

ICAI follow-up review of 2021-22 reports

July 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.

Individual review scores and what they mean



An adequate score means:

- Enough progress has been made in the right areas and in a sufficiently timely manner in order to address the core concerns underpinning ICAI's recommendations.



An inadequate score results from one or more of the following three factors:

- Too little has been done to address ICAI's recommendations in core areas of concern (the response is inadequate in scope).
- Actions have been taken, but they do not cover the main concerns we had when we made the recommendations (the response is insufficiently relevant).
- Actions may be relevant, but implementation has been too slow and we are not able to judge their effectiveness (the response is insufficiently implemented).

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Letter from the chief commissioner

This is the fourth follow-up review I have led and it marks the final year of this ICAI Commission. In our experience, the follow-up process is fundamental to ICAI's success in improving UK aid delivery because we chase up how all our recommendations are being implemented, taking into account the current situation, and we see that this galvanises more action.

The picture is once again a mixed one. It is disappointing to see that the proportion of recommendations implemented adequately is only 43% compared to 79% in 2020 and 55% last year. However, this figure is brought down mainly by the outstanding issues from earlier reviews – 58% of the recent reviews' recommendations have been adequately implemented. Here we are dealing with a long tail of issues from early reviews such as FCDO's failure to take forward support to other departments spending official development assistance (ODA), except in a few limited areas. It has taken longer than FCDO expected to complete the key steps for the merger of its two predecessor departments, and this, together with a range of external shocks, has continued to limit its capacity to support other departments. There are other key outstanding issues where implementation hasn't been adequate, such as fraud prevention, where we find, as last year, that three out of the four recommendations have not yet been implemented, apparently again because of a lack of capacity in the counter-fraud team.

Having said that, we did experience openness to scrutiny and good cooperation from all departments, and were able to discuss key issues at senior official level across departments for the first time this year. We also saw some significant positive results after lengthy interaction (which is why we pursue outstanding issues). Probably the most important in value for money terms has been the way that HM Treasury has responded to sustained engagement with ICAI in allowing greater flexibility in meeting the spending target for ODA as a percentage of gross national income. This has been in the context of unprecedented pressures from the costs of refugees in the UK, but it is an important precedent. Also, while there was initial resistance to ICAI's recommendation of an FCDO review of its approach to investigating allegations of sexual exploitation and abuse by humanitarian workers, we are now seeing implementation of a large number of specific improvements. And finally, after years of strategic drift, we are seeing some strategic frameworks appear. ICAI has been pressing since 2018 for a cross-government International Climate Finance strategy, to make best use of the significant funds (with £11.6 billion pledged from 2019), and at last a strategy emerged in March of this year.

It seems to me that even if it takes a long time, and may reduce our percentage of success to keep pursuing implementation of some of our more challenging recommendations, and scoring them, that it can be worth it in the end. We are seeing strong ministerial engagement leading to a renewed focus on implementing our recommendations in FCDO in particular, so the hope is that there will be more significant improvements next year.



A handwritten signature in black ink, which appears to be 'T. Barton', written in a cursive style.

Dr Tamsyn Barton
Chief Commissioner

Executive summary

This report presents the results of our follow-up exercise to assess progress made by aid-spending government departments and funds on addressing Independent Commission for Aid Impact (ICAI) recommendations. It covers 14 ICAI reviews in total: we follow up on eight reviews published in the last annual review cycle from July 2021 to July 2022, and we return again to six reviews published in previous cycles in order to address outstanding issues from last year's follow-up exercise. **Table 1** below gives an overview of the follow-up exercises conducted this year.

Table 1: Reviews covered in this follow-up

Review title	Publication date
Follow-ups	
International Climate Finance: UK aid for halting deforestation and preventing irreversible biodiversity loss	15 July 2021
UK aid's alignment with the Paris Agreement	14 October 2021
The UK aid response to COVID-19	21 October 2021
The UK's approach to safeguarding in the humanitarian sector	24 February 2022
Tackling fraud in UK aid through multilateral organisations	22 March 2022
Assessing UK aid's results in education	27 April 2022
The UK's support to the World Bank's International Development Association (IDA)	31 May 2022
The UK's humanitarian response to COVID-19	14 July 2022
Outstanding issues	
UK aid's approach to youth employment in the Middle East and North Africa	8 July 2021
Management of the 0.7% ODA spending target, Part 1 and Part 2	24 November 2020; 20 May 2021
Tackling fraud in UK aid	8 April 2021
The UK's approach to tackling modern slavery through the aid programme	14 October 2020
The changing nature of UK aid in Ghana (third follow-up)	12 February 2020
How UK aid learns (third follow-up)	12 September 2019

Scoring the government's progress

Each review we follow up for the first time is given a score. Outstanding issues from previous years are not scored, but a decision is made on whether we need to return to them again another year.

For first-time follow-ups, we score the response to ICAI's recommendations as adequate or inadequate, illustrated by a tick or a cross.¹ An inadequate score results from one or more of the following three factors:

- Too little has been done to address ICAI's recommendations in core areas of concern (the response is inadequate in scope).

¹ We only score our full follow-up exercises, not the outstanding issues from last year's follow-up report.

- Actions have been taken, but they do not cover the main concerns we had when we made the recommendations (the response is insufficiently relevant).
- Actions may be relevant, but implementation has been too slow (the response is insufficiently implemented) and we are not convinced by the reasons for the slowness.

We will return to issues where the government response has been inadequate, either as outstanding issues in the next follow-up or through future reviews.

Overview of the response to ICAI's recommendations

The government engaged actively and openly with this year's follow-up process, helping ICAI to assess its performance in implementing recommendations from ICAI reviews published during 2021-22. Overall, the government response to these recommendations was mixed, with only 43% judged as having been adequately addressed, which is lower than the proportion reported in last year's follow-up review. This reflects a number of outstanding issues still not addressed.

It was clear from this year's follow-up review that challenges resulting from the merger of the Department for International Development and the Foreign and Commonwealth Office to form the Foreign, Commonwealth and Development Office (FCDO) have begun to subside as the department's structures and policies have become embedded. However, both financial and human resourcing constraints have continued to pose challenges and are likely to remain relevant.

The positive highlights of this year's follow-up exercise, which illustrate that ICAI's recommendations have been well used, include the following:

- **Management of the 0.7% ODA spending target in 2020** – HM Treasury allowed for added flexibility in managing the current 0.5% aid target, as recommended by ICAI, by allocating an additional £2.5 billion in aid spending for FCDO programmes during 2022-23 and 2023-24 in order to address constraints posed by a rapid increase in UK aid being spent on supporting refugees from developing countries in the UK.
- **International Climate Finance: UK aid for halting deforestation and preventing irreversible biodiversity loss** – The government has set up a cross-departmental International Forestry Unit and published an *International Climate Finance strategy* in March 2023. These developments illustrate that efforts to improve the coherence and strategic focus of cross-government support for halting deforestation and preventing biodiversity loss are progressing. They also respond to ICAI's repeated calls for delivering such action since 2018.
- **The UK's approach to safeguarding in the humanitarian sector** – FCDO undertook a thorough review of its safeguarding case management systems, which helped the department to identify 31 actions to be taken for improving these systems. As of December 2022, 58% of these actions had been completed, with the remainder in the process of being implemented.
- **Assessing UK aid's results in education** – FCDO has continued to play a leadership role globally in supporting the generation and application of evidence on 'what works' in supporting children's learning, including through supporting the Global Education Evidence Advisory Panel's work to provide recommendations on education funding, and piloting the What Works Hub for Global Education.
- **The UK aid response to COVID-19** – The government has successfully adapted its support for COVID-19 vaccines to focus on supporting vaccine supply chains, local production and local capacity for vaccine delivery.

For other reviews, the picture was less positive. For instance:

- **UK aid's alignment with the Paris Agreement** – The UK is not yet reporting publicly on its Paris alignment progress, which creates concerns about delivery of the 2023 commitment.
- **Tackling fraud in UK aid** – FCDO failed to take any new concrete actions to address ICAI's recommendation to review and streamline external whistleblowing and complaints reporting systems.

- **The UK’s humanitarian response to COVID-19** – FCDO is yet to address ICAI’s recommendation to undertake a formal after-action review of the COVID-19 response. This increases the risk that learning from the pandemic will not be captured and readily accessible to inform future crisis responses.
- **How UK aid learns** – FCDO has done very limited work on providing support to other departments to reduce value for money risks.

Outstanding issues we will return to again next year



In addition to following up a new set of ICAI reviews next year, we will come back to the following reviews as outstanding issues:




- **UK aid’s alignment with the Paris Agreement** – Positively, the government has committed to a 2023 deadline for ensuring that all new bilateral programmes are compliant with the Paris climate agreement. However, action was inadequate on reporting publicly on progress towards aligning all official development assistance (ODA) with the Paris Agreement on Climate Change (recommendation 2), building capacity and capabilities for achieving Paris alignment across government (recommendation 3) and deepening collaborative partnerships on Paris alignment with major developing countries (recommendation 4). ICAI will therefore return to these three recommendations next year.
- **Tackling fraud in UK aid through multilateral organisations** – The government has made progress in developing the building blocks for a portfolio approach to managing the fraud risks related to multilateral aid. However, action was inadequate in updating fraud risk assessment of UK aid spent through the European Commission (recommendation 3). ICAI will therefore return to this recommendation next year.
- **Management of the 0.7% ODA spending target, Part 1 and Part 2** – The government has made progress on recommendations related to taking a flexible approach to applying the aid-spending target (Part 1, recommendation 4) and using a more diverse range of data sources for growth projections (Part 2, recommendation 1). However, some challenges remain, especially on applying a floor to FCDO spending (Part 1, recommendation 2). Next year’s follow-up to the ICAI review on *UK aid to refugees in the UK* will pursue further engagement with FCDO on the recommendation for an FCDO spending floor, given that this review highlighted the same issue, as well as on continuing flexibility.
- **Tackling fraud in UK aid** – We will return to examine whether there has been adequate action to strengthen the approach taken to whistleblowing (recommendation 2), to pursue independent scrutiny of procurement (recommendation 3) and to take a proactive approach to fraud investigation (recommendation 4).
- **The UK’s approach to tackling modern slavery through the aid programme** – We will return to examine whether the government has made progress on making a strategic statement on its priorities and approach to using aid to tackle modern slavery internationally.

ICAI will also look at outstanding issues identified in *The UK aid response to COVID-19* – around the greater delegation of responsibilities to staff in-country and FCDO’s revised drawdown policy – in next year’s follow-up to its recently published review of *The FCDO’s Programme Operating Framework*. We will also look at the outstanding issue of providing clearer guidance on how UK aid resources should be used in pursuing activities relating to mutual prosperity, identified in *The changing nature of UK aid in Ghana*, in next year’s follow-up to our *UK aid for trade* review. Finally, we will look for opportunities to follow up on outstanding issues from the *How UK aid learns* review in future reviews during the next commission of ICAI (expected to start in autumn 2023).

Summarising progress on recommendations per review

Table 2: Overview of progress and scoring for individual reviews

Our assessment of progress on ICAI recommendations	Score
International Climate Finance: UK aid for halting deforestation and preventing irreversible biodiversity loss	
<p>ICAI’s full review of <i>International Climate Finance: UK aid for halting deforestation and preventing irreversible biodiversity loss</i> was published in July 2021, and awarded the UK aid portfolio a green-amber score. This review assessed the relevance, coherence and effectiveness of aid programmes being delivered across departments to protect forests and biodiversity during the period from 2015 to 2020. The review found that most programmes were well targeted towards the drivers of deforestation and biodiversity loss, that the UK had been a strong supporter and influencer of global responses, and that most programmes were delivering well at output level. However, it recommended taking action to increase the strategic focus and promote the coherence of cross-departmental work, to improve impact across the portfolio, to evaluate programmes, to ensure programmes are informed by social impact analysis, and to prioritise gender impacts.</p> <p>This follow-up found that the UK government has made valuable progress through launching an <i>International Climate Finance strategy</i>, setting up a cross-departmental International Forests Unit (IFU), making more use of evaluation, and beginning to roll out reporting on gender-disaggregated impacts. ICAI therefore judges the government’s response to this review to be adequate. Nevertheless, some gaps remain, including limited clarity on geographic and thematic priorities in relation to forests and biodiversity, continued challenges in enabling the IFU to oversee all programming relating to forests, delays in introducing new comprehensive monitoring indicators, and insufficient attention to inclusion and poverty across all programmes.</p>	
UK aid’s alignment with the Paris Agreement	
<p>ICAI’s rapid review on <i>UK aid’s alignment with the Paris Agreement</i> was published in October 2021. The review examined the government’s progress in implementing its 2019 commitment to ensure that all of its aid is delivered in a way that is consistent with the Paris Agreement on climate change. The review found that the tools the UK government had developed to promote Paris alignment reflected good donor practice and had been integrated into FCDO’s Programme Operating Framework (PrOF). However, it also noted that the significant time taken to introduce these tools and the relevant PrOF rule means that there had been little time to implement them, and there was no deadline for achieving Paris alignment of UK aid. In addition, the review identified major strategic, capacity and accountability gaps in operationalising Paris alignment.</p> <p>This follow-up review found that the UK government has introduced a commitment to achieve Paris alignment of UK aid by 2023, has significantly increased staff capacity to achieve this goal, and has been actively engaging multilateral development banks on their Paris implementation efforts. However, it also found that the government is not yet reporting publicly on its progress in achieving Paris alignment and it is not clear how government departments other than FCDO are planning to ensure Paris alignment of their aid, which raises questions about action to deliver on the 2023 commitment. In addition, the government is yet to establish deeper partnerships with developing countries to address key issues on implementing the Paris Agreement. ICAI therefore judges the government’s response to this review to be inadequate, and next year it will return to follow up on outstanding issues and assess delivery of the 2023 Paris alignment commitment.</p>	

Our assessment of progress on ICAI recommendations	Score
<h3>The UK aid response to COVID-19</h3>	
<p>ICAI’s rapid review of <i>The UK aid response to COVID-19</i> was published in October 2021, and examined how well the UK government prioritised and redirected its aid resources in the first 16 months of the global response to COVID-19, from March 2020 to July 2021. This review found that the UK aid programme’s initial response to the COVID-19 pandemic was rapid, credible and appropriate, but that pressures resulting from significant reductions to the aid budget in 2020 and (especially) 2021 meant that a number of later funding decisions did not reflect the evidence on needs. It therefore recommended that FCDO should act to accelerate the supply of COVID-19 vaccines to developing countries, promote the delegation of operational decisions on crisis response to local specialist staff, and review and adapt its staff drawdown policy for crises to be more clearly differentiated by levels of risk and individual staff preferences.</p> <p>This follow-up review found that the UK had effectively pivoted its work on vaccines to focus on supporting vaccine supply chains, local production and capacity for rollout. However, there was little evidence of a move towards greater delegation to staff in-country, and FCDO’s revised drawdown policy does not allow for consideration of individual staff preferences to remain in post in the case of future drawdowns. ICAI therefore judges the government’s response to this review to be inadequate, but it will not return to this review next year, and will instead use the follow-up to its review of <i>The FCDO’s Programme Operating Framework</i> to assess progress on addressing relevant challenges relating to delegation.</p>	
<h3>The UK’s approach to safeguarding in the humanitarian sector</h3>	
<p>ICAI’s review of <i>The UK’s approach to safeguarding in the humanitarian sector</i> was published in February 2022. The review examined the relevance, coherence and effectiveness of UK action on preventing sexual exploitation and abuse of affected populations by aid workers operating in humanitarian aid contexts, and scored the government’s approach as amber-red. It raised concerns about weaknesses in systems and processes for consulting affected people and investigating cases, and identified the need to strengthen whistleblowing protections and improve support for employee screening initiatives.</p> <p>FCDO has made notable progress in implementing the recommendations from this review, and we judge its response to be adequate. FCDO staff are increasingly looking beyond due diligence and compliance, have been supporting the development and application of a number of sexual exploitation, abuse and harassment (SEAH) reporting and community engagement mechanisms, and have been working to improve the functioning of the department’s systems for investigating reported cases of SEAH. Although the department has supported some useful research on SEAH issues, important evidence gaps remain. In addition, the mechanisms for screening humanitarian workers which FCDO has been supporting are yet to show sustained results.</p>	
<h3>Tackling fraud in UK aid through multilateral organisations</h3>	
<p>ICAI’s rapid review on <i>Tackling fraud in UK aid through multilateral organisations</i> was published in October 2021. This rapid review assessed the relevance and effectiveness of the UK government’s efforts to manage fraud risks relating to its core funding to multilateral organisations, and its approach to learning from its experience of engaging with</p>	

