



Independent
Commission
for Aid Impact

ICAI YEAR 4 WORK PLAN AND RESPONSE TO THE CONSULTATION PROCESS

This note sets out the reviews of UK Official Development Assistance (ODA) which, following consultation with a wide range of stakeholders, we will undertake in our Year 4 work plan. Many of these relate to spending by the Department for International Development (DFID) but we also plan to look at the work of other government departments.

As set out in our Annual Report 2012-13, we will undertake more thematic, cross-cutting reviews in order to help to create a more complete picture of the UK's aid programme. This progression will enable us to synthesise and build upon our increasing body of evidence from our work to date and reflects the desire of the International Development Committee (IDC) and other stakeholders. In selecting reviews, we continue to be guided by our report selection criteria of coverage, materiality, interest and risk (set out in detail in **Figure 1**, below).

Between July and September 2013, we held an open consultation exercise on topics to include in our Year 4 work programme. We received suggestions from the IDC, the Secretary of State for International Development, the DFID Management Board and a range of other stakeholders, including non-governmental organisations (NGOs), think tanks and development consultants. We have considered these consultation responses carefully and have taken them into account when drawing up our Year 4 programme of reviews.

Our Year 4 programme will be assessed against our updated assessment framework, which has been subject to a review based on our experiences to date and modified to reflect our learning. The updated assessment framework is available [here](#).

Figure 1: ICAI report selection criteria

<p>Coverage</p>	<p>Does the proposal contribute to balanced ICAI coverage of the different ways in which UK aid is spent? This includes, for example:</p> <ul style="list-style-type: none"> • different categories of aid spending (including DFID bilateral and multilateral spending and other government department aid); • aid delivery through different types of organisations (including NGOs and UN agencies); and • aid spent in different sectors (such as health, education and research).
<p>Materiality</p>	<p>Does the proposal cover an area of UK aid which has a large or significantly increasing budget? This could include budgets that are large as a proportion of overall UK aid spending or as a proportion of a particular allocation e.g. to a country or region.</p>
<p>Interest</p>	<p>Is this an area of particular interest to our stakeholders? Our stakeholders include the IDC, intended beneficiaries of UK aid and developing country partners, the UK Government and the UK public.¹</p>
<p>Risk</p>	<p>Are there any particular risks involved in delivering this area of UK aid? This includes risks that derive from high corruption levels, difficult operating environments and long delivery chains, as well as opportunities deriving from innovative programming.</p>

We will conduct nine ICAI reviews, including a stakeholder engagement piece on DFID’s private sector development work. We outline these in **Figure 2** below.

¹ We have carried out two public consultations – one in 2010 and another last summer – to give interested parties an opportunity to tell us about their main interests in and concerns with the UK aid programme. We also have ongoing discussions with key stakeholders. Our understanding of the priorities of intended beneficiaries is evolving as we carry out our programme of reviews.

Figure 2: ICAI's Year 4 work plan

	Report	Rationale
1	Nutrition	<ul style="list-style-type: none"> • Addresses coverage, materiality and interest. • Nutrition has in recent years become a distinct priority for DFID. It launched its first nutrition strategy in 2010, which identified six high priority countries in which to launch nutrition programmes. This was followed in 2011 by the setting of a target for its nutrition programmes to reach 20 million pregnant women and children under the age of five by 2015. With this review, we will examine how effectively DFID is scaling up its nutrition programmes to meet these new targets. • This is a good opportunity to examine DFID's funding of multilaterals, as a large proportion of DFID's support for nutrition is delivered through multilateral partners.
2	A follow-up to our 2011 review of DFID's approach to anti-corruption ²	<ul style="list-style-type: none"> • Addresses risk and interest. • A major area of interest to the general public. • This review will build upon our previous examination of DFID's response to the challenge of providing aid in countries with a high risk of corruption. • This study will include a specific focus on intended beneficiaries, examining how DFID's programmes work in a sample of countries where corruption is known to be endemic.
3	International Climate Fund (ICF)	<ul style="list-style-type: none"> • Addresses materiality and coverage. • This study was originally scheduled for Year 3 but was moved to Year 4 to allow other reviews of ICF to occur. This review will aim to build upon those reviews, as well as the IDC's planned work in this area. • The ICF will receive almost £3 billion of cross-government funding between April 2011 and March 2015, with the aims of helping the world's poorest to adapt to climate change and promoting greener growth. • This is a good opportunity to examine UK Government funding of multilaterals, as the majority of ICF finance is channelled through multilateral climate funds and institutions.

² *The Department for International Development's Approach to Anti-Corruption*, ICAI, 2011, <http://icai.independent.gov.uk/reports/dfids-approach-anti-corruption/>

4	Impact	<ul style="list-style-type: none"> • Addresses coverage and interest. • It has always been our intention to look at the broad issue of impact once we had built up a strong body of evidence. • Central to this review is the question: what value does DFID’s aid programme bring and how does it create that value, in terms of the impacts it has on its intended beneficiaries. • The review will consider the end-to-end tools that DFID uses to support impact in programme delivery (including the theory of change, the logframe and monitoring and evaluation processes). • Our overall approach is to consider DFID’s clarity of vision about impact; how well it uses the best practices, tools and techniques at its disposal to address that vision; how this maximises impact for intended beneficiaries; and how it learns from past experience to refine both the vision and the tools.
5	The scale-up of aid spending	<ul style="list-style-type: none"> • Addresses materiality, risk and interest. • In order to meet the 0.7% ODA target in 2013, DFID’s resource spending has increased significantly in real terms since 2010. DFID is focussing this increased spending on a reduced number of countries, many of which are fragile states. • Over the same period, DFID is also reducing its administration budget by a third, resulting in significantly fewer central staff. • This study will examine areas of DFID activity and country offices which have received especially significant increases in spending, with a particular focus on the scale-up of DFID’s spending in fragile states. • In so doing, it will question whether DFID is achieving commensurately great impact and whether its delivery channels now have the capacity to absorb additional funding. It will also examine DFID’s oversight of scaled-up programmes.
6	Security and justice programmes	<ul style="list-style-type: none"> • Addresses coverage and risk. • DFID oversees an expanding security and justice portfolio, which is oriented towards fragile and conflict-affected states. • This study will focus on a particular aspect of security and justice funding, such as the effectiveness of programmes to tackle violence against women and girls and improve their access to justice, with a particular focus on the impact of these programmes on intended beneficiaries.

