek Rouchdy presented the findings of *Tackling fraud in UK aid through multilateral* organisations to members of British Expertise International, which represents private sector organisations working in the development sector. Tarek also participated in an event in August 2022 with Bond's Transparency working group, that focused on *Transparency in UK aid*. In January 2022, Sir Hugh Bayley presented the findings of *UK aid to Afghanistan* to delegates at the International Committee of the Red Cross.

We also arranged a variety of evidence-gathering focus groups and pre-publication briefings and took advantage of external speaking opportunities. Sir Hugh Bayley briefed staff and students at Edinburgh University about ICAI and our recent review publications. He also chaired a roundtable for Parliamentarians on global health, hosted by the Foreign Policy Centre. Tamsyn Barton presented the findings of ICAI's IDA report at a climate finance event, hosted by the Parliamentary Network on the World Bank and International Monetary Fund, in October 2022.

During the year we arranged nine pre-publication briefings with stakeholders, for reviews such as *The UK's* changing approach to water, sanitation and hygiene, *The UK's humanitarian response to COVID-19* and *The UK's approaches to peacebuilding*. The briefings reached over 60 people working in relevant areas of the development sector.

We are grateful to all our panellists and partner organisations for helping to make these events a success.

Media and digital

ICAI's reviews generated media coverage throughout the year, and the media continues to play an important role in supporting scrutiny, impact and accountability.

In October 2022, our rapid review of *Transparency in UK aid* generated six media articles, including in The Independent, Civil Service World and Politics.co.uk, reaching over 1.5 million people.

In November 2022, *UK aid to Afghanistan* was covered by ten national, international and trade outlets, reaching over 4 million people. Our country portfolio review of *UK aid to India*, published in March 2023, reached over 5 million people through nine pieces of coverage, including in The Daily Telegraph, The Sun and The Daily Mail, as well as The Times of India and MSN India. Tamsyn Barton was also interviewed about the India review on Times Radio, reaching a new audience for ICAI.

Most recently, *UK* aid spend on refugees in the *UK* achieved extensive trade, national and international coverage. More than 20 articles were published on publication day alone, including by Sky News, The Daily Telegraph, The Independent and Arab News, as well as Die Welt and Die Zeit, two of the largest and most respected broadsheets in Germany. The lead commissioner for the review, Tamsyn Barton, was interviewed on LBC Radio and GB News, and the report was mentioned on other prominent shows such as BBC Radio 4's Today programme. This resulted in the key findings from the review reaching tens of millions of people in new audiences.

Our information note The UK's work with the Global Fund, The UK's approach to democracy and human rights, ICAI's follow-up review of 2020-21 reports and The UK's support to the World Bank's International Development Association (IDA) also generated media coverage which helped to promote both ICAI and our review findings to a broad audience.

ICAI's social media channels continue to grow, with over 6,900 followers on Twitter and impressions averaging at over 6,000 each month. We now have over 1,100 followers on LinkedIn, an increase of over 40%, and consistently see high engagement rates with all our posts.

Over 88,000 people visited our website in the last year. Our most viewed web pages were for our information note *The UK's aid engagement with China* (10,000+) and our country portfolio review of *UK aid to India* (7000+).

ICAI's work plan April to September 2023

In October 2023, a new board will take over for Phase 4 of ICAI. Between April and September ICAI has a full work programme, published on our <u>website</u>, which includes publication of reviews on FCDO's Programme Operating Framework, trade, and agriculture, the annual follow-up review, an information note on the Blue Planet Fund, an update to our Afghanistan review, an update on aid to China and a synthesis review looking back over the four years of Phase 3.



This document can be downloaded from www.icai.independent.gov.uk.

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