Our assessment of progress on ICAI recommendations	Score
<p>multilaterals on fraud challenges. The review was not scored, but identified concerns about the absence of a portfolio approach to managing multilateral fraud risks, the importance of deepening partnerships with other donors on fraud risk management, and the need for FCDO to renew and document its assessment of the European Commission’s ODA fraud risk management.</p> <p>This follow-up review found some important progress on developing the building blocks of a portfolio approach to managing multilateral fraud risks, achieved through a number of improvements to Central Assurance Assessment processes and utilisation. It also found that there had been valuable engagement with other donors on fraud issues through the Multilateral Organisation Performance Assessment Network and the boards of several multilateral organisations. However, it noted that there had been no progress on renewing and documenting FCDO’s assessment of the European Commission’s ODA fraud risk management. Overall, ICAI judges the response to this review to be adequate.</p>	
<h3>Assessing UK aid’s results in education</h3>	
<p>ICAI’s <i>Assessing UK aid’s results in education</i> review was published in June 2022, and it assessed the effectiveness, equity and impact of UK aid for education, covering a portfolio of £4.4 billion in bilateral programming and more than £1.3 billion in multilateral spending between 2015 and 2020. The review awarded FCDO a green-amber score, with aid-funded education programming assessed as ambitious, mainly well implemented and largely relevant to the needs of marginalised children. However, the review also noted the importance of FCDO taking steps to expand its focus on generating and utilising evidence of ‘what works’ on children’s learning, improving partnerships with governments on learning, maintaining a consistent focus on the education of girls and the most marginalised children, and strengthening its convening and influencing role in partner countries.</p> <p>This follow-up review found that despite continued constraints on resourcing for education programming, FCDO has made significant progress in addressing the recommendations from the original review, and we therefore judge its response to be adequate. FCDO has continued to play a global leadership role in supporting research on ‘what works’ in promoting children’s learning and reaching the most marginalised, and it has been deepening its support to governments to generate and utilise data on children’s learning. However, despite commitments to maintain a priority focus on girls’ education, FCDO did not adequately explain exactly how a consistent focus on this issue would be operationalised across programmes. In addition, FCDO’s efforts to scale up its convening role in-country have been narrowly focused on facilitating joined-up work between the Global Partnership for Education and Education Cannot Wait.</p>	
<h3>The UK’s support to the World Bank’s International Development Association</h3>	
<p>ICAI’s review of <i>The UK’s support to the World Bank’s International Development Association</i> was published in May 2022, and assessed the relevance, effectiveness and efficiency of the more than £1 billion the UK contributed annually to the International Development Association (IDA) – the World Bank’s fund for providing concessional financing – over the period since 2015. The review awarded the UK’s support a green-amber score, concluding that this aid provided good value for money, but that the UK could do more to advocate to the Bank for improvements, such as a stronger focus on climate action, increased accountability for the ‘leave no one behind’ commitment, and compliance with social and environmental safeguards.</p>	


Our assessment of progress on ICAI recommendations	Score
<p>This follow-up review judges FCDO's response to the recommendations from the original review to be adequate. Progress was most notable on deepening engagement with the Bank on IDA's response to climate change and how it should be measured; on collaboration with the Bank on safeguards in relation to LGBTI+ inclusion; and on challenging the Bank to take a more politically informed approach to its work on public financial management. We found, however, that the department has only made limited progress in strengthening country-level partnerships with IDA programmes and is yet to engage actively with IDA authorities on operationalising the Bank's 'shared prosperity' goal.</p>	
<p>The UK's humanitarian response to COVID-19</p>	
<p>ICAI's review of <i>The UK's humanitarian response to COVID-19</i> was published in July 2022, and assessed the UK's emergency response to COVID-19, including the relevance of its priorities, the coherence of its set of responses, and the effectiveness of its action. The review scored the UK's aid response as green-amber, as it had been quick to recognise and respond to the likely impacts of the pandemic, deliver flexible funding, provide coherent and coordinated support, and contribute significantly to saving lives and reducing hardship. ICAI did, however, recommend that FCDO should undertake an after-action review of its COVID-19 response to learn lessons; make long-term investments in building national disaster response capacities; and invest in flexible social protection systems to support the most vulnerable.</p> <p>This follow-up review found that FCDO has been working to protect programming on social protection from aid reductions and has been engaging multilateral development banks on expanding and enhancing their social protection activities. However, FCDO has not undertaken a formal after-action review of its COVID-19 response, instead relying on informal learning, which heightens risks that lessons will not be captured to inform future crisis responses. In addition, we are yet to see robust evidence that FCDO has expanded its support directed to local delivery partners. ICAI therefore judges this response to be inadequate, and will return to review action on outstanding issues in 2024.</p>	

Table 3: Overview of progress on outstanding issues from earlier reports

Outstanding issue	Our assessment of progress since last year
<p>UK aid's approach to youth employment in the Middle East and North Africa</p>	
<p>Last year's follow-up found that there was only a limited response from FCDO to all five recommendations. This was largely due to resistance to approaching youth employment as a strategic focus, a lack of new programming due to resource constraints, and demands of the merger reducing staff time to engage.</p>	<p>This second follow-up review found that more substantive action had been taken to address the recommendations from this review than had been the case in the previous year. ICAI identified some modest examples of FCDO work to implement interventions to complement employment programmes by addressing constraints faced by marginalised groups. It also found that there had been some valuable additional gender and social impact analysis commissioned by FCDO in Algeria, Lebanon, Libya and Yemen. However, there remain significant gaps in relation to utilising available monitoring and evaluation capacity to support ongoing bilateral programmes, and in creating new substantive partnerships with multilateral organisations on youth employment challenges. In addition, despite an example of good practice on youth consultation being shared from Jordan, this was an isolated case and FCDO needs to promote such</p>

Outstanding issue	Our assessment of progress since last year
	<p>consultation across its Middle East and North Africa priority countries. Overall, ICAI concludes that the government’s response to these outstanding issues is inadequate. We will not, however, undertake a further follow-up in 2024 because we do not expect further progress.</p>
<p>Management of the 0.7% ODA spending target, Part 1 and Part 2</p>	
<p>Last year’s follow-up found that, as a result of limited commitment to act, there had been an inadequate response to three of the four recommendations from Part 1 (2, 3 and 4) and both recommendations from Part 2, necessitating a further follow-up.</p>	<p>In contrast to the government’s position in previous years, in line with the spirit of ICAI’s proposal (recommendation 4, Part 1) to apply the UK aid target flexibly, in the November 2022 Autumn Statement HM Treasury allocated an additional £2.5 billion to FCDO over and above the 0.5% target during 2022-23 and 2023-24 to deal with the pressures on the aid budget resulting from large expenditures on refugees from developing countries in the UK. It is not clear whether such flexibility will be applied in the future, and ICAI will return to this issue in the follow-up to our recently published review on <i>UK aid to refugees in the UK</i>. The Treasury has also taken action to use third-party projections of national income (recommendation 1, Part 2) in addition to official forecasts.</p> <p>FCDO has continued to allocate significant volumes of aid to multilateral organisations (consistent with recommendation 3, Part 1). However, the government has not so far taken action to introduce a floor for FCDO’s budget (recommendation 2, Part 1). It has also not been able to identify and build into country portfolios and plans areas of flexible spending that can be used to manage volatility in spending levels (recommendation 2, Part 2), primarily because of the significant reductions to FCDO’s budget.</p>
<p>Tackling fraud in UK aid</p>	
<p>Last year’s follow-up review judged action to be inadequate on three of the four recommendations (2, 3 and 4), as the required action was held back mainly by capacity shortages in the FCDO Control and Assurance (counter-fraud) team, which were linked to aid reductions and the merger to form FCDO.</p>	<p>This second follow-up review found some valuable progress on addressing the recommendations from the original review, but also that major gaps remained and there had been inadequate progress overall.</p> <p>In response to a recommendation for FCDO to invest in collecting and analysing data on fraud issues and trends, the department has commissioned research on issues such as ‘Fraud loss measurement’ and ‘Who bears the cost of fraud’, and is currently in the process of considering what action is required in response to this work. In addition, FCDO has also responded to a recommendation to strengthen independent oversight of ODA outsourcing by undertaking a review exercise of failed procurements, which will conclude soon.</p> <p>However, this review of failed procurements does not involve engagement with delivery partners, heightening the risk that it will be narrowly focused and fail to capture all the key issues in FCDO’s procurement system. In addition, a recommended review of FCDO’s whistleblowing policy has been delayed, and the department has not taken any new concrete actions to strengthen external whistleblowing and complaints reporting systems since last year’s follow-up review.</p>

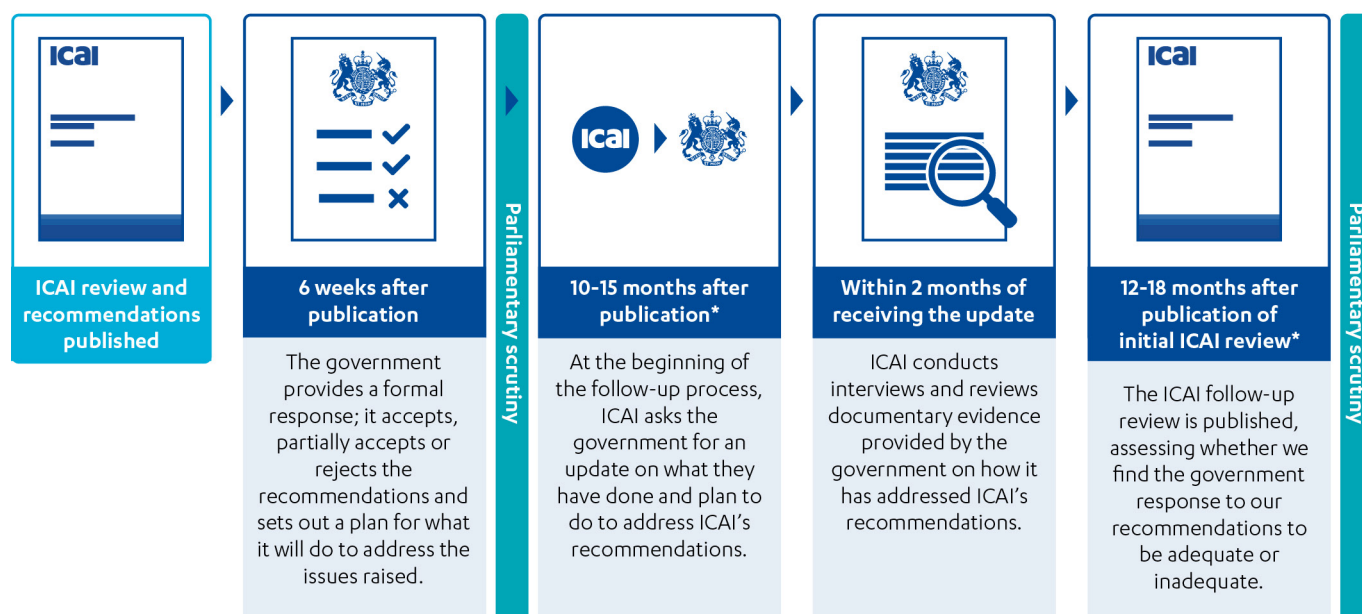
Outstanding issue	Our assessment of progress since last year
	<p>Given the significance of these outstanding issues for limiting fraud risks facing the UK aid programme, ICAI will return to review the government’s response to these issues in 2024.</p>
<h3>The UK’s approach to tackling modern slavery through the aid programme</h3>	
<p>It had been intended to follow up on one outstanding issue – progress with setting out a strategic statement to guide the use of aid to address modern slavery (recommendation 3). However, because such a statement has been delayed indefinitely, it was agreed to follow up on the other four recommendations, in order to examine the evolving strategic approach of the government’s aid work on modern slavery.</p>	<p>This follow-up review found that FCDO and the Home Office have made substantive progress on some of the review’s recommendations. Significant efforts have been made to generate and disseminate evidence on modern slavery issues (especially through the Modern Slavery Policy and Evidence Centre) and to draw on insights from survivors of modern slavery. However, despite some valuable work emerging, action on addressing neglected areas of modern slavery and mainstreaming a modern slavery focus into work in other sectors, as well as on developing stronger external partnerships, was judged to be inadequate. Overall, ICAI therefore considers the government’s response to this review to be inadequate, as was the case last year.</p> <p>Action across all of the recommendations set out in this review would be supported by the government publishing a strategic statement of its overall objectives and approach to using UK aid to tackle modern slavery internationally. We would therefore encourage the government to take this action, which could be taken forward separately from a broader modern slavery strategy.</p>
<h3>The changing nature of UK aid in Ghana (third follow-up)</h3>	
<p>The last two follow-up reviews found that there had not yet been action on recommendation 6 – to provide clear guidance on how UK aid resources should be used in pursuing activities relating to mutual prosperity.</p>	<p>In interviews FCDO stated that it is in the process of considering the case for guidance on secondary benefits being pursued through ‘mutual prosperity’ approaches. Action on this recommendation has therefore been inadequate, and it is not currently clear whether this recommendation will be addressed in the future. Since this issue has been picked up in recommendations made by ICAI’s recently published review on <i>UK aid for trade</i>, it will be pursued further through follow-up to that review.</p>
<h3>How UK aid learns (third follow-up)</h3>	
<p>This is the third time ICAI has followed up on this review, originally published in September 2019. Last year’s follow-up review found that limited action had been taken on three of the recommendations, largely because FCDO had been focused on its own institutional development</p>	<p>This third follow-up review found that there has been very limited progress in addressing the recommendations from the original review.</p> <p>FCDO remains focused on its own internal systems development and has been given a limited mandate to drive improvements to aid management in other departments. As a result, action to address ICAI’s recommendation for FCDO to support learning on good development practice across departments has been limited to organising an annual ODA learning day, convening the cross-government Transparency Community of Practice to discuss aid transparency challenges, and co-chairing a new cross-government International Development Policy Board</p>

Outstanding issue	Our assessment of progress since last year
<p>and there was limited commitment to the required action.</p>	<p>as an advisory body to departments in implementing the <i>International development strategy</i> and support to Paris Alignment.</p> <p>In addition, no substantive progress was identified on a recommendation for monitoring and evaluation frameworks to be rationalised across aid-spending departments, and for departments to make their aid knowledge management and information systems accessible to each other and, where possible, to the public.</p> <p>ICAI therefore judges the response to these recommendations to be inadequate. We will not, however, be following up on this review next year, but will look to pick up the issues in other relevant future reviews.</p>

1. Introduction

- 1.1 The Independent Commission for Aid Impact (ICAI) provides robust, independent scrutiny of the UK's official development assistance (ODA), to assist the government in improving the effectiveness and impact of its interventions and to assure taxpayers that where there is poor value for money of UK aid spending, it will be brought to the attention of the public. Our main vehicle for this scrutiny is the publication of reviews on a broad range of topics of strategic importance in the UK's aid programme. A vital part of these review processes is our annual follow-up, where we return to the recommendations from the previous year's reviews to see how well they have been addressed.
- 1.2 This report provides a record for the public and for Parliament's International Development Committee (IDC) of how well the UK government has responded to ICAI recommendations. The follow-up process is also an opportunity for additional interaction between ICAI and responsible staff in aid-spending departments, offering feedback and learning opportunities for both parties. The follow-up process is central to our work to support learning and improvements in UK aid delivery and to ensure maximum impact from reviews.

Figure 1: Timeline of ICAI's annual follow-up process



*We conduct our follow-up assessment on an annual basis. After receiving an update on progress from government, evidence gathering starts in January, with publication in the summer.

- 1.3 The follow-up process is structured around the recommendations provided in each ICAI review (see **Figure 1** above for an illustration of the process). Soon after the original ICAI review is published, the government provides a formal response (within six weeks). The response sets out whether the government accepts, partially accepts or rejects ICAI's recommendations, and provides a plan for addressing the issues raised. The IDC may then organise a specific hearing or call ICAI witnesses to their own inquiries. The formal follow-up process starts around a year after the publication of the original review and results in the publication of the follow-up review.
- 1.4 To start the follow-up exercise, ICAI asks aid-spending departments and bodies for an update on what they have done and plan to do. This is followed by an evidence-gathering stage, where we investigate the extent to which the government has done what it promised and – considering any additional relevant actions – determine if this is an adequate response. The findings are reported and scored in the follow-up review. After publication, there is parliamentary scrutiny of the review's findings.

Scoring the follow-up exercises

- 1.5 Each review we follow up for the first time is scored using a tick or a cross, depending on whether we find the overall progress adequate or inadequate. The score takes into consideration the wider context, including external constraints, in which government actions have taken place. It also considers the time the relevant government department or organisation has had to plan and implement changes.
- 1.6 An inadequate score results from one or more of the following three factors:
- Too little has been done to address ICAI's recommendations in core areas of concern (the response is inadequate in scope).
 - Actions have been taken, but they do not cover the main concerns we had when we made the recommendations (the response is insufficiently relevant).
 - Actions may be relevant, but implementation has been too slow and we are not able to judge their effectiveness (the response is insufficiently implemented).
- 1.7 The third factor – the adequacy of implementation – is not a simple question of checking if plans have been put into practice yet. We take into consideration how ambitious and complicated the plans are, and how realistic their implementation timelines are. Some changes are 'low-hanging fruit' and can be achieved quickly, while others demand long-term dedicated attention and considerable resources. An inadequate score due to slow implementation will only be awarded if ICAI finds the reasons provided for lack of implementation insufficient.
- 1.8 This year's follow-up review covers eight ICAI reviews with a total of 33 recommendations. After briefly setting out our methodology, we present an account of progress on the eight reviews and six outstanding issues covered by this year's follow-up review. We sum up with a brief conclusion and a list of the reviews and recommendations we plan to return to again next year.

2. Methodology

- 2.1 When we follow up on the findings and recommendations of our past reviews, we focus on four aspects of the government response:
- Whether the actions proposed in the government response are likely to address the recommendations.
 - Progress on implementing the actions set out in the government response, as well as other actions relevant to the recommendations.
 - The quality of the work undertaken and how likely it is to be effective in addressing the concerns raised in the review.
 - The reasons why any recommendations were only partially accepted (none of the recommendations were rejected).
- 2.2 We begin by asking the relevant government department or organisation to prepare a brief note, accompanied by documentary evidence, summarising the actions taken in response to our recommendations. We then check that account through interviews with responsible staff, both centrally and in country offices, and by examining relevant documentation, such as new strategic plans and annual reviews. Where necessary or useful, we interview external stakeholders, including other UK government departments, multilateral partners and implementers. To ensure we maintain sight of broader developments, we also assess whether ICAI's findings and analysis have been influential beyond the specific issues raised in the recommendations, as well as whether changes in the environment have affected the relevance or urgency of particular recommendations.
- 2.3 The follow-up process for each review concludes with a formal meeting between a commissioner and the senior civil service counterpart in the responsible department. At the end of the follow-up process, we identify issues that warrant a further follow-up the following year. The decision takes into account the continuing strategic importance of the issue, the action taken to address it, and whether or not there will be other opportunities for ICAI to pursue the issue through its future review programme.
- 2.4 We also use the follow-up process to inform internal learning for ICAI about the impact of our reviews on UK aid and how we communicate our findings and recommendations to achieve maximum traction with the government.

Box 1: Limitations to our methodology

The follow-up review addresses the adequacy of the government response to ICAI's recommendations. Its findings are based on checking and examining the government's formal response, and its subsequent actions in relation to the recommendations from the review. The time and resources available for this evidence gathering exercise are limited, and not comparable to a full ICAI review.

3. Findings from individual follow-ups

- 3.1 This section presents the results of our follow-up assessments of the government’s responses to ICAI’s recommendations. Each review we have followed up on is presented individually, with a focus on the most significant results and gaps in the government response.
- 3.2 We begin by presenting the findings for the reviews we follow up on for the first time since their publication. For each review, we assess government progress recommendation by recommendation, before summing up and scoring the overall response to ICAI’s recommendations on this review as adequate or inadequate.
- 3.3 We then turn to the six outstanding issues from last year’s follow-up process. None of the outstanding issues are scored, but a decision is made on whether or not to return to the review again next year.

International Climate Finance: UK aid for halting deforestation and preventing irreversible biodiversity loss

The UK government has made valuable progress in addressing some key challenges raised in the original review, especially through launching an International Climate Finance strategy, setting up a cross-departmental International Forests Unit (IFU), making use of more evaluation, and strengthening the approach taken to addressing gender across this portfolio. As a result, ICAI judges the government’s response to this review to be adequate. Nevertheless, some notable issues still remain, including a lack of clarity over geographic and thematic priorities in relation to forests and biodiversity, challenges in making the IFU operate as a cross-departmental unit, delays in introducing new comprehensive monitoring indicators (especially for biodiversity programmes), and inconsistency in focusing on inclusion and poverty across all programmes.



- 3.4 ICAI’s full review of *International Climate Finance: UK aid for halting deforestation and preventing irreversible biodiversity loss* was published in July 2021, and awarded the UK aid portfolio a green-amber score. This review assessed the relevance, coherence and effectiveness of the UK’s £1.2 billion in aid programmes protecting forests and biodiversity during the period from 2015 to 2020. It covered programmes delivered through bilateral and multilateral channels and the work of several departments, including the Department for Business, Energy and Industrial Strategy (BEIS), the Department for Environment, Food and Rural Affairs (Defra) and the former Department for International Development (DFID), as well as the Foreign, Commonwealth and Development Office (FCDO).
- 3.5 The review found that most programmes were well targeted towards the drivers of deforestation and biodiversity loss, that the UK had been a strong supporter and influencer of global commitments and initiatives, and that most programmes were delivering well at output level. However, it also noted that there was no clearly prioritised strategy, limited coherence of cross-departmental work in-country, and limited evidence of impact across the portfolio.

Subject of recommendation	Government response
UK bilateral ODA support to tackle deforestation and biodiversity loss should have a tighter strategic focus, concentrating resources to increase impact.	Accepted
All programmes addressing deforestation and biodiversity loss should be monitored and evaluated against common, measurable indicators designed specifically for assessing deforestation and biodiversity impacts.	Partially accepted

Independent external evaluations of the bilateral programmes should be carried out regularly at programme, country and global levels and then used to shape strategic funding decisions.	Partially accepted
UK bilateral programmes should be guided by social impact analysis and safeguarding measures, to maximise the benefits for and minimise negative impacts on local communities, women and vulnerable groups.	Accepted
Gender issues need greater prioritisation in policies and programming in order to ensure women benefit from investments in forestry and biodiversity.	Accepted

Recommendation 1: UK bilateral ODA support should have a tighter strategic focus on tackling deforestation and biodiversity loss, concentrating resources to increase impact

- 3.6 In the original review, ICAI found that most aid programmes were well targeted on the drivers of deforestation and biodiversity loss, but programmes and influencing initiatives were spread across a wide range of geographies, approaches, commodities and issues, without a clear strategic approach linking them. Coordination across programmes and departments was also inconsistent at country level. ICAI therefore recommended introducing a tighter strategic focus to the portfolio to increase impact. FCDO accepted this recommendation, but did not make any commitments in response.
- 3.7 In March 2023 the government finally published its *International Climate Finance strategy*,² which sets out the context and planned UK support across clean energy, nature, adaptation and resilience, and sustainable cities, infrastructure and transport. This long-awaited strategy goes some way to providing welcome strategic clarity for International Climate Finance (ICF), although there is further to go in clearly setting out geographic and thematic priorities.
- 3.8 ICAI also spoke to the team now set up as the joint Department for Energy Security and Net Zero and FCDO International Forests Unit (IFU), which will help to coordinate and direct relevant activities. Based on interviews conducted in February 2023, it was clear that challenges remain in making this unit a single team because while the unit houses officials from both departments, they are still using the systems of their host ministries. However, the formation and operationalisation of the unit is a welcome step forward for promoting greater strategic coherence and coordination across the forests portfolio.
- 3.9 Overall, there has been welcome progress in putting in place the building blocks for improved strategic coherence, through the cross-government process of agreeing a new ICF strategy and in setting up the IFU to provide oversight of the programming under the £1.5 billion to be spent on forests. ICAI therefore judges the government’s response to this recommendation to be adequate.

Recommendation 2: All programmes addressing deforestation and biodiversity loss should be monitored and evaluated against common, measurable indicators designed specifically for assessing deforestation and biodiversity impacts

- 3.10 In the original review, ICAI found that ICF had key performance indicators (KPIs) for avoiding deforestation and reducing greenhouse gas emissions, but measuring these KPIs was methodologically challenging and only a limited number of projects were reporting against them. There were also no common biodiversity indicators used to measure progress by the UK government. As a result, ICAI was concerned that it was impossible to monitor and assess the UK’s portfolio-wide progress and contribution on addressing deforestation and biodiversity loss. ICAI therefore recommended that common, measurable indicators should be designed specifically for assessing deforestation and biodiversity impacts and for monitoring across the portfolio. The government partially accepted this recommendation, and noted that it was already applying some indicators relating to deforestation and biodiversity loss. The government also stated that it would consider adding to these indicators, but noted

² Together for people and planet: UK international climate finance strategy, HM government, March 2023, [link](#).

a trade-off between indicators that are broad enough to be applied across the portfolio and indicators that cater to the specific objectives and context of a particular intervention.

- 3.11 The government's response to this follow-up review noted that it has completed a review of the majority of ICF KPIs, and it published these KPIs in February 2023. In the case of forests and biodiversity, the government updated methodologies on KPIs 8, 10 and 17 to support a much wider range of ecosystems, therefore allowing for better tracking of biodiversity via a much larger range of habitats, and reviewed the methodologies to make these indicators much more accessible to different programmes with different reporting capacities. As a result of this action, ICAI therefore judges the government's response to this recommendation to be adequate.

Recommendation 3: Independent external evaluations of the bilateral programmes should be carried out regularly at programme, country and global levels and then used to shape strategic funding decisions

- 3.12 The original review identified a range of gaps in the evaluation of the bilateral programmes addressing deforestation and biodiversity loss. It noted that external evaluation was not systematically applied across UK bilateral ODA to the same degree as demanded from the multilateral portfolio, and that there were no portfolio-wide impact evaluations. It also found limited development and communication of knowledge products and learning from programmes, and that learning and evaluation at the ICF level tended to be informal and ad hoc. ICAI therefore recommended that independent external evaluations should be carried out at programme, country and global levels. The government partially accepted this recommendation, noting that many programmes had external evaluations already commissioned or in development, and that it was considering options for future cross-cutting evaluations.
- 3.13 Since then, a number of evaluations have been undertaken or are in progress:
- The second phase of the Investments in Forests and Sustainable Land Use programme is being shaped by the findings of a variety of evaluations, thematic case studies and literature reviews.
 - The Forest Governance, Markets and Climate programme has commissioned independent analysis and evaluations, which are informing the design of a successor programme.
 - An independent evaluation of all Defra's biodiversity challenge funds³ was concluded in 2022.
 - A new Biodiverse Landscapes Fund has included evaluation in the programme's design.
 - An ICF monitoring, evaluation and learning strategy for the third phase of the UK ICF was approved by the ICF Management Board in October 2022.
- 3.14 Overall, this body of activity and planning represents a substantive set of actions on evaluation and learning. ICAI therefore judges the government's response to this recommendation to be adequate.

Recommendation 4: UK bilateral programmes should be guided by social impact analysis and safeguarding measures, to maximise the benefits for and minimise negative impacts on local communities, women and vulnerable groups

- 3.15 The original review found that programmes providing direct support to communities undertook good-quality engagement with citizens during the implementation process. However, at the design stage, consultation with affected communities and citizens was not consistently good. ICAI found that analysis focusing on the needs of poor and marginalised groups had not been universally applied across programme design and implementation, and that some forestry projects had generated unanticipated negative social impacts on the poor and marginalised. ICAI therefore recommended that UK bilateral programmes should be better guided by social impact analysis and safeguarding measures. The government accepted this recommendation and acknowledged that it needed to do better in consulting with communities during design and in identifying and mitigating negative impacts.
- 3.16 The government's formal response to this follow-up review noted that FCDO has introduced rule 10 in its Programme Operating Framework (PrOF), which requires all programmes to "consider and provide

3 These include the Darwin Initiative, Darwin Plus for UK Overseas Territories, and the Illegal Wildlife Trade Challenge Fund.

evidence, wherever relevant, on how their interventions will impact on gender equality, disability inclusion and those with protected characteristics”.⁴ The government also noted a number of new or proposed projects that will focus on indigenous peoples and local communities, and that are undertaking targeted work to strengthen the considerations of social impacts in programme design. Finally, the government noted that specific personnel (including a secondee from SightSavers International) have been working in the ICF team to improve the inclusion of people with disabilities and marginalised groups across programmes.

- 3.17 However, we judge that social impact analysis on how interventions affect poor and marginalised groups remains variable. While programming explicitly aimed at reaching poor groups is addressing inclusion, we saw no evidence from looking at the annual reviews of programmes that broader programmes were yet adequately taking into account the needs of and impacts on the poor. We also identified more significant concerns about the monitoring of impacts on poor people of Defra-funded programming, as the evaluation⁵ of the department’s challenge funds (Darwin Initiative, Darwin Plus and Illegal Wildlife Trade Challenge Fund), published in 2022, raised questions about weaknesses in tracking the poverty impacts of programmes. ICAI therefore judges that recent action taken by government on this recommendation is inadequate.

Recommendation 5: Gender issues need greater prioritisation in policies and programming in order to ensure women benefit from investments in forests and biodiversity

- 3.18 The original review noted that many of the community-focused programmes include gender analysis and women-focused programming. However, the impact of programming on women was not sufficiently prioritised in policy and strategy statements. Also, findings from ICAI’s citizen engagement activities in all three case study countries showed limited participation by, and benefits for, women. This was also in keeping with findings from the literature. ICAI therefore recommended that the government should put a greater emphasis on gender issues in policies and programming. FCDO accepted this recommendation, noting that it was fully committed to the implementation of the Gender Action Plan agreed at the COP25 climate summit, and that all departments are committed to improving their impact on gender equality in the third phase (2021-22 to 2025-26) of delivering ICF.
- 3.19 In its response to this follow-up review, the UK government noted examples of three existing programmes⁶ that will include an assessment of the effectiveness of gender mainstreaming in upcoming independent evaluations. It also confirmed that the 2022 ICF results collection process was the first year in which gender-disaggregated data was requested and published for programmes, although FCDO noted that “many delivery partners are at present unable to return comprehensive data”. Finally, FCDO noted that specific personnel (including a secondee from SightSavers International) have been working in the ICF team to improve the inclusion of gender, among other issues, across all programming.
- 3.20 Overall, these actions add up to a substantive effort to address gender in forest and biodiversity policies and programming, and therefore ICAI judges the response to this recommendation to be adequate. The government will, however, need to maintain pressure on and provide for ICF partners to report results disaggregated by gender.

Conclusion

- 3.21 It is clear that in recent years the UK has been pursuing a global leadership role in reducing deforestation and limiting biodiversity loss. This has been supported by significant resourcing, policy commitments and high-level convening. Since ICAI’s original review was published, the government has also been working to strengthen strategic coherence, the use of evaluation, and reporting of gender impacts across the forests and biodiversity portfolio. Despite continued challenges in clarifying geographic and thematic priorities, strengthening monitoring, and addressing inclusion comprehensively, ICAI judges the government’s response to this review’s recommendations to be adequate.

4 FCDO Programme Operating Framework, Foreign, Commonwealth and Development Office, June 2021, [link](#).

5 Darwin Initiative, Darwin Plus and Illegal Wildlife Trade Challenge Fund scheme evaluation, Ecorys, May 2022, [link](#).

6 These include the Forest Carbon Partnership Facility, the BioCarbon Fund Initiative for Sustainable Forest Landscapes and the Biodiverse Landscapes Fund.

UK aid’s alignment with the Paris Agreement

As recommended in the original review, the UK government has committed to a deadline (2023) for aligning bilateral aid with the Paris Agreement, and has significantly increased its capacity and capabilities on promoting Paris alignment. It has also been actively engaging multilateral development banks on their Paris implementation efforts. However, this follow-up review also found that the government is not yet reporting publicly on its progress in achieving Paris alignment and it is not clear how government departments other than FCDO are planning to secure Paris alignment of their aid, which raises questions about action to deliver on the 2023 commitment. In addition, the government is yet to establish deeper partnerships with developing countries to address key issues on implementing the Paris Agreement. Overall, ICAI judges the government’s response to this review to be inadequate. It will be returning to this review in 2024 to follow up on outstanding issues and assess delivery of the 2023 Paris alignment commitment.



- 3.22 ICAI’s rapid review on *UK aid’s alignment with the Paris Agreement* was published in October 2021. The review examined the government’s progress in implementing its 2019 commitment to ensure that all of its aid is delivered in a way that is consistent with the Paris Agreement’s commitments on limiting global warming and strengthening partner countries’ ability to deal with the adverse impacts of climate change.
- 3.23 The review found that the four tools⁷ the UK government had developed to promote Paris alignment reflected good donor practice and had been integrated into FCDO’s PrOF (in rule 5). However, it also noted that the significant time taken to introduce this rule and these tools means that there had been little time to implement them. In addition, the review identified major strategic, capacity and accountability gaps in operationalising PrOF rule 5 and Paris alignment in general.