7	DFID's funding of multilaterals	<ul style="list-style-type: none"> • Addresses coverage, materiality and interest. • The IDC's report on our Annual Report requested deeper analysis on how DFID might work more effectively with multilaterals.³ • DFID delivered 43% of its total programme expenditure in 2012–13 through central funding to multilateral organisations (£3.25 billion out of total programme expenditure of £7.53 billion). • With this review, we will examine how well DFID manages its relationships with multilateral agencies with regard to a particular sector, such as infrastructure. We will look at DFID's oversight of these multilaterals to establish whether their programmes in that sector are effective and delivering good value for money.
8	A follow-up to 2014 report on DFID's use of the private sector	<ul style="list-style-type: none"> • Addresses materiality and interest. • This will be an engagement on private sector development issues, including through high-level business round-table meetings, after the publication of our first report on this subject. • We will publish a summary of this engagement, commenting at a strategic level on the role of business in helping DFID to achieve its development outcomes and the views of business on private sector development.
9	Ministry Of Defence (MOD) Overseas Development Assistance spending	<ul style="list-style-type: none"> • Addresses coverage and risk. • The MOD has an annual allocation of around £5 million for aid spending and is also responsible for delivering around £3 million of Conflict Pool funds. Little information is currently available on the use that MOD makes of this spending. • This review would be a short, sharp investigation of MOD's use of these funds.

³ *The Independent Commission for Aid Impact's Annual Report 2012–13*, Fifth Report of Session 2013–14, House of Commons International Development Committee, October 2013, <http://www.publications.parliament.uk/pa/cm201314/cmselect/cmintdev/566/566.pdf>.

Reviews we will not be conducting during Year 4

We have not included previous commitments to look at innovation and World Bank trust funds in our Year 4 work programme, as we have needed to prioritise given the number of reports that we can produce in a year. We believe, however, that these are important topics which should be considered for inclusion in ICAI's future work programme.

Similarly, during the formulation of our Year 4 work programme, we also identified DFID's funding of social protection programmes, as well as DFID's work related to tax and extractive industries, as suitable topics for consideration for ICAI's future work programme.

We received eight consultation responses asking us to look into aid to the British Overseas Territory of St Helena. We have decided not to carry out a review on this topic, since we have recently published a review on aid to another Overseas Territory, Montserrat. We considered that another such review so soon after this one would give undue coverage of this type of aid at the expense of other pertinent areas. We may consider a review of St Helena in a future work plan.

The Annex gives a summary of potential reviews recommended in other consultation responses we received, which we are not planning to look at in Year 4; this does not refer to reviews proposed by stakeholders which we consider to be largely covered by ongoing Year 3 studies.

Annex A: Other consultation responses received

<u>Proposed review topic</u>	<u>Why ICAI has not included this in the Year 4 Workplan</u>
Urbanisation	We propose conducting a number of thematic studies in Year 4; we are not ruling out doing reviews of these areas at some point but have focussed our proposals on areas where multiple stakeholders have expressed interest.
Consolidation of democracy and important associated accountability mechanisms	
Education (especially the role of the private sector)	We have looked at education extensively in previous years, with studies of Nigeria, India, Pakistan and East African countries – and are likely to return to it in future years.
Accountability for the poorest, including the disabled	We have previously examined accountability in the Empowerment and Accountability review.
DFID's health and education strategies	Like education, health is an area we have looked at extensively in previous years, with reports including those on Zimbabwe, UNICEF, Pakistan and India. We are likely to return to this in forthcoming years.
Local procurement	We do not see this as a full study; we examine procurement issues, as appropriate, during the course of other studies.
CDC Group (previously known as the Commonwealth Development Corporation), with focus on investing in agriculture	We already propose looking at DFID's use of the private sector in some detail during Years 3 and 4 and, in addition, the NAO is planning on looking at the CDC Group.
How DFID ensures ownership in development	Issues of ownership and beneficiary impact are generally looked at during the course of our studies.
DFID's approach to health systems strengthening in fragile contexts	See previous comment on health reviews.

DFID's approach to general systems strengthening	We are sensitive to the tension between delivering shorter-term results and supporting longer-term systemic change which may be more difficult to measure. We have considered the issue of capacity building in a number of our reports to date and will continue to do so as appropriate.
EU budget support	We have previously conducted a review which looked at EU aid, which included budget support.
DFID's funding of the construction of St. Helena airport	We looked at DFID's aid to Montserrat, another British Overseas Territory, this year; doing this review would give undue coverage to this type of aid at the expense of other areas. We may consider this in a future work plan.

List of Organisations which responded to our Consultation

DFID
International Development Committee
Overseas Development Institute
International Alert
BOND
Sightsavers
UK Aid Network
ActionAid
Oxfam
World Vision
Freelance aid consultant
Eight members of the public