



## **DFID's Trade Development Work in Southern Africa: Follow-up Review**

### **Terms of Reference**

#### **1. Introduction**

1.1 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. Our reports are written to be accessible to a general readership and we use a simple 'traffic light' system to report our judgement on each programme or topic we review.

1.2 We have reviewed the Department for International Development's (DFID's) trade development work in Southern Africa. This involved a visit to South Africa, Mozambique, Botswana, Zambia and Malawi in March 2013. These Terms of Reference outline the purpose and nature of the follow-up to this review and identify its main purpose. The methodology will be developed during an inception phase.

#### **2. Background**

2.1 Following ICAI's review of DFID's trade development work in Southern Africa, we discovered a number of issues that we considered needed to be addressed immediately. Pursuant to our agreement to do so where we consider it necessary, we alerted DFID to these issues prior to writing the full report and DFID then launched a Management Assurance Review, by its Internal Audit Department, of one of the projects under review, Trade Mark Southern Africa (TMSA).

2.2 The principal issues raised regarding the delivery of TMSA were:

- recruitment of TMSA senior staff comprising the previous project staff and former DFID staff involved in its design;
- transfer of TMSA project management from DBSA (Development Bank of South Africa) to COMESA (Common Market for Eastern and Southern Africa) after only 7 months, the reasons and overlap between the end of DBSA tenure and the start of COMESA;
- spending and effectiveness of expenditure under DBSA;
- discrepancies identified between the total budget and the sum of monies allocated to COMESA, DBSA and reserved for evaluation of TMSA;
- TMSA's legal status and contractual responsibilities with COMESA and DFID;

- level of spending and transparency, especially regarding salaries, phone bills, taxation of employees, meeting costs and the fixed rate per diem paid to beneficiaries and TMSA staff; and
- compliance with procurement rules and level of competition including thresholds, decision making and the use of framework arrangements by TMSA.

2.3 In parallel to this investigation by DFID's Internal Audit Department, DFID Southern Africa and TMSA have undertaken some further analysis that provides additional evidence in respect of the impact of TMSA. This includes DFID's Mid-term Evaluation of TMSA and economic modelling of the Tripartite area (CGE model).

### **3. Purpose of this review**

3.1 To assess the responses made by DFID and any changes instigated by DFID and TMSA in light of the Management Assurance Review of TMSA undertaken as a direct result of the issues raised by the ICAI team as well as pursuing further issues raised with DFIDSA directly in relation to the impact of programming on the poor.

### **4. Relationship to other evaluations and studies**

4.1 The following additional documents are now or shortly will be available from DFID, which were not available at the time of ICAI's review visit in March 2013:

- Management Assurance Review of Trade Mark Southern Africa;
- Mid-term Evaluation of TMSA (interim and final reports). DFID is currently undertaking its own mid-term evaluation of TMSA which is due to be completed in October 2013; and
- Final Report of the CGE modelling on the impact of the Tripartite FTA.

4.2 This follow-up review will examine the relevant findings of these studies and see whether there have been significant impacts as a result that should be reflected in our review.

### **5. Analytical approach**

5.1 This follow-up review will examine changes and additional evidence that have resulted from issues raised by the ICAI team after the fieldwork, the Management Assurance Review by DFID's Internal Audit Department and the mid-term evaluation of TMSA.

### **6. Indicative questions**

6.1 This additional follow-up work will address the following questions. A full, finalised list of questions that we will consider in this review will be set out in the inception report.

## **6.2 Delivery**

- 6.2.1 What are the reasons provided by both DFID and DBSA regarding the transfer of project management from DBSA to COMESA?
- 6.2.2 Was the recruitment process of TMSA staff appropriate and/or adequate?
- 6.2.3 Do the public procurement processes and reporting ensure good competition and transparency?
- 6.2.4 Have changes now been put in place to ensure better financial and management scrutiny of TMSA?

## **6.3 Impact**

- 6.3.1 What have been the specific impacts of the outputs and projects detailed in the TMSA programme logframe and what are their contributions to the higher level objectives?
- 6.3.2 To what extent does the CGE<sup>1</sup> modelling consider the transmission mechanisms that could link increased regional trade to poverty reduction, as well as winners and losers?
- 6.3.3 Does the mid-term evaluation of TMSA provide different and convincing conclusions regarding effectiveness of delivery and likely impact of the programme?

## **7 Outline methodology**

- 7.1 The review will involve a number of elements, including:
- review of additional reports and evidence provided by DFID since the ICAI fieldwork;
  - a review of reports and activities undertaken since the ICAI review in March 2013;
  - meetings with DFID, TMSA, DBSA and other stakeholders in South Africa; and
  - interviews with DFID UK.

## **8 Timing and deliverables**

- 8.1 The additional analysis will be undertaken during September 2013. In the light of this follow-up review work, changes to the report will be made as necessary which will include an annex on the progress and activities since the review visit and the implications and impact of these on the initial findings. We plan to publish the final report by the end of 2013.

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<sup>1</sup> CGE or Computable General Equilibrium is an economic modelling framework that uses actual economic data to estimate how an economy might react to changes in policy, technology or other external factors.