Subject of recommendation	Government response
The UK should ensure that a commitment to align ODA to the Paris Agreement, with timebound milestones, is embedded at the heart of the forthcoming <i>International development strategy</i> .	Accepted
The UK needs to develop a cross-government reporting and accountability process for Paris alignment of UK ODA that ultimately allows public scrutiny of progress.	Partially accepted
The government should urgently build appropriate capacity and capabilities across its ODA-spending teams in order to design and deliver alignment of UK aid to the Paris Agreement.	Accepted
The UK should work with other leading countries, including developing countries, and institutions to establish and promote international best practice on Paris alignment of ODA.	Accepted

Recommendation 1: The UK should ensure that a commitment to align ODA to the Paris Agreement, with timebound milestones, is embedded at the heart of the forthcoming *International development strategy*

- 3.24 The original review noted that despite the welcome progress in introducing the Paris alignment tools and PrOF rule 5, no targets or milestones had been set to guide implementation.⁸ Other than FCDO, no departments had developed relevant guidance and there was not yet an adequate approach to

⁷ These include: i) climate risk assessment, ii) shadow carbon pricing, iii) fossil fuel policy, and iv) alignment with country partners’ own mitigation and adaptation plans.

⁸ This situation contrasts with UK requirements for multilateral development banks, which have been required to agree such targets or milestones.

promoting positive climate programming (for example ensuring consideration of low emission and climate-resilient development options). ICAI therefore recommended that the government should include a commitment to Paris alignment, with timebound milestones, in its *International development strategy* (IDS). The government accepted this recommendation, noting that the IDS would reflect its approach to Paris alignment and that it was working to progress timebound implementation milestones across all ODA-spending departments.

- 3.25 In responding to this follow-up review, FCDO shared evidence that it was moving forward with its departmental work on Paris alignment, and other government departments highlighted that they were integrating ProOF rule 5 guidance into their programme documents. Most importantly, the IDS also presented a deadline for aligning all new UK bilateral aid programmes with the Paris Agreement by 2023. In addition, a cross-government working group on Paris alignment has been established and has met three times to date. However, ICAI's recent review of FCDO's ProOF⁹ identified examples of programmes not being assessed for their Paris alignment (as required by ProOF rule 5), with officials simply noting that they were not environmental programmes. Furthermore, outside FCDO there are no concrete plans guiding Paris alignment, and a dedicated technical assistance facility (the CLEAN help desk) to support implementation is yet to be launched, although some resources have been allocated for this type of support – through the Climate Mainstreaming Facility – while waiting for the CLEAN help desk to be launched.
- 3.26 Despite continued concerns about the pace and breadth of work on Paris alignment across the UK aid programme, in view of the key milestone in the *International development strategy* in particular, ICAI judges government action on this recommendation to be adequate.

Recommendation 2: The UK needs to develop a cross-government reporting and accountability process for Paris alignment of UK ODA that ultimately allows public scrutiny of progress

- 3.27 The original rapid review identified concerns about reporting and transparency on Paris alignment both within government and externally. ICAI could not identify lines of reporting through relevant FCDO committees and boards. It also concluded that FCDO embassies and other government departments did not have a clear idea of responsibilities for reporting, and that there was little information in the public domain on the UK approach to Paris alignment. ICAI therefore recommended that a cross-government reporting and accountability process for Paris alignment of UK ODA be developed. The government only partially accepted this recommendation, since it objected to the proposal to develop additional accountability processes to those being applied within each department. However, the government did note that there was more it could do to accelerate action on the Paris alignment of UK aid and to report on the progress it was making.
- 3.28 In responding to this follow-up review, FCDO highlighted a number of actions they have taken forward in engaging other departments on Paris alignment. FCDO has developed a cross-government Support Plan on Paris Alignment Implementation; is making progress on holding meetings with each department involved on changes they could make to their own processes; is developing metrics for tracking the IDS commitment on achieving Paris alignment by 2023; and has undertaken its own internal review of progress on Paris alignment.
- 3.29 However, four years after the commitment to Paris alignment for UK aid, there remains a lack of clarity on how government departments other than FCDO will report on their achievement of Paris alignment commitment, and there remains little information in the public domain on the UK's progress on Paris alignment. ICAI therefore judges the response to this recommendation to be inadequate.

Recommendation 3: The government should urgently build appropriate capacity and capabilities across its ODA-spending teams in order to design and deliver alignment of UK aid to the Paris Agreement

- 3.30 The original rapid review expressed concern that there was no sign of additional capacity being mobilised to support the significant challenge of achieving Paris alignment. FCDO teams were already stretched

9 The FCDO's Programme Operating Framework: a rapid review, Independent Commission for Aid Impact, April 2023, [link](#).

and other departments and overseas teams had variable capacities and capabilities to deliver on PrOF rule 5. ICAI therefore recommended that the UK government should urgently build the capacity and capabilities required to achieve Paris alignment. The government accepted this recommendation, but noted that its first priority was to make best use of the extensive expertise that already existed across ODA-spending departments. The government also noted that it was developing a broader learning and development offer for all officials to embed Paris alignment approaches across all international work.

- 3.31 In responding to this follow-up review, the government highlighted that a cross-departmental working group on Paris alignment and a technical assistance facility (CLEAN help desk) available to all departments are both in the process of being set up, although their launch has been delayed. It also provided an update that the climate and environment cadre in FCDO has been almost doubled over the last six months, from 64 accredited advisers (as of October 2022) to 113 (as of March 2023), and this cadre has been increasingly reaching out to other professional cadres in the department to engage them on Paris alignment issues.
- 3.32 Notable action has been taken by the government to add to its professional capacity on Paris alignment and to begin reaching out to other professional cadres on required action across sectors, and we therefore judge the government's response to this recommendation to be adequate. We note, however, that relevant teams still reported constraints on Paris alignment to us, and it therefore seems that capacity expansion efforts need to continue.

Recommendation 4: The UK should work with other leading countries, including developing countries, and institutions to establish and promote international best practice on Paris alignment of ODA

- 3.33 The original rapid review found that the UK had been effectively influencing the multilateral development banks (MDBs) to develop clear implementation plans for their Paris alignment commitments and a target date for implementation. However, the review also concluded that the UK could have been doing more to engage on Paris alignment with other leading countries, including developing countries (in particular to address concerns about Paris alignment becoming a new form of conditionality). ICAI therefore recommended that the UK government should pursue this broader engagement to establish and promote international best practice on Paris alignment of ODA. The government accepted this recommendation and noted that it was in the process of sharing tools, strategies, policies and case studies on Paris alignment with fellow donors, including through the Organisation for Economic Cooperation and Development (OECD). It also noted its ongoing collaborations with the multilateral system, but did not mention any commitments to deepen engagement with developing countries.
- 3.34 In its response to this follow-up review, the government noted that it had recently 'masterminded' a joint position paper on MDB Paris alignment (signed by nine like-minded countries), and that it is continuing to work with the OECD's Development Assistance Committee (DAC) and 'high-spending' bilateral donors to share lessons and best practice on Paris alignment. However, the government did not provide any evidence that it is intensifying engagement with developing countries to discuss challenges around Paris alignment, which was a key element of the recommendation. ICAI therefore judges the government's response to this recommendation to be inadequate.

Conclusion

- 3.35 The recent commitment to secure Paris alignment for all new UK bilateral aid by 2023, emerging cross-departmental guidance on Paris alignment requirements, and the notable work taking place in FCDO and with MDBs on this agenda are all signs that the government is taking aligning the UK's aid with the Paris Agreement seriously. However, a number of significant gaps identified in the original review remain unaddressed, including limited planning for required action in departments other than FCDO, the absence of a cross-government system for tracking and reporting on progress, and a failure to deepen engagement on key issues with developing countries. ICAI therefore judges the government's response to this review to be inadequate, and we will return for a further assessment in 2024.

The UK aid response to COVID-19

ICAI found that the UK had effectively pivoted its work on vaccines to focus on supporting vaccine supply chains, local production and capacity for rollout, including through engagement with the GAVI Alliance. However, there was little evidence of a move towards greater delegation for local specialist staff, and FCDO's revised drawdown policy does not allow for consideration of individual staff preferences to remain in post in the case of future drawdowns. ICAI therefore judges the government's response to this review to be inadequate, but it will not return to this review next year, and will instead use the follow-up to its review of *The FCDO's Programme Operating Framework* to assess progress on addressing relevant challenges relating to delegation.



- 3.36 ICAI's rapid review of *The UK aid response to COVID-19* was published in October 2021. The review examined how well the UK government prioritised and redirected its aid resources in the first 16 months of the global response to COVID-19, from March 2020 to July 2021. It looked at the response at both central and country level, with an in-depth analysis of the response in Pakistan, Sudan and Zambia. It also targeted two thematic areas for in-depth analysis: violence against women and girls and health.
- 3.37 This rapid review found that the UK aid programme's initial response to the COVID-19 pandemic was rapid, credible and appropriate, but that pressures resulting from significant reductions to the aid budget in 2020 and (especially) 2021 meant that several later funding decisions did not reflect the evidence on needs.
- 3.38 Since this review was published the COVID-19 context has evolved, with less virulent strains emerging, vaccine access increasing and supply of vaccines outstripping demand. As a result, countries are now starting to refocus on routine immunisation and other health priorities.

Subject of recommendation	Government response
Building on its investments in vaccine development, the UK government should now do more to accelerate the supply of COVID-19 vaccines to developing countries and support their equitable rollout to vulnerable populations.	Partially accepted
FCDO should delegate as much operational discretion as possible to specialist staff close to the point of programme delivery to ensure the UK's COVID-19 response is nimble, adaptable and fully informed by the local operating context.	Accepted
FCDO should review and adapt its drawdown strategy to be more clearly differentiated by risk and individual staff preferences to guide repatriation of staff to home countries during future crises.	Partially accepted

Recommendation 1: Building on its investments in vaccine development, the UK government should now do more to accelerate the supply of COVID-19 vaccines to developing countries and support their equitable rollout to vulnerable populations

- 3.39 The original rapid review noted that the UK had made a valuable pledge to provide 100 million vaccine doses to developing countries and that its funding to the COVAX facility – to promote greater access to vaccines in developing countries – was a sound one at the time. However, it also found that, despite the establishment of COVAX and the good level of support provided, the rollout of COVID-19 vaccines to developing countries had been slow and that these countries still lacked the delivery and distribution systems to deploy vaccines rapidly. ICAI therefore recommended that FCDO do more to speed up the supply and rollout of COVID-19 vaccines to developing countries. FCDO partially accepted this recommendation, noting that the UK was using its presidency of the G7 to intensify efforts to vaccinate

the world in 2022, and that it was working with the boards of GAVI and the World Bank to secure adequate and timely funding to support vaccine rollout.

- 3.40 In responding to this follow-up review, FCDO noted that it had already supplied 85 million doses of COVID-19 vaccine and made available the full 100 million that it had pledged. ICAI also found that FCDO had shifted its focus towards strengthening vaccine supply chains, targeting countries with the lowest COVID-19 vaccine coverage, and integrating COVID-19 vaccine delivery into existing health responses (through engagement with GAVI on its strategic plan).
- 3.41 FCDO has responded adequately to this recommendation by taking forward a range of important actions that are relevant to the changing strategic context for COVID-19.

Recommendation 2: FCDO should delegate as much operational discretion as possible to specialist staff close to the point of programme delivery to ensure the UK's COVID-19 response is nimble, adaptable and fully informed by the local operating context

- 3.42 The original rapid review reported that the centralisation of decision-making was reducing the ability of officials to make the kind of timely, agile and context-driven decisions necessary to respond to COVID-19 and its long-term impacts. ICAI therefore recommended that FCDO delegate greater operational discretion to specialist staff working in-country on responses to the COVID-19 pandemic. This recommendation was accepted by FCDO, although the management response was limited and merely committed the department to implement relevant elements of its new PrOF.
- 3.43 FCDO's official response to this follow-up review states that the department has learnt lessons about the type of information that is needed to make centralised decision-making more effective, and that this learning is being applied in the business planning process. Recent business planning processes were highly centralised and ICAI has not so far seen evidence of change. FCDO also notes that it recognises the need to upskill legacy Foreign and Commonwealth Office (FCO) staff on ODA programme management and is focusing on training to embed programme management skills across the department, especially through rollout of the PrOF. However, ICAI's recent review of *The FCDO's Programme Operating Framework*¹⁰ found that training on the PrOF is not mandatory even for programme staff (except with regard to 'Sexual exploitation and abuse and harassment (SEAH)' modules), which suggests that uptake of this training has been low to date and compliance mixed.
- 3.44 ICAI therefore judges that, based on the evidence seen so far on putting learning about empowerment of frontline staff to take decisions based on local context into practice, FCDO's response to this recommendation is inadequate.

Recommendation 3: FCDO should review and adapt its drawdown strategy to be more clearly differentiated by risk and individual staff preferences to guide repatriation of staff to home countries during future crises

- 3.45 The original rapid review noted that the mandatory repatriation (known as a 'drawdown') of many overseas UK government staff failed to take differences in the impact of COVID-19 and the risk to UK aid staff sufficiently into account. ICAI concluded that the mandatory drawdown had a detrimental effect on the UK's response to the pandemic and ran counter to learning from addressing previous global health threats, including Ebola. ICAI therefore recommended that FCDO should review and adapt its drawdown strategy to allow for an approach differentiated by risk and staff preferences in different locations. FCDO partially accepted this recommendation but defended its COVID-19 drawdown decision. It noted that a new FCDO drawdown policy was being developed for the merged department, which would take into account learning from the COVID-19 drawdown.
- 3.46 The new drawdown policy was finalised in August 2022. It incorporated learning from the COVID-19 drawdown on the package of support offered to returning staff and communications around the drawdown process. However, the new policy does not allow for consideration of individual staff preferences to remain in post in the case of future drawdowns, which FCDO argues is based on its legal

10 *The FCDO's Programme Operating Framework: a rapid review*, Independent Commission for Aid Impact, April 2023, p. 14, paragraph 4.34, [link](#).

obligation to provide duty of care. FCDO has recently obtained information about the drawdown policies of six other bilateral donors, some of which appear to have allowed their staff greater discretion than UK staff about whether to remain in-country. FCDO noted to ICAI that it would use some of this information to further review its duty of care policy in the coming months.

- 3.47 ICAI judges FCDO’s response to this recommendation to be inadequate, given that it does not address the central elements of the recommendation, namely differentiating drawdown requirements by risks and staff preferences.

Conclusion

- 3.48 Overall, ICAI judges that the government’s response to this review has been inadequate, given that FCDO could have gone further in adapting its drawdown policy and has only made limited progress in taking forward training on and implementation of its PrOF. However, ICAI will not return to this review next year, but will use the follow-up to its review of *The FCDO’s Programme Operating Framework* to assess progress on improving delegation to specialist staff close to the point of programme delivery.

The UK’s approach to safeguarding in the humanitarian sector

FCDO has made notable progress in implementing the recommendations from this review, and we judge its response to be adequate. FCDO staff are increasingly looking beyond due diligence and compliance, have been supporting the development and application of a number of SEAH reporting and community engagement mechanisms, and have been working to improve the functioning of the department’s systems for investigating reported cases of SEAH. Although the department has supported some useful research on SEAH issues, important evidence gaps remain. In addition, the mechanisms for screening humanitarian workers which FCDO has been supporting are yet to show sustained results.



- 3.49 ICAI’s review of *The UK’s approach to safeguarding in the humanitarian sector* was published in February 2022 and scored the government’s approach as amber-red. The review examined the UK government’s effort to respond to the challenges exposed by several high-profile incidents that emerged in 2018 relating to sexual exploitation and abuse (SEA) of affected populations, perpetrated by aid workers operating in humanitarian aid contexts.
- 3.50 The review assessed the relevance, coherence and effectiveness of UK action on safeguarding. It covered the UK’s programming, policy and influencing activities on safeguarding over the period from 2017 to 2021, the years straddling the October 2018 international safeguarding summit that was hosted by the UK (known as the ‘London summit’) and at which the UK, alongside other key actors, made significant reform commitments.

