



**Independent
Commission
for Aid Impact**

ICAI Follow up - The Effectiveness of DFID's Engagement with the World Bank

1. In our report, we found that DFID provided effective oversight of the World Bank as a shareholder and as a donor. DFID and the UK Delegation to the World Bank engaged effectively with the Bank's management to influence priorities, monitor delivery, improve effectiveness and learn from their experience.
2. The report highlighted two concerns: DFID had no central oversight of its portfolio of World Bank trust funds; and further progress needed to be made in supporting the Bank to improve the performance and value for money of International Development Association (IDA) projects, both through the IDA Results Management System and by improving the cost-effectiveness of service delivery in fragile and conflict-affected states.
3. The findings of our review were consistent with DFID's broader policy shift in this area. DFID staff have reported that our review helped to raise the profile of World Bank issues, thereby increasing the focus of senior management and the pace of reform.
4. On trust funds, DFID has designed a coherent policy response that balances the need for central oversight of trust funds with DFID's devolved management structure. This includes a corporate strategy which was the product of extensive internal consultation, the creation of a post in the International Financial Institutions Directorate specifically to support officials dealing with trust funds around the world and increased communication regarding the new policy within DFID. There is early evidence that this new approach has begun to change staff attitudes to managing trust funds, with the central team supporting in-country advisors in closing two trust funds that were not performing according to expectation.
5. In relation to our concern over the performance and value for money of IDA projects reflected in recommendations 2 and 3, DFID's management actions were appropriate but could have been more specific and ambitious. In fact, DFID's response as set out in its work plan represents a broader response to our recommendations, including specific and measurable results. There are some early signs of progress, with DFID having a key role in setting up and facilitating the IDA Working Group on Results and successfully using its influence to ensure IDA 17 negotiations on results start early to allow substantive discussion on the structure of the results framework. The timescales for our recommendations (including action to work with the World Bank throughout IDA16 and IDA17, which will end in 2018) are longer than those for DFID's management actions (which are all due to be completed by March 2013). As noted above, however, DFID's work plan represents a broader response to the recommendations, going beyond the completion of the stated management actions.

6. In general DFID has responded well to our recommendations. We await the outcome of the IDA17 negotiations with interest and look forward to reviewing World Bank trust funds as part of our Year 4 programme of work.