

ICAI follow-up of: The effects of DFID's cash transfer programmes on poverty and vulnerability

A summary of ICAI's full follow-up review

June 2018

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Executive summary

ICAI's follow-up review is an important element in the scrutiny process for UK aid. It provides the International Development Committee and the public with an account of how well the government has responded to ICAI's recommendations to improve spending. It is also an opportunity for ICAI to identify issues and challenges facing the UK aid programme now and in the future, which in turn helps to inform subsequent reviews.

This document is a summary which focuses only on the results of our follow up of The effects of DFID's cash transfer programmes on poverty and vulnerability. The full follow-up report of all our 2016-17 reviews, including overall conclusions from the process and details of our methodology, can be found on our website.

Findings

The effects of DFID's cash transfer programmes on poverty and vulnerability

Our January 2017 impact review of DFID's support for cash transfers to help alleviate poverty and vulnerability among the poorest households gave its efforts a green-amber score overall. It found that DFID had made a significant contribution to promoting the use of cash transfers in national social protection systems in partner countries, but suggested that, despite some promising examples, more could be done to help partner countries improve the targeting and efficiency of their own cash transfer systems and ensure future financial sustainability. We made four recommendations, outlined in Table 1. The response from DFID has been mixed, with no new commitments to fund developmental cash transfers directly since the review.

Table 1: Summary of the government's response to ICAI recommendations

ICAI recommendation	Govt's initial response	Our assessment of progress since then	
		By recommendation	Overall
The effects of DFID's cash transfer programmes on poverty and vulnerability, January 2017			
Consider scaling up cash transfer programmes when appropriate.	Partially accept	Direct funding for developmental cash transfer programmes has not increased since the review. We discern a move away from direct funding towards technical assistance.	Positive action on two out of four recommendations
Be clearer on impact goals and reflect these goals in programme design and monitoring.	Accept	DFID has revisited the monitoring arrangements for its programmes. It has not, however, revisited the alignment between programme aims and programme design.	
Follow through on commitments to empower women through cash transfers.	Accept	A five-year £19 million gender and social protection programme has been approved, and there is stronger guidance on assessing and monitoring safeguarding risks.	
Take a more strategic approach to technical assistance on national cash transfer systems.	Accept	The publication of new guidance on technical assistance has been delayed by three months and is now scheduled for July 2018.	

Scaling up cash transfer programmes when appropriate

Noting that the national cash transfer programmes that DFID supports were well short of national coverage of the poorest and most vulnerable households, the review suggested that "DFID should consider options for scaling up contributions to cash transfer programmes where there is evidence of national government commitment to improving value for money, expanding coverage and ensuring future financial sustainability". DFID partially accepted this recommendation. However, there has been a perceived move away from the direct funding of cash transfer programmes since the ICAI review was published: there has only been one case of new or increased funding for a government cash transfer scheme since that time (a cost extension for a programme in Kenya).

Be clearer on impact goals, and reflect these goals in programme design and monitoring

Unconditional cash transfers can have a wide range of impacts depending on how households choose to spend them. Our recommendation to be clearer on impact goals and how to achieve them was in response to our finding that there was often a weak alignment between stated objectives (relating to, for example, health, nutrition, education and women's empowerment), design (whether eligibility criteria and complementary interventions to cash transfers would promote and optimise achievement against stated objectives) and the actual results of the cash transfer programmes we reviewed. This resulted in under-reporting of some impacts, and underachievement in other areas. In response, DFID has revisited the monitoring arrangements for its programmes to ensure alignment of objectives with stated results frameworks, but has not attempted a more systematic review of programme designs against stated objectives.

Follow through on commitments to empower women and mitigate risks of harm

Recommendation 3 reflected the concern that, although the cash transfer programmes we reviewed had a strong commitment to empowering women, relatively weak monitoring meant that the results were not always known. In addition, the risks of negative unintended consequences, such as the threat of domestic abuse against vulnerable women beneficiaries, were not identified and mitigated.

DFID has taken this recommendation, and the risks it identified, seriously. Following the publication of the review, and after broad consultations, DFID has approved a five-year, £19 million Gender and Social Protection programme. The programme will aim to generate "robust, operational evidence on what works to deliver gender transformative outcomes from social protection investments" and improve "the effectiveness and efficiency of the programmes and policies of DFID, partner governments and other international organisations working on social protection in stable and fragile contexts".

In addition, DFID conducted a light touch review of its risk management practices in June 2017. It found that its approach to mitigating the risk of violence against women was weaker than its risk management approaches for fiduciary and delivery risks. DFID is currently updating its risk management guidance for cash transfer programmes to ensure that this risk receives more attention. The department's violence against women and girls helpdesk also offers a new service to help programmes address this risk.

Take a more strategic approach to technical assistance on national cash transfer systems

DFID agreed with the ICAI recommendation to take a more strategic approach to technical assistance for partner governments, and noted that "greater consideration can be given to prioritisation and sequencing of technical assistance". After the publication of the ICAI review, DFID has begun a review of the purposes, types and approaches of technical assistance, good practices, challenges, and monitoring and evaluation methods, and is developing guidance based on the review findings. After some delay, the guide is now scheduled for publication in July 2018. Although we have not yet had an opportunity to review the contents of the guide, this represents a promising response to our recommendation.

Conclusion

Since the publication of the ICAI review, DFID has not scaled up its direct funding for its cash transfer programmes. Instead, DFID has maintained its direction of travel towards a greater focus on technical assistance and national system-building. However, we have seen useful and appropriate actions to improve women's empowerment and to develop a technical assistance guide for working with partner governments. We agree with DFID that the scaling up of cash transfer schemes should only be considered in the appropriate context, and when working with engaged and committed partner governments.



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