Subject of recommendation	Government response
FCDO should focus greater attention on humanitarian responses in-country, supporting partners in implementing approaches to protection from sexual exploitation and abuse that are tailored to each context.	Partially accepted
FCDO should ensure that trusted mechanisms systematically capture the voices of affected populations, victims and survivors to inform policy and improve operations on sexual exploitation and abuse in humanitarian settings.	Partially accepted
FCDO should develop and implement a research agenda on protection against sexual exploitation and abuse that identifies and prioritises key evidence gaps, in particular on what is happening on the ground.	Partially accepted

FCDO should ensure that efforts to prevent the re-hiring of perpetrators of sexual exploitation and abuse include staff recruited in countries of humanitarian response, who make up the majority of humanitarian aid workers.	Accepted
FCDO should conduct a review of its approach to investigating allegations of sexual exploitation and abuse by humanitarian workers in order to address the points identified by this review.	Partially accepted

Recommendation 1: FCDO should focus greater attention on humanitarian responses in-country, supporting partners in implementing approaches to protection from sexual exploitation and abuse that are tailored to each context

- 3.51 The original review found that the UK’s approach to promoting change in the humanitarian sector had focused appropriately at the global and systemic levels, and had aimed to find the right balance between prevention and response. It also noted that the UK’s approach was top-down in nature, and as a result change was not happening quickly enough at national level. Funding for the safeguarding systems of national and local humanitarian organisations receiving UK aid was insufficient. ICAI therefore recommended that FCDO should do more to support in-country responses and provide support to partners that is tailored to context. In its response to this review, FCDO argued that it was already supporting responses and partner needs in-country. It therefore partially accepted the recommendation and merely committed to continue its ongoing support and share best practice from its work.
- 3.52 Despite the limited commitments set out in FCDO’s response, this follow-up review finds that the department has made notable efforts to address this recommendation. FCDO staff seem to be growing in knowledge and confidence about preventing SEAH, and are increasingly looking beyond due diligence and compliance. In addition, the UK has been supporting a number of valuable multilateral initiatives, including the SEA Risk Overview (SEARO) index (an index for measuring SEAH risks across countries) which was endorsed by the Inter-Agency Standing Committee in September 2022 and will be used to prioritise the deployment of inter-agency coordinators for preventing sexual exploitation and abuse to the 15 countries with humanitarian contexts that are at highest risk of SEA.
- 3.53 As regards its support to national and local humanitarian organisations, FCDO highlighted the funding it is providing to the Humanitarian Quality Assurance Initiative Facilitation Fund, which can subsidise up to 90% of audit costs for small organisations to build capacity at the local level. However, it isn’t clear that this mechanism goes far enough in meeting the needs of local organisations.
- 3.54 Taken together, the body of actions underway are relevant and technically sound, and have contributed to stepping up FCDO’s safeguarding work at national level. ICAI therefore judges FCDO’s response to this recommendation to be adequate.

Recommendation 2: FCDO should ensure that trusted mechanisms systematically capture the voices of affected populations, victims and survivors to inform policy and improve operations on sexual exploitation and abuse in humanitarian settings

- 3.55 The original review found that, although the UK has made efforts to include the voices of victims and survivors as well as whistleblowers in discussions on safeguarding challenges,¹¹ there are no systems for ensuring that these groups are consistently informing strategy and response. It also noted that accountability to affected populations had been relatively neglected, and that reporting and complaints mechanisms were still not being used by victims, survivors and whistleblowers. ICAI therefore recommended that FCDO work to capture more systematically the voices of affected populations to inform policy and practice. FCDO partially accepted this recommendation, arguing that there was an absence of systems for ensuring learning from consultations. FCDO also acknowledged that more could be done to ensure more people feel safe to report incidents, and noted that the department was exploring how to work with survivors more systematically.

¹¹ Most notably, the UK organised a ‘listening exercise’ before the London safeguarding summit.

- 3.56 In responding to this follow-up review, FCDO highlighted a number of valuable areas of its recent work to promote the voices of affected populations. FCDO is working to develop and pilot a digital feedback mechanism called 'Loop', which enables recipients of aid to feed back in real time about their experiences, including on SEAH. Under its Supporting Survivors and Victims of Sexual Exploitation, Abuse and Harassment programme, FCDO has been working to develop a methodology to seek feedback from victims and survivors of sexual exploitation and abuse. FCDO also continues to sit on the steering committee of a multi-year pilot project designed to close the accountability gap for survivors of SEAH (led by the government of the Netherlands and the Core Humanitarian Standard (CHS) Alliance), which will test new ways to address the accountability gap for victims and survivors of SEAH in Bangladesh, Ethiopia and the Occupied Palestinian Territories.
- 3.57 These efforts constitute an adequate response to ICAI's recommendation. However, ICAI would encourage FCDO to continue to innovate and explore ways of systematically engaging with crisis-affected people on an ongoing basis.

Recommendation 3: FCDO should develop and implement a research agenda on protection against sexual exploitation and abuse that identifies and prioritises key evidence gaps, in particular on what is happening on the ground

- 3.58 ICAI's original review found that FCDO had been working to improve the global evidence base on SEAH issues, and had also invested in the production of a number of evidence products.¹² However, little support had been provided to develop evidence on where, when and how exploitation and abuse take place, and on how humanitarian actors can practically address the underlying causes of SEA. ICAI therefore recommended that FCDO should build a research agenda that fills these and other evidence gaps. FCDO partially accepted this recommendation, noting that a new standalone research programme would not be value for money – even though this was not what ICAI had recommended. Instead, FCDO committed to address evidence gaps in its ongoing research programmes.
- 3.59 In responding to this follow-up review, FCDO emphasised to ICAI the value of the ongoing work of its safeguarding Resource and Support Hub, which has recently published research on safeguarding related to people with disabilities and a review identifying key lessons and best practice from its own mentoring programme. FCDO also noted its ongoing funding of work by the CHS Alliance and the Steering Committee for Humanitarian Response to collect and report data on the extent of SEAH challenges, and its support for the SEARO index.
- 3.60 However, as a demand-led facility, the Resource and Support Hub has prioritised action learning over commissioned research to fill evidence gaps. The other major research efforts that FCDO noted are focused on exploring how widespread SEA incidents are, and not 'what works' in operational settings. These actions are therefore judged to be inadequate as they do not address the core of this recommendation.

Recommendation 4: FCDO should ensure that efforts to prevent the re-hiring of perpetrators of sexual exploitation and abuse include staff recruited in countries of humanitarian response, who make up the majority of humanitarian aid workers

- 3.61 The original review noted that FCDO had recognised the lack of systems to screen for SEAH perpetrators among staff recruited in countries of humanitarian response (as opposed to international staff) and had supported relevant human resource processes to help address this gap. However, it also found that most of these processes had not yet been launched, and where they had (as for example the Misconduct Disclosure Scheme (MDS)), they were not yet able to screen staff recruited in-country. ICAI therefore recommended that FCDO should ensure that processes for screening potential staff in-country were developed. FCDO accepted this recommendation, noting its commitment to ensuring screening for all humanitarian workers, and its view that the MDS was already able to play this role.
- 3.62 FCDO's response to this follow-up review notes its ongoing work to support the MDS (including funding

¹² These included the *Global evidence review of sexual exploitation and abuse and sexual harassment in the aid sector*, published in January 2021.

a staff member), which has to date been applied in over 86,000 recruitments and led to 230 applications being rejected. It also highlights its work to support Project Soteria – which facilitates cooperation between law enforcement agencies and aid organisations to identify perpetrators – and the Aid Worker Registration Scheme. However, these schemes do not yet provide the solution to the sector’s challenges in this area. First, it is not yet clear what proportion of the MDS’s screenings took place in countries of humanitarian response, as the MDS does not identify this, and there are concerns that not enough organisations are adopting the scheme. In addition, Project Soteria is yet to achieve impact at scale after more than a year of implementation, and there was a consensus among interviewees that the Aid Worker Registration Scheme is unlikely to be taken forward.

- 3.63 Although FCDO has provided significant support for developing new systems to screen humanitarian staff, it is not clear that the department is adequately prioritising this outcome for locally recruited humanitarian staff. ICAI therefore judges FCDO’s response to this recommendation to be inadequate.

Recommendation 5: FCDO should conduct a review of its approach to investigating allegations of sexual exploitation and abuse by humanitarian workers in order to address the points identified by this review

- 3.64 The original review reported that FCDO has made significant investments in developing its systems for investigating reported safeguarding cases. However, ICAI’s investigations ‘deep dive’ found that FCDO’s investigations case management system was not effectively prioritising reports of SEA perpetrated against affected populations, and that there were gaps in FCDO’s internal guidance on processes for investigations. ICAI therefore recommended that FCDO should conduct a review of its approach to investigating allegations of SEA by humanitarian workers. FCDO partially accepted this recommendation, contesting ICAI’s findings on weaknesses in its case management systems and internal guidance. It did, however, commit to keep its case management approach under review.
- 3.65 Despite having challenged ICAI’s findings underpinning this recommendation, FCDO has taken notable action to address the concerns raised. Following publication of ICAI’s review, the Safeguarding Investigations Team fully discussed the findings of ICAI’s investigations ‘deep dive’, and identified 31 separate actions to improve its investigations systems. As of December 2022, 58% of the actions had been completed, with the remainder in the process of being implemented. Some actions will only be implemented following the rollout of an upgraded case management system, which is expected by July-August 2023. FCDO argues that resource constraints do not currently allow it to act on ICAI’s guidance that the department should work proactively to identify SEAH cases.
- 3.66 Considering FCDO’s range of actions on this recommendation, ICAI judges the department’s response to be adequate.

Conclusion

- 3.67 It is clear from this review that FCDO remains a global front-runner in taking forward action on addressing SEAH risks. This is illustrated by its notable responses to ICAI’s recommendations to focus greater attention on in-country action, develop systems for screening humanitarian workers and strengthen its investigations case management systems. Nevertheless, FCDO needs to do more to ensure screening of humanitarian workers recruited in-country, to promote the voice of affected populations in debates on policy and practice on preventing SEAH, and to invest further in filling gaps in the evidence base on the causes and solutions to SEAH challenges. ICAI judges FCDO’s action on this review’s recommendations to be adequate.

Tackling fraud in UK aid through multilateral organisations

Due to valuable action on the recommendations from this review, ICAI judges the government's response to be adequate. FCDO has taken notable steps to reach out to like-minded donors to collaborate on fraud issues in the multilateral aid system, including through the Multilateral Organisation Performance Assessment Network (MOPAN) and the boards of several multilateral agencies. The department has also made notable efforts to develop a portfolio approach to fraud risk management, including through introducing peer review for Central Assurance Assessments (CAAs) of multilateral organisations, strengthened guidance and templates for CAAs, and improving the sharing of CAA findings across the department. However, FCDO has taken no substantive steps to renew and document its assessment of fraud risks related to the European Commission's ODA.



- 3.68 ICAI's rapid review on *Tackling fraud in UK aid through multilateral organisations* was published in October 2021. The rapid review assessed the relevance and effectiveness of the UK government's efforts to manage fraud risks relating to its core funding to multilateral organisations, and its approach to learning from its experience of engaging with multilaterals on fraud challenges.
- 3.69 The rapid review took place in a context where the UK government was scaling down its aid delivered through the European Commission (as part of exiting the EU), which had previously been its largest channel of core funding to multilateral organisations. During the review period the UK government had also introduced reductions to overall aid spending that were beginning to feed into more constrained funding levels for multilateral agencies. This review was not scored.

Subject of recommendation	Government response
FCDO should establish a risk-based portfolio approach to managing governance risks across funding to all multilateral organisations.	Partially accepted
FCDO should continue to build stronger coalitions with like-minded donors to maintain counter-fraud and good governance as a top priority for multilateral organisations.	Accepted
FCDO should renew and document its assessment of the European Commission's ODA fraud risk management, in line with its processes for all multilateral organisations it funds.	Partially accepted

Recommendation 1: FCDO should establish a risk-based portfolio approach to managing governance risks across funding to all multilateral organisations

- 3.70 The original rapid review found that FCDO had effective processes in place to identify, assess and monitor multilateral organisations' fraud risks, and that CAAs of multilaterals are generally conducted to a high standard. However, it noted that the effectiveness of FCDO's work in this area was constrained by not taking a portfolio approach to fraud risk management, characterised by a failure to balance risks across the portfolio. ICAI found a lack of consistency in analysis of fraud issues across the multilateral portfolio and weaknesses in the quality assurance of the CAAs. In response to these concerns, ICAI therefore recommended that FCDO should establish a risk-based portfolio approach to managing fraud risks with core multilateral aid. FCDO partially accepted this recommendation, noting that the department would work to better share and analyse risks across its multilateral portfolio, to strengthen internal guidance and training on due diligence for multilateral organisations, and to build internal capability and expertise in engaging with and positively influencing multilateral organisations.
- 3.71 This follow-up review found that FCDO has made a number of changes to its approach to assessing fraud risk management challenges in multilateral organisations, which collectively can provide the foundation

for pursuing a portfolio approach. Since the original rapid review was published, FCDO has introduced peer review for CAAs, begun storing CAAs in a central repository, strengthened guidance and templates for CAAs, and improved the sharing of CAA findings across the department.

- 3.72 This is a substantive set of changes that adds up to an adequate response to ICAI's recommendation and goes beyond FCDO's originally limited commitments.

Recommendation 2: FCDO should continue to build stronger coalitions with like-minded donors to maintain counter-fraud and good governance as a top priority for multilateral organisations

- 3.73 The original rapid review concluded that, while there were good examples of the UK successfully collaborating with like-minded donors to improve counter-fraud practices in multilaterals, there were signs that reduced contributions to a number of multilaterals were beginning to undermine UK influence in these organisations. Cooperation with other donors on due diligence was rare and FCDO's EU team had not been effectively engaging with the EU on shared counter-fraud objectives since 2018. ICAI therefore recommended that FCDO should prioritise building stronger coalitions with like-minded donors on multilateral fraud issues. FCDO accepted this recommendation and committed to continue collaborating with other donors on multilateral fraud issues, and to develop improved ways of sharing information between donors on these issues.
- 3.74 Since then, FCDO has undertaken valuable work with MOPAN, which carries out regular detailed assessments of multilateral organisations on behalf of a group of key donors, including the UK. FCDO's support for MOPAN has recently moved beyond providing financial assistance, to providing advice on how to evolve its approach to assessing policies and systems fraud prevention in humanitarian organisations and other agencies working in crisis contexts.
- 3.75 In addition to these collaborations, FCDO highlighted its recent work to scrutinise the strategy of the Integrity Vice Presidency (the team in the World Bank which investigates accusations of fraud and corruption) and action to implement it; to ensure fraud allegations were investigated and acted on in the UN's Office for Project Services; and to work with the Bill and Melinda Gates Foundation to assess the supply chain systems of the UN Population Fund. Given the overall substance of these and other efforts to engage on this recommendation, ICAI judges FCDO's response to this recommendation to be adequate.

Recommendation 3: FCDO should renew and document its assessment of the European Commission's ODA fraud risk management, in line with its processes for all multilateral organisations it funds

- 3.76 The original rapid review highlighted serious concerns that, despite the fact that UK aid will continue to be channelled through the European Commission until 2029, FCDO has no plan in place to document and update risks in line with its approach to other multilateral organisations. In addition, it noted that FCDO had not undertaken substantive analysis of the Commission's ODA counter-fraud systems, structures and culture since 2016, and there had been no bilateral discussions between FCDO and the Commission or its anti-fraud office (OLAF) about fraud risk management since 2018. ICAI therefore recommended that FCDO undertake new work to assess the Commission's ODA fraud risk management approach. FCDO partially accepted this recommendation, and committed merely to monitor, review and report on any changes in the Commission's fraud management, and to conduct appropriate fiduciary risk assessments for any new funding through the Commission.
- 3.77 The follow-up review found that no substantive action on oversight of European Commission funding has been taken in response to ICAI's recommendation. It is clear that the difficult political context around UK-EU relations has posed challenges for addressing this recommendation. Nevertheless, ICAI judges that the government could have done more within these constraints to give priority to engaging the European Commission on fraud oversight, especially as £534 million of UK aid is reported to have been spent through the EU in 2022.¹³ ICAI therefore judges the government's response to this recommendation to be inadequate.

13 *Statistics on international development: provisional UK aid spend 2022*, Foreign, Commonwealth and Development Office, April 2023, p. 19, paragraph 9, [link](#).

Conclusion

- 3.78 It is very welcome that since this rapid review’s publication, FCDO has taken substantive action to develop the building blocks for a portfolio approach to tackling fraud risk management, as this will add significant value to the department’s work in this area. The department has also taken substantive steps to engage with MOPAN and a range of multilaterals on fraud issues. However, it has taken no action to strengthen its approach to managing fraud risks relating to aid delivered through the European Commission as there has been limited political will to challenge obstacles to securing this engagement. Overall, ICAI judges the response to this rapid review to be adequate.

Assessing UK aid’s results in education

Despite continued constraints on resources available for education programming, FCDO has made significant progress in addressing the recommendations from this review, and its response is judged to be adequate. FCDO has continued to play a global leadership role in supporting research on ‘what works’ in promoting children’s learning and reaching the most marginalised, and it has been deepening its support to governments to generate and utilise data on children’s learning. However, despite commitments to maintain a priority focus on girls’ education, FCDO did not adequately explain exactly how a consistent focus on this issue would be operationalised across programmes. In addition, FCDO’s efforts to scale up its convening role in-country have been narrowly focused on facilitating joined-up work between the Global Partnership for Education and Education Cannot Wait.



- 3.79 ICAI’s *Assessing UK aid’s results in education* review was published in June 2022, and awarded FCDO a green-amber score. The review assessed the effectiveness, equity and impact of UK aid for education, covering a portfolio of £4.4 billion in bilateral programming between 2015 and 2020, and more than £1.3 billion in multilateral spending over the same period.
- 3.80 The original review took place against the backdrop of notable reductions to the UK aid programme and bilateral education programmes during 2020-21. Further significant reductions to UK aid and bilateral education programmes took place in the year covered by this follow-up review, in 2021-22. While these reductions have affected UK aid’s overall ambitions on education, ICAI’s recommendations remain relevant, since they relate to the approach taken to implement ongoing programmes.

Subject of recommendation	Government response
Future FCDO aid for education should have a greater focus on children’s learning, based on evidence of ‘what works’ that is relevant to the context.	Accepted
FCDO should accelerate its work with partner governments to improve their ability to collect and use good data on children’s learning.	Accepted
FCDO should ensure that all its aid to education maintains a consistent focus on girls in its design and implementation.	Accepted
To promote systemic change that benefits the most marginalised, FCDO should have a greater focus on dissemination and uptake of evidence of ‘what works’ for these groups.	Accepted
FCDO should enhance the convening and influencing role it often plays in partner countries to promote the impact of aid to education on learning.	Accepted

Recommendation 1: Future FCDO aid for education should have a greater focus on children's learning, based on evidence of 'what works' that is relevant to the context

- 3.81 ICAI's original review found that robust evidence of the impact of UK aid on learning was not available for all programmes, and that the available evidence pointed to variable levels of achievement. ICAI therefore recommended that FCDO should place a greater focus on education programmes achieving learning outcomes, with interventions designed around evidence of 'what works'. FCDO accepted this recommendation and committed to focus on building consensus across the international community on 'what works' in education, and to support national governments to test, adapt and scale up education reforms and cost-effective interventions most likely to improve learning.
- 3.82 Information shared with ICAI through this follow-up review demonstrates that the UK government is making substantive contributions to generating and promoting use of evidence on 'what works' in improving education outcomes. Most notably, FCDO is supporting the Global Education Evidence Advisory Panel's work to provide recommendations on education funding, and the department has launched the What Works Hub for Global Education (in pilot phase), which includes a technical assistance function supporting governments. In addition, FCDO has designed a programme called Scaling Access and Learning in Education (SCALE), which aims to test, adapt and scale up cost-effective, evidence-based education interventions to new contexts. There are, however, some questions about when the What Works Hub and SCALE programme will be fully operational and what their budgets will be.
- 3.83 ICAI was shown examples of this evidence already being used to improve the approach to learning in FCDO's education programming, although a longer time period is required for these efforts to be fully effective. ICAI judges FCDO's response to this recommendation to be adequate.

Recommendation 2: FCDO should accelerate its work with partner governments to improve their ability to collect and use good data on children's learning

- 3.84 ICAI's original review concluded that FCDO was not yet able to measure results achieved around children's learning for all of its education programmes, and recommended that the department should deepen its work with partner governments on this challenge. In responding to this recommendation, FCDO stated that its firm focus was on supporting partner governments to recover and improve children's foundational learning following the COVID-19 pandemic. The department also noted that it was developing a new results framework for tracking the UK's contribution (through programming and diplomacy) to goals agreed through the G7 on education access and learning for girls.
- 3.85 This follow-up review concluded that FCDO has significant work underway which has the potential to address the concerns behind ICAI's recommendation. This includes work with UNESCO to develop a common approach to measuring learning proficiency to be used by the international community, and its results framework, which it is putting in place (August 2023) to track the UK's contribution to the G7 goals on access and learning. FCDO also reported that of a sample of 20 programmes, 18 had learning outcome indicators while the other two had indicators connected to improving learning assessment systems.
- 3.86 In June 2022, FCDO announced the Data for Foundational Learning initiative, which aims to support country partners to generate more and regular data on children's learning levels, and to use these data to drive better policy decisions and reforms. This four-year programme began in February 2023 and is working closely with the SCALE and What Works Hub programmes to support wider efforts to scale up the most cost-effective interventions to improve learning. Overall, ICAI judges FCDO's response to this recommendation to be adequate.

Recommendation 3: FCDO should ensure that all its aid to education maintains a consistent focus on girls in its design and implementation

- 3.87 ICAI's original review concluded that, despite the UK government's numerous commitments to promote girls' education, some of the programmes reviewed had an insufficient focus on girls, and not all programmes achieved their targeted results for supporting girls. ICAI therefore recommended that FCDO should ensure that all of its aid to education maintains a consistent focus on girls. FCDO accepted

this recommendation and committed to redouble its efforts to ensure all girls are supported to go to school and learn, launch a new *Women and girls strategy* giving priority to girls' education, restore funding to girls' education, and establish a new centre of expertise for education.

- 3.88 Additional budget reductions to UK bilateral aid programmes were announced in 2022-23, after accelerating ODA spend by other government departments on supporting refugees and asylum seekers in the UK forced FCDO to 'pause' all ODA spending. As a result, the government reneged on its commitment to restore funding to girls' education programming. Some progress has nevertheless been made in this area, including the production of an internal policy note on marginalised girls by the Girls' Education Department to advise the overseas network to deliver on relevant objectives for girls' education, and continuing work to develop and implement programmes which include a focus on girls (such as SCALE, the What Works Hub and the EdTech Hub).
- 3.89 However, during this follow-up, FCDO did not adequately describe 'how' it would ensure a consistent focus on girls across its programmes. Given this, plus the fact that relevant new programmes are yet to be launched and the new *Women and girls strategy* merely restated existing commitments on girls' education, we judge the response to this recommendation to be inadequate.

Recommendation 4: To promote systemic change that benefits the most marginalised, FCDO should have a greater focus on dissemination and uptake of evidence of 'what works' for these groups

- 3.90 ICAI's original review concluded that DFID/FCDO's education programmes had largely been relevant to the needs of marginalised groups, especially marginalised girls. However, it also noted that budget reductions were likely to reduce the ability of the Girls' Education Challenge (GEC) – DFID/FCDO's largest single channel for supporting marginalised girls – and other programmes to disseminate evidence from their programmes. ICAI therefore recommended that FCDO should place a greater emphasis on disseminating and promoting uptake of evidence of 'what works' to support marginalised groups to access quality education. FCDO accepted this recommendation, and stated that it would do so through its EdTech Hub, Education Research in Conflict and Protracted Crisis programme and the GEC.
- 3.91 Since then, the department has worked to generate, disseminate and ensure uptake of evidence on 'what works' for marginalised children through its programmes. In particular, since the review, the GEC is demonstrating tangible progress on implementing its learning and evidence uptake strategy, including through producing thematic briefs and blogs, organising events to discuss key lessons from its work, and disseminating and promoting uptake of programme evidence in Kenya, Pakistan and Nepal.
- 3.92 Although the recent nature of these activities means it is still too early to gauge their impact on improving education outcomes for the most marginalised, ICAI judges that FCDO action in this area is valuable and is an adequate response to its recommendation.

Recommendation 5: FCDO should enhance the convening and influencing role it often plays in partner countries to promote the impact of aid to education on learning

- 3.93 ICAI's original review found a strong level of coherence across the UK's channels for providing aid to education, but noted that there has been a lack of coherence between the multilateral programmes that DFID/FCDO supported. Two multilateral programmes it funded in crisis contexts, Education Cannot Wait (ECW) and the Global Partnership for Education (GPE), were found to be in competition with each other. ICAI was also concerned that budget reductions and potential departmental restructures could lead to a decline in FCDO's influence on improving education quality in partner countries. ICAI therefore recommended that FCDO should enhance its convening and influencing role on education in partner countries. FCDO accepted this recommendation and noted that it was already providing additional support to its country-based education advisers to enhance the UK's influence over funding from other sources. The department also committed to securing better coordination and coherence between GPE and ECW, both at headquarters and country level.
- 3.94 This follow-up review found that FCDO is already supporting greater coherence in the work of ECW and GPE, with strong country-level examples identified in Afghanistan, Myanmar, South Sudan and Syria.

In addition, FCDO has been using learning sessions to strengthen the capabilities of its own staff to influence these multilateral institutions.

3.95 However, it is not clear what FCDO is doing to support convening and influencing at the country level beyond supporting improved collaboration between GPE and ECW. Given that FCDO is spending less of its own bilateral resources on education, there is a valuable opportunity for education advisers to be supporting improved coherence of education funding. ICAI therefore judges FCDO’s response to this recommendation to be inadequate.

Conclusion

3.96 The last few years have seen major reductions in UK aid to education. Education programming has also faced significant challenges in responding to the disruption caused to education systems by the COVID-19 pandemic. In this challenging context, FCDO has made some progress in developing interventions to benefit learning, supporting the generation of evidence on learning outcomes and promoting quality education for marginalised groups. At the same time, FCDO needs to target girls more consistently with its programming and more effectively support coherence of education programmes across delivery channels in-country. Overall, ICAI judges FCDO’s response to this review to be adequate and it will not be returning for a further follow-up.

The UK’s support to the World Bank’s International Development Association

FCDO has made notable progress in addressing the recommendations from this review, and its response is judged to be adequate. The department has been ambitiously engaging International Development Association (IDA) management on its response to climate change, in particular on adaptation, and on measuring the Bank’s efforts on climate. FCDO has also been active in collaborating with the World Bank on safeguards in relation to LGBTI+ inclusion, and has been challenging the Bank to pursue a more politically informed approach to addressing public financial management challenges in IDA countries. However, the department has only made limited progress in strengthening country-level partnerships with IDA programmes and is yet to demonstrate much effort on operationalising the Bank’s ‘shared prosperity’ goal.



3.97 ICAI’s review of *The UK’s support to the World Bank’s International Development Association* was published in May 2022, and awarded the UK’s support a green-amber score. The review assessed the relevance, effectiveness and efficiency of the more than £1 billion the UK contributed annually to IDA – the World Bank’s fund for providing concessional financing – over the period since 2015. The review focused in particular on three priority themes: climate resilience, fragile states, and the COVID-19 response, as well as on IDA’s track record on environmental and social safeguards and social inclusion.

3.98 The timing of this review had been planned to allow its findings to be published ahead of, and to feed into, UK decision-making for the 20th round of replenishing the funds of IDA, which was originally scheduled for July-December 2022. However, in April 2021 it was announced that this replenishment round was to be brought forward by a year (to July-December 2021) due to unprecedented resourcing needs related to COVID-19. As a result, the review occurred in parallel with the replenishment process, and was published after it was completed.

Subject of recommendation	Government response
FCDO should advocate for more action-focused targets for IDA climate change action, particularly on adaptation.	Partially accepted
FCDO should set more systematic objectives for engaging the World Bank at country level.	Partially accepted

FCDO should hold IDA accountable for meeting the ‘leave no one behind’ commitment, including by advocating for the operationalisation of its ‘co-prosperity’ goal.	Partially accepted
FCDO should work constructively with World Bank management and other donors to improve the Bank’s capacity to monitor and oversee implementation of environmental and social safeguards.	Accepted
The UK should strengthen key country partnerships with IDA to bolster public financial management and anti-corruption programmes.	Accepted

Recommendation 1: FCDO should advocate for more action-focused targets for IDA climate change action, particularly on adaptation

- 3.99 The original review found that the World Bank’s ambitions on climate change had disappointed the UK in the period before 2021, but that the COP26 climate summit and political change had helped to increase the Bank’s ambitions significantly since 2021. Despite these positive developments, the main measure of the Bank’s action on climate change (the share of financing focused on climate ‘co-benefits’) did not provide information on IDA’s climate impact (both positive and negative) to incentivise action on climate change. The review therefore recommended that FCDO should advocate for IDA targets relating to climate change that better promote action, particularly aimed at adaptation. FCDO partially accepted this recommendation, stating that some action-oriented targets were already in place, and that it would focus on monitoring the Bank’s progress on delivering existing commitments.
- 3.100 During the follow-up review, FCDO officials noted to ICAI that their recent efforts to challenge the Bank to deepen its ambitions on climate change have focused on pushing it to roll out Country Climate and Development Reports across countries. These are a new tool for diagnosing country climate and development needs in an integrated way. FCDO has had frequent high-level engagements with the Bank on climate, and active engagement within the Multilateral Development Bank Group on issues such as access to climate finance and Paris alignment. The UK has also begun discussions with the Bank on potential action-oriented targets to be applied in monitoring delivery of the Bank’s Paris alignment strategy (to be completed in 2023), although these discussions are at an early stage.
- 3.101 Overall, climate change remains a priority for the UK’s engagement with the Bank, which is in turn helping to deepen the Bank’s ambitions in this area. Most UK engagement has focused on cross-Bank policy and practice, which will also impact IDA, as the Bank’s largest funding stream. Further work remains to be done on action-orientated targets. However, overall, we judge FCDO’s response to this recommendation to be adequate.

Recommendation 2: FCDO should set more systematic objectives for engaging the World Bank at country level

- 3.102 The original review found that, while there was notable FCDO engagement with the Bank on IDA operations in-country, this engagement tended to be more opportunistic than systematic and was limited to areas of current programme overlap with UK priorities. It also noted that there was only limited allocation of senior-level staff resources to engage on IDA at the country level. As a result of these constraints, ICAI was concerned that opportunities for supporting and influencing IDA operations in-country were being missed. ICAI therefore recommended that more systematic objectives to guide UK engagement with the Bank at the country level should be developed. FCDO partially accepted this recommendation, disagreeing about setting objectives for engagement at country level, but committing to strengthen country relationships in countries outside the former DFID’s country office network.
- 3.103 Since the publication of ICAI’s review, senior FCDO officials working on the World Bank have made a presentation to FCDO regional directors and country development directors on engaging the Bank. The International Finance Institutions Department and the UK Delegation to the World Bank have been working together to support efforts to solve the debt challenges of Zambia, Malawi and Ghana; respond to the crisis in Pakistan; develop the Bank’s new approach to Afghanistan; work on the potential for

Sri Lanka to reverse-graduate into IDA; and respond to conflict challenges in Ethiopia. We also heard that the UK Delegation are looking to increase their capacity, in part to support engagement on issues relating to UK priority countries.

3.104 However, these country-oriented activities have largely been reactive in nature and focused on engaging the Bank at headquarters level. ICAI was shown little evidence of efforts to develop deeper proactive engagement with IDA at the country level. ICAI therefore judges that there has been no substantive progress on the core of this recommendation, and that the response has been inadequate.

Recommendation 3: FCDO should hold IDA accountable for meeting the ‘leave no one behind’ commitment, including by advocating for the operationalisation of its ‘co-prosperity’ goal

3.105 The original review found that, despite notable effort to address inclusion related to gender, disability and sexual minorities, the Bank had only made modest progress in operationalising its second strategic goal, to promote shared prosperity (also described as co-prosperity, defined as raising the incomes of the bottom 40% of the population faster than the national average) in client countries. The review’s assessments of a sample of programmes also concluded that there were weaknesses in how distributional issues were being addressed in country strategies and programmes. ICAI therefore recommended that FCDO should do more to hold the Bank accountable for operationalising this goal. FCDO partially accepted this recommendation, committing merely to advocate for better data to monitor progress on the shared prosperity goal.

3.106 FCDO’s response to the follow-up review noted that the department has provided recent inputs to IDA Board discussions on addressing statistical capacity-building priorities for Sahelian countries and Kenya. However, even measured against the limited ambitions set out in the government’s initial response to this recommendation, FCDO’s action is judged to be inadequate.

Recommendation 4: FCDO should work constructively with World Bank management and other donors to improve the Bank’s capacity to monitor and oversee implementation of environmental and social safeguards

3.107 The original review found that the substantial overhaul of World Bank environmental and social safeguards initiated in 2017-18 had not yet led to improvements in practice, in large part because of constraints in the capacity of Bank staff and local partners to promote and monitor delivery. It also found that the mechanisms for allowing affected communities to report complaints were difficult to use, and that there were long delays in processing compensation in cases of resettlement. These issues were exacerbated by the COVID-19 pandemic, during which some elements of monitoring were deferred. In response, ICAI recommended that FCDO should support the Bank to improve capacity to monitor the implementation of safeguards. FCDO accepted this recommendation and committed to continue such monitoring, including through Board and senior-level engagement, with an emphasis on issues relating to solar energy supply chains and gender-based violence.

3.108 FCDO’s response to the follow-up review noted that, since the report’s publication, the department has been engaging with the Bank on its approach to LGBTI+ inclusion and has submitted proposals for how the Bank’s new gender strategy can address gender-based violence. FCDO has also demanded enhanced assurances for all new solar projects and their supply chains (on issues around forced labour). FCDO highlighted that the UK’s executive director to the Bank has recently met the organisation’s Inspection Panel to discuss concerns about a perceived slowdown in cases being reported to this body.

3.109 Overall, ICAI judges that these actions constitute an adequate response to this recommendation. Nevertheless, FCDO has not provided any indication of how its in-country staff are working to encourage full implementation of Bank safeguards. We would therefore encourage the department to engage the Bank more actively at this level on safeguards.

Recommendation 5: The UK should strengthen key country partnerships with IDA to bolster public financial management and anti-corruption programmes

3.110 The original review concluded that IDA has strong control systems and expertise in public financial management (PFM). Despite this, it faces significant challenges in securing effective management of its

resources given that it works through national systems and its funding levels are increasing, especially in fragile contexts and in response to crises. For instance, in Sierra Leone, the scale-up in resources to respond to the impacts of COVID-19 on the economy was continuing at the same time as the president had suspended the Auditor General in questionable circumstances. ICAI therefore recommended that the UK should strengthen its country partnerships with IDA through PFM and anti-corruption programmes. FCDO accepted this recommendation, and committed to monitor the Bank's delivery of relevant commitments made through the IDA-20 replenishment process, and to continue to collaborate closely with IDA on capacity building relating to tax and public financial management issues.

- 3.111 FCDO's response to the follow-up review noted that during 2022-23 it had been continuing to support the Bank's Global Tax Programme (which is supporting 50 IDA countries on domestic resource mobilisation and 14 on fiscal issues). The department was also challenging the Bank's Public Expenditure and Financial Accountability (PEFA) initiative to strengthen its political awareness on PFM issues.¹⁴ FCDO also mentioned its engagement in-country to support the Bank to develop a PFM programme in Ethiopia that is sensitive to the conflict challenges facing the country; and to ensure that reform commitments for a recent Development Policy Operation in Nigeria were adequately focused on the key political challenges for improving public management.
- 3.112 Overall, FCDO seems to play an active role in ensuring that the Bank's PFM and other public management reform efforts are tailored to diverse political contexts, and we judge its response to this recommendation to be adequate. Given that the tensions between the resourcing requirements and governance issues in the most challenging IDA contexts will remain considerable for the foreseeable future, we encourage FCDO to strengthen its work in-country with the Bank in this area.

Conclusion

- 3.113 Overall, ICAI judges that FCDO's response to the recommendations set out in this review is adequate, and it will not be returning for a further follow-up. FCDO is engaging strongly with the Bank on action to tackle climate change and how to measure it. It is addressing some critical issues relating to the Bank's broad safeguards agenda and it is playing an important role in challenging the Bank to engage with more political awareness around public management issues. It is, however, yet to pursue more strategic country-level partnerships with IDA, and its ambitions remain limited in engaging the Bank on developing more systematic approaches to inclusion and promoting shared prosperity.

The UK's humanitarian response to COVID-19

FCDO has been working to protect programming on social protection from aid reductions and has been encouraging multilateral development banks to expand their activities on social protection. However, FCDO has not undertaken a formal after-action review of its COVID-19 response, instead relying on informal learning, which heightens risks that lessons will not be captured to inform future crisis responses. In addition, we are yet to see robust evidence that FCDO has expanded its support directed to local delivery partners. ICAI therefore judges FCDO's response to the recommendations from this review to be inadequate, and will therefore return to review action on outstanding issues in 2024.



- 3.114 ICAI's review of *The UK's humanitarian response to COVID-19* was published in July 2022 and scored the UK's aid response as green-amber. The review assessed two years of the UK's emergency response to the pandemic, from its onset in February 2020 until early 2022. It examined the relevance of the UK's priorities, the coherence of its set of responses, and the effectiveness of its action in saving lives, reducing suffering and supporting communities to build resilience.

¹⁴ In 2022 FCDO eventually took the decision that, because of resistance from the Bank to better balance PEFA's traditional technocratic approach with deeper political engagement, it would be withdrawing its funding for PEFA.

3.115 The review found that the UK government had been quick to recognise and respond to the likely impacts of the COVID-19 pandemic in developing countries, its efforts informed by experiences from responding to other recent health crises. The UK provided flexible funding, its response was coherent and coordinated, and it made a substantial contribution to saving lives and reducing hardship. Nevertheless, reductions to the aid budget in 2020 and (especially) 2022, and the merger of two departments to form FCDO, came at an inopportune time and hampered the UK response.

Subject of recommendation	Government response
FCDO should undertake an after-action review of its COVID-19 response, to identify lessons on information management, management processes and programming options, to inform its future responses to complex, multi-country emergencies.	Accepted
To fulfil its commitment to localising humanitarian response, FCDO should make long-term investments in building national disaster response capacities, including mechanisms for directing funding to local non-state actors.	Accepted
Building on its past investments in cash-based humanitarian support and national social protection systems, FCDO should invest in flexible social protection systems which help the most vulnerable in times of shock.	Accepted

Recommendation 1: FCDO should undertake an after-action review of its COVID-19 response, to identify lessons on information management, management processes and programming options, to inform its future responses to complex, multi-country emergencies

3.116 The original review found that the UK’s response to COVID-19 drew on learning and experience from previous humanitarian crises and global health emergencies. For example, the Ebola outbreak in West Africa helped to highlight the importance of responding to the indirect social and economic impacts of an epidemic rather than focusing on the direct impacts. However, ICAI found that this knowledge was drawn from experienced individuals, and not institutionally captured and shared, limiting awareness of these lessons. We also heard that institutional knowledge on the COVID-19 response was being lost due to turnover of staff resulting from the departmental merger and aid reductions. ICAI therefore recommended that FCDO should undertake an after-action review of its COVID-19 response, to identify important lessons for future crises. FCDO accepted this recommendation, agreeing on the importance of learning, and noting its ongoing efforts to incorporate lessons learnt into its future responses to crises.

3.117 In responding to this follow-up review, FCDO noted that since the original review’s publication it has been working to identify common themes across multiple large complex crises, including COVID-19, Afghanistan and Ukraine. It also noted that FCDO’s Humanitarian Department has fed into wider Ukraine crisis lesson learning (including on staff welfare, staff agility and crisis doctrine), and that FCDO’s Humanitarian Response Group holds quarterly meetings dedicated to reviewing lessons for responding to crises.

3.118 ICAI judges the overall response to this recommendation to be inadequate. This is because, although there has been some effort to promote informal learning from the COVID-19 response, there has not been an after-action review. This heightens the risk that learning from the COVID-19 pandemic will not be captured and readily accessible to current and future humanitarian response teams to inform a future pandemic response.

Recommendation 2: To fulfil its commitment to localising humanitarian response, FCDO should make long-term investments in building national disaster response capacities, including mechanisms for directing funding to local non-state actors

3.119 Although the original review concluded that the UK worked closely with national and local governments

in delivering its response, it also found little evidence that the UK's approach helped advance commitments on reforming the international humanitarian system to direct more aid through national and local responders. ICAI therefore recommended that FCDO should focus on making long-term investments in building national disaster response capacities, including mechanisms for directing funding to local non-state actors. FCDO accepted this recommendation, noting that it continues to refine its approach to capitalise on the comparative advantage of local actors, as well as building their long-term capacity.

- 3.120 ICAI's analysis of information shared by FCDO through this follow-up review concluded that since the report was published, the department has focused on protecting existing investments and ways of working (in the context of aid reductions) rather than developing new systems and approaches to support localisation. We also concluded that the department is not well set up to channel its own funding through multiple local actors, given human resource constraints and a limited risk appetite.
- 3.121 FCDO officials informed us of their sense that the department is on track to deliver 25% of its humanitarian support through local organisations, in line with its international commitments.¹⁵ However, FCDO was unable to share robust data to confirm this progress, and noted that the department's systems do not currently allow it to track all funding channelled directly and indirectly to local actors. Given this lack of ability to track progress towards the commitments, ICAI judges FCDO's response to this recommendation to be inadequate.

Recommendation 3: Building on its past investments in cash-based humanitarian support and national social protection systems, FCDO should invest in flexible social protection systems which help the most vulnerable in times of shock

- 3.122 The original review noted that the provision of social protection payments for groups that were highly vulnerable to the effects of lockdowns were an important part of the UK's COVID-19 response. It also found that this support was particularly effective when it built on the UK's existing long-term support to national social protection systems. However, it also found that such national systems were not present in many countries, and where they did exist, they were not well aligned with cash-based humanitarian programming (which often targeted people not linked to national social protection systems). This hampered the COVID-19 response. ICAI therefore recommended that FCDO should continue to support flexible social protection systems which can be used to help vulnerable people during shocks. FCDO accepted this recommendation, noting that promoting flexible, shock-responsive social protection systems remains a priority for the department, alongside continued efforts to strengthen core national systems.
- 3.123 In responding to this follow-up review, FCDO noted that it has worked to protect programming on social protection from UK aid reductions, based on a recognition of its value in supporting responses to shocks. FCDO also noted that it is continuing advocacy to drive improved support for social protection through the multilateral development banks.
- 3.124 Overall, the response to this recommendation is assessed as adequate, although the development of systems will take time and is not helped by continued pressure on the ODA budget.

Conclusion

- 3.125 FCDO has been working to protect and promote social protection through its bilateral and multilateral channels, which is a welcome effort to ensure UK aid is supporting the most vulnerable hit by crises. However, because FCDO has not undertaken (and is not planning to undertake) a formal after-action review of its COVID-19 response, and we are yet to see robust evidence that it is expanding the localisation of its humanitarian support, we judge the department's response to the recommendations from this review to be inadequate. ICAI will therefore return to review outstanding issues in 2024.

¹⁵ At the 2016 World Humanitarian Summit, in Istanbul, more than 30 development agencies – including the former DFID – signed up to a wide range of commitments on improving the effectiveness of humanitarian assistance, including a commitment to ensure that 25% of humanitarian aid is delivered through local and national responders as directly as possible, see *The Grand Bargain and Localisation Commitments*, International Federation of Red Cross and Red Crescent Societies, n.d., [link](#).

Outstanding issues

3.126 We covered seven outstanding issues this year: *UK aid's approach to youth employment in the Middle East and North Africa*; *Management of the 0.7% ODA spending target* and *Management of the 0.7% ODA spending target in 2020* (reviewed together); *Tackling fraud in UK aid*; *The UK's approach to tackling modern slavery through the aid programme*; *The changing nature of UK aid in Ghana*; and *How UK aid learns*. We present the findings for each in turn below.

UK aid's approach to youth employment in the Middle East and North Africa

3.127 ICAI published its full review of *UK aid's approach to youth employment in the Middle East and North Africa* in July 2021. This set out five recommendations for FCDO to implement. The first follow-up review concluded that there was only a limited response from FCDO to these recommendations, for two main reasons. First, there was continued resistance by FCDO to the idea of focusing on youth employment in the region as a specific strategic aim even though it had been key to business cases. Second, it was also noted that the departmental merger, aid budget reductions and staff losses meant that officials had little time to work on programme issues, and no new relevant programmes had been approved since the review's publication. Despite this, there were some areas of potential progress such as the Jobs Measurement Framework (JMF). ICAI decided to return to review progress on all five recommendations for a second time, an overview of which is presented in the sections below.

Recommendation 1: Employment-related programmes should articulate clearly how they expect to contribute to job creation and economic development or address fragility, and ensure that these outcomes are monitored and evaluated

3.128 The original review recommended that employment-related programmes should more clearly articulate how they will achieve job creation and other outcomes, and better monitor and evaluate these outcomes. Last year's follow-up review found that relevant programmes would be using the new JMF to track job creation metrics, but its launch had been delayed. The review also found that FCDO had expanded monitoring and evaluation (M&E) capacity in the Middle East and North Africa (MENA) team by recently recruiting an M&E specialist. However, given the delays to introducing the JMF and the recent addition of new capacity, ICAI decided to return to this recommendation in order to test whether there had actually been improved M&E on job creation programmes.

3.129 This year's follow-up review found that, although the M&E specialist has now been in post for more than a year, their impact has been limited. This is because, due to ODA reductions and the sectoral prioritisation of the International Development Strategy, FCDO has not developed any new job creation programmes in the MENA region over the past year and the JMF has still not been launched. In addition, no evaluations of the existing employment or economic portfolio have been undertaken over this period. ICAI was also informed that the M&E adviser does not engage at bilateral country programme level, although bilateral M&E advisers are located with country teams. FCDO's response to this recommendation is therefore judged to be inadequate.

Recommendation 2: When promoting employment through economic reform, FCDO should undertake complementary interventions to tackle the specific barriers to employment faced by target groups

3.130 The original review recommended that when UK aid interventions support economic reforms to promote youth employment, complementary interventions should be implemented alongside these reforms in order to address barriers to employment faced by target groups, such as youth, women and refugees. FCDO only partially accepted this recommendation, noting that it only worked to promote youth employment indirectly, and therefore it did not have plans for programming to tackle barriers to employment for particular groups. Unsurprisingly, last year's follow-up review found that FCDO had not taken forward this recommendation, largely because no new interventions had yet been launched.

3.131 This year's follow-up review found that FCDO had been taking forward modest elements of complementary programming in Jordan, Lebanon and Syria that were in some way relevant to this recommendation. However, ICAI found no evidence of broader efforts to address complementary

programming, including in relation to large economic and labour market reform programmes which the UK has been working with the World Bank to implement in Egypt and Jordan. FCDO's response to this recommendation is therefore judged to be inadequate.

Recommendation 3: Employment-related programmes should be shaped by gender and social inclusion analysis, including of cultural barriers to the employment of women

- 3.132 The original review recommended that employment-related programmes should be better shaped by gender and social inclusion analysis. The government accepted this recommendation, and last year's follow-up review found that it had undertaken gender and social impact analysis in Egypt and Jordan, and was planning additional analysis in Tunisia and Lebanon. However, ICAI also found that this social analysis was not yet being used to inform existing programmes, and decided to return to review this recommendation.
- 3.133 This year's follow-up review found that additional gender and social impact analysis had been undertaken in Algeria, Lebanon, Libya and Yemen, with analysis under way or planned in other countries. FCDO was also able to present an example of how this analysis was beginning to shape UK aid responses in Lebanon, by helping the embassy to identify gaps, opportunities, risks and challenges in engaging gender and inclusion issues in the country. ICAI therefore judged FCDO's response to this recommendation to be adequate.

Recommendation 4: FCDO should routinely consult with young people expected to benefit from its MENA programmes and use the feedback to shape programme design and implementation

- 3.134 The original review recommended that FCDO should routinely consult with young people to help inform its programme design and implementation. FCDO partially agreed with this recommendation, claiming that it had already carried out youth consultation and stating that it wanted to maintain flexibility for future consultations. Last year's follow-up failed to identify many actions addressing the recommendation that post-dated the original review or which were relevant to the MENA region. ICAI therefore decided to return to this recommendation.
- 3.135 This year's follow-up review found that, given the constraints on new programming, no new youth engagement has taken place for programme design in MENA over the last year. However, it did report that the British Embassy in Amman, Jordan has helped to establish a Gender and Social Inclusion (GESI) Champions' Board, which brings together prominent activists and thought leaders in the youth, gender and inclusion space to advise it on GESI work, and which has met three times since it was established in June 2022. Reports note that the creation of this Board has helped the UK raise the ambition of its GESI work, including the focus on youth within programmes, policies and engagement. Although this seems to be a highly valuable and welcome initiative and is relevant to the recommendation, no other examples were presented, and therefore ICAI judges the government's response to be inadequate.

Recommendation 5: FCDO should strengthen its in-country partnerships with multilateral organisations by ensuring consistent strategic-level engagement

- 3.136 The original review recommended that FCDO should strengthen its in-country partnerships with multilateral organisations on youth employment issues. The UK government partially agreed with this recommendation, as it believed it was already adequately engaging with multilateral partners, and it did not commit to any specific actions to implement the recommendation. Unsurprisingly, therefore, last year's follow-up review found that no action had been taken on this.
- 3.137 This year's follow-up review found that over the last year, FCDO's MENA Regional Department has taken a more proactive approach to developing senior-level engagement with multilaterals, which has facilitated useful conversations between FCDO's MENA director and their opposite numbers in the World Bank and UN Women. FCDO also reported that the MENA Regional Department has been working with the Gulf Funds and Donors to strengthen partnerships and engage in collective discussions on food security, climate change, green growth and aid effectiveness. However, it is far from clear that youth employment has featured as a priority theme in these discussions and emerging collaborations. ICAI therefore judges the government's response to this recommendation to be inadequate.

Conclusion

3.138 Overall, despite some good small examples of work in countries to improve the impact of employment-related programming, there remain significant gaps and weaknesses in the government's response. ICAI found substantive action had been taken only in relation to recommendation 3, and therefore comprehensive work had not been done to address most of these recommendations. ICAI therefore concluded that FCDO's response to the review's overall recommendations is inadequate. We did not see reason to believe that a further follow-up in 2024 would see further progress, not least because FCDO seems to have no plans to return to DFID's former leading role in work on economic development and employment.

Management of the 0.7% ODA spending target, Part 1 and Part 2

3.139 ICAI published its rapid review *Management of the 0.7% ODA spending target* in November 2020 (referred to as 'Part 1'), and its rapid review *Management of the 0.7% ODA spending target in 2020* in May 2021 (referred to as 'Part 2'). These rapid reviews are linked, and were therefore followed up through one process, with evidence presented for both in this section. This is the second follow-up of these two reviews. Last year's follow-up review concluded that three of the four recommendations from Part 1 should be revisited, along with both of the recommendations from Part 2.

3.140 Over the last two years there has been significant pressure on UK aid spending because of the enormously increased support provided to refugees in the UK from ODA-eligible countries in the ODA commitment. In 2021 this support totalled £1.1 billion (9.2% of UK ODA) and in 2022 this support totalled £3.7 billion (28.9% of UK ODA).¹⁶ This challenging context has significantly shaped the government's response to these recommendations, as set out in the sections that follow.

Part 1, recommendation 2: The UK government should lessen the value for money risks associated with managing the 0.7% target by establishing a spending floor for FCDO (as the new spender or saver of last resort) that gives it a degree of certainty over its share of UK ODA spending

3.141 The original review recommended that the government should establish a spending floor for FCDO (as the spender or saver of last resort) to provide the department with a degree of certainty over its budget. The government only partially accepted this recommendation, stating that it was in effect providing such a floor in making spending allocations. In last year's follow-up the government did not note any action in response, and it challenged the recommendation's relevance in a context in which the merged department was managing a greater share of the aid budget than was the case with DFID.

3.142 In responding to this year's follow-up review the government was eager to note that, to help address the exceptional circumstances of refugee support costs, it provided additional resources of £1 billion in financial year 2022-23 and £1.5 billion in financial year 2023-24 to FCDO. These were provided to minimise the value for money risks of managing the calendar year target and to provide greater certainty to FCDO over its share of ODA spending.

3.143 Despite this important step by the government, ICAI notes that these resourcing decisions are intended to meet a time-bound crisis point, and do not necessarily reflect a lasting change to processes as envisaged in our recommendation. ICAI therefore judges the government's response to this recommendation to be inadequate.

Part 1, recommendation 3: The UK government should ensure that a sufficient share of the UK's ODA portfolio is allocated as multilateral aid, so that ministers have the flexibility they need to manage the target at calendar year end, without compromising value for money or adversely impacting programme delivery (or supplier operations)

3.144 The original review recommended that the UK government should ensure a sufficient share of the UK's ODA portfolio is allocated as multilateral aid, to support the flexibility required to meet the UK's aid-spending targets. Last year's follow-up review noted that the proportion of UK aid provided as

¹⁶ *Statistics on international development*, Foreign, Commonwealth and Development Office, April 2023, Supplementary Table 1, [link](#).

core funding to multilateral organisations had increased, although the new *International development strategy* set out the ambition that this share would fall in the coming years.

3.145 The government did not identify any actions it had taken on this recommendation, and during 2022 multilateral spend fell both in absolute terms (from £4.3 billion to £4.2 billion) and as a proportion of total UK ODA (from 37.4% to 26%). As a result, ICAI judges the government's response to this recommendation to be inadequate.

Part 1, recommendation 4: The UK government should explore ways of introducing greater flexibility into the management of the 0.7% target, including, for example, introducing a 'tolerance range' for hitting the target of between 0.69% to 0.71% of gross national income (GNI), or specifying the target as a three-year rolling average

3.146 The original review recommended that the UK government should explore ways of introducing greater flexibility into the management of the 0.7% target. Last year's follow-up review concluded that the government had actively considered this recommendation, but had not looked at all possible options, had not engaged senior officials in the discussion, and had not taken into account the views of the OECD DAC or the National Audit Office on this issue. Instead, the government questioned whether it would be against the International Development Act to be more flexible.

3.147 This year's follow-up review concludes that by allowing for additional spending by FCDO – of £2.5 billion during 2022-23 and 2023-24 – over and above the 0.5% target, the government has effectively allowed for a more flexible approach to the target.¹⁷ Although this flexibility may only be temporary, ICAI judges this action to be consistent with the spirit of this recommendation and an important precedent. In the hope that the government can build on this precedent, we consider it an adequate response to the recommendation.

Part 2, recommendation 1: To inform decision-making on ODA spend throughout the year, departments responsible for managing UK ODA should use a range of GNI forecasts, calculated by a range of methods and provided by a number of reliable economic commentators (including, though not limited to, the Office for Budget Responsibility)

3.148 The original review recommended that the government should look at a broader range of forecasts for GNI – beyond Office for Budget Responsibility estimates – and that these should be used to set targeted spending levels. Last year's follow-up review concluded that while wider sources were being consulted, it was not clear that they were being used to inform decisions about spending targets.

3.149 This year's follow-up review found that although the government's response has not evolved significantly over the last year, the Treasury is more actively monitoring third-party sources outside government. We also found that the government has delayed decisions about spending targets as long as possible to get an up-to-date picture of the economic context, which is consistent with ICAI's recommendation. Overall, this can be judged as an adequate response.

Part 2, recommendation 2: FCDO should build options for flexing spend into country portfolios and plans, incorporating programme activities that could be scaled up or down in response to external shock, with minimal impact on value for money

3.150 The original review recommended that the government should identify and build into country portfolios and plans areas of flexible spending that can be used to manage shocks in spending levels. Last year's follow-up review found that no substantive action had been taken on the recommendation because of the lack of new programming, and no action has been taken over the last year as this has been prevented again by the further significant reductions to the UK aid budget. This response should therefore be considered inadequate.

¹⁷ See *Aid spending in the UK: Government response to the Committee's Sixth Report of Session 2022-23*, International Development Select Committee, May 2023, pp. 1-2, [link](#).

Conclusion

3.151 The government's decision to allow FCDO to undertake additional spending over and above 0.5% in 2022-23 and 2023-24 as a result of pressures from domestic spending on refugees has helped in setting an important precedent to reduce value for money risks by applying aid targets more flexibly. In addition, some progress has been made on using broader GNI forecast information. Given that the most important outstanding issues here are being revisited in the ICAI review of *UK aid to refugees in the UK*,¹⁸ which will be followed up next year, ICAI will not return to these reviews in 2024.

Tackling fraud in UK aid

3.152 The original rapid review of *Tackling fraud in UK aid* was published in April 2021, and set out four recommendations to guide efforts to better address fraud issues related to UK aid. Last year's follow-up review revisited these recommendations, and judged action to be inadequate on three of them, as the required action was held back by capacity shortages in the FCDO Control and Assurance (counter-fraud) team, which were reportedly driven by human resource and financial constraints related to the merger and ODA reductions. ICAI therefore decided to return to assess ongoing action by the government to address recommendations 2, 3 and 4.

Recommendation 2: ODA-spending departments should review and streamline external whistleblowing and complaints reporting systems and procedures, and provide more training to delivery partners down the delivery chain on how to report safely

3.153 ICAI's original review found that a proliferation of varied whistleblowing mechanisms and challenges in using them within and across ODA-spending departments had created obstacles to operationalising these mechanisms. ICAI therefore recommended that these whistleblowing mechanisms should be reviewed and streamlined, and that training should be provided to delivery partners on reporting. Last year's follow-up review found that although FCDO had improved communication on whistleblowing and planned work to review partner capacity, including on whistleblowing, these actions were judged as insufficient, and we concluded that additional measures and resourcing were required for implementation.

3.154 FCDO was initially found to have made no meaningful progress on this recommendation and to have been essentially sidelined, largely due to severe understaffing in counter-fraud teams, causing reduced capacity, loss of institutional knowledge and lack of ownership of the issue. As a direct result of our follow-up review, FCDO re-committed to implementing this recommendation and subsequently reported progress in strengthening whistleblower guidance, reviewing partner whistleblowing capabilities and collating a central library of information managed by the Due Diligence Unit. In the past year, FCDO has updated its internal whistleblowing procedures. While publication was initially delayed, we understand that these are now complete and have been rolled out. We note, however, that this action has not directly addressed the recommendation to streamline external whistleblowing and complaints reporting systems. We therefore conclude that, overall, progress is inadequate.

Recommendation 3: Counter-fraud specialists should increase independent oversight of ODA outsourcing, including systematically reviewing failed or altered procurements and advising on changes to strengthen the actual and perceived integrity of ODA procurement

3.155 ICAI's original review found that there was limited proactive, independent scrutiny of FCDO procurement by counter-fraud specialists, which was fuelling perceptions that there were weaknesses in the fraud risk management of outsourced contracts in the department. ICAI therefore recommended that counter-fraud specialists should provide greater independent oversight of and advice on FCDO's ODA outsourcing. Last year's follow-up review found that, although FCDO had committed to undertake a fraud assurance review of procurement, this had been delayed. ICAI therefore decided to return to this recommendation for an update on this review and other relevant action.

18 *UK aid to refugees in the UK*, Independent Commission for Aid Impact, April 2023, [link](#).

3.156 This follow-up review found that FCDO's Internal Audit and Investigations Directorate is currently undertaking a review exercise to explore cases of failed procurements. Despite some procedural challenges, this is due to conclude soon, and then the findings and recommendations will inform FCDO's work in this area. While ICAI believes that this review represents welcome progress, we are concerned that it may be taking a narrow view, and does not involve engagement with delivery partners. It will not be clear whether this ongoing work addresses ICAI's broader recommendation until the review's report is complete and published. The response is therefore judged to be inadequate.

Recommendation 4: To aid understanding and learning, ODA counter-fraud specialists should invest in collecting and analysing more data, including on who bears the cost of fraud, and trends in whistleblowing and procurement

3.157 ICAI's original review identified that little is known about who bears the cost of fraud recovery in relation to UK aid, and that only limited effort was being made to analyse data proactively and target fraud investigations related to UK aid based on risk factors. ICAI therefore recommended that counter-fraud specialists should be engaged to address these gaps. Last year's follow-up review found that, although added information and data on these issues were being collected, capacity constraints were preventing action to use these data to inform investigations and other practical steps.

3.158 This follow-up review has found that FCDO has commissioned and received reports from research on 'Fraud loss measurement' and 'Who bears the cost of fraud', and has also completed a review of its Control and Assurance function. FCDO is currently in the process of considering what action is required in response to this work. Until these reports are acted on, it is not clear what impact they have and whether the recommendation will be addressed, and therefore the response is judged to be inadequate.

Conclusion

3.159 Overall, this follow-up review has found that FCDO is yet to take adequate action to address ICAI's three outstanding recommendations from the original review, either because of delays in taking action (in the case of recommendation 2), or because it is unclear whether initial steps taken will deliver the required change (in the case of recommendations 3 and 4). Given that taking forward the actions necessary to deliver on these outstanding recommendations is critical to efforts to limit fraud risks facing the UK aid programme, ICAI will return to review the government's response to these recommendations in 2024.

The UK's approach to tackling modern slavery through the aid programme

3.160 ICAI's review of *The UK's approach to tackling modern slavery through the aid programme* was published in October 2020, and this is the second follow-up of that review. Last year's follow-up identified one outstanding issue, that of delays in producing a clear government statement of its overall objectives and approach to using UK aid to tackle modern slavery internationally (recommendation 3). It had therefore been intended that this follow-up review would focus only on assessing progress on this strategic statement. However, when we began working on the follow-up review the strategic statement had not yet been published, and it was clear that there would be further significant delays. It was therefore agreed to return to all of the recommendations so as to understand more about the implicit strategic approach to modern slavery that is emerging from aid-funded work by FCDO and the Home Office.

Recommendation 1: Responsible departments should develop a more systematic approach to filling knowledge and evidence gaps, including sex-disaggregated and sector-specific data, gender analysis and more comprehensive evaluations, to guide the choice of interventions

3.161 In the original review ICAI recommended that responsible departments do more to generate evidence systematically on modern slavery issues and fill research gaps. Last year's follow-up review noted that the government had responded with a range of relevant activities, including funding further research, better coordinating research efforts and synthesising research findings, and establishing the Modern Slavery Policy and Evidence Centre (MSPEC) as a credible research organisation. ICAI judged this response to be adequate, although it was not yet clear how this research would feed into relevant programming.

- 3.162 This follow-up review has found that the government continues to prioritise research within limited budgets. This conclusion is informed by noting that the MSPEC continues to work actively to share evidence internationally; and the fact that lessons learnt research has been published by the two FCDO Asia Regional programmes that ICAI reviewed in Bangladesh, as well as by the Partnership Against Child Exploitation programme.¹⁹ In addition, a comprehensive review of the Modern Slavery Fund 2019-21 was published in May 2022, which included a substantial body of research evidence.
- 3.163 However, there remains a gap globally in developing a repository of evidence, with Delta 8.7 having some positive achievements but attracting limited usage to date. In addition, there remain gaps in using research to develop theories of change to guide other programmes and major interventions. ICAI does, however, regard this response as adequate overall, and considers that it positively builds on an adequate response last year.

Recommendation 2: Responsible departments should do more to draw on survivor voices, in ethical ways, with a particular focus on inputs to policy and programme design, and to deepen understanding of lifetime experiences and gender dimensions of modern slavery

- 3.164 In the original review ICAI recommended that responsible departments should do more to draw on survivor voices and experience to inform policy and programme design.
- 3.165 Last year's follow-up review found that research engaging survivors had been commissioned by both FCDO and the Home Office, and the Home Office committed to ensuring that bidders and partners for its future international modern slavery programmes would need to draw on survivor voices to inform interventions. ICAI judged this response to be adequate, but noted that neither FCDO nor the Home Office are yet at the stage where they are implementing a more survivor-focused approach.
- 3.166 This follow-up review found evidence that research which has been undertaken has started to have a positive impact. This includes research commissioned on engaging people with lived experience to better understand how to address modern slavery. However, the government was only able to identify one example (in Kenya) of survivor engagement in policy development. Overall, this represents a positive response to the ICAI report, and it is important that the centrality of survivor engagement will be stated within any new strategic statement in order to sustain this progress. ICAI regards this response as adequate, and considers that it positively builds on an adequate response last year.

Recommendation 3: The UK government should publish a clear statement of its overall objectives and approach to using UK aid to tackle modern slavery internationally

- 3.167 The original ICAI review recommended that the UK government should publish a clear statement of its overall objectives and approach to using UK aid to tackle modern slavery internationally. It was noted that this strategy would help to guide and facilitate accountability of delivery. In its response to the review, the government agreed to set out a public statement about its international modern slavery objectives in 2021. The statement has still not been made.
- 3.168 This year's follow-up review also found that continued political changes, especially the appointment of new ministers, have contributed to further delays in producing a strategy. It seems clear that the strategy will not be published in the near future and it is possible that it will never be published. As things stand, ICAI considers the government's response to this recommendation to be inadequate.

Recommendation 4: Responsible departments should increase the future impact of programming by examining the scope for more interventions in neglected areas of modern slavery, and mainstreaming modern slavery into other development programmes, including in the COVID-19 response

- 3.169 The original review recommended that responsible departments should increase the impact of programming by better addressing neglected areas of modern slavery and mainstreaming modern slavery into other development programmes. The government only partially accepted this recommendation, and in last year's follow-up review ICAI judged that it did not address it comprehensively and ignored issues related to 'neglected areas'.

¹⁹ This programme is working to combat the worst forms of child labour in the Central African Republic, Ethiopia and the Democratic Republic of Congo.

- 3.170 This follow-up review found that the Modern Slavery Innovation Fund has addressed important neglected areas, although its interventions remain small in relation to needs. The review also found that there had been positive developments on mainstreaming, including prioritising a new area of work with the financial sector. Research and programme development work is also underway on supply chains and climate change, and the Asia Regional Child Labour programme is making investments in research which aims to influence how education and social protection policies can better protect children.
- 3.171 Despite this valuable progress, there is no evidence of modern slavery issues being mainstreamed into FCDO's major sectoral programmes in health, education and governance. As a result, as was the case last year, ICAI judges the government's response to this recommendation to be inadequate.

Recommendation 5: Responsible departments should strengthen partnerships on modern slavery, including deepening engagement with the private sector and working with partner governments to develop locally owned action plans covering origin, transit and destination countries

- 3.172 The original review recommended that responsible departments should strengthen partnerships on modern slavery, including with the private sector and partner governments. The government partially accepted this recommendation, and used last year's follow-up review to provide more evidence on its activities at country level, including significant engagement with developing country governments through the Modern Slavery Fund. Nevertheless, ICAI concluded that weaknesses in partnership approaches continued, especially with regard to engaging the private sector on issues beyond supply chain transparency.
- 3.173 In response to the follow-up review the government provided evidence of significant engagement with developing country governments through the Modern Slavery Fund, highlighting over 25 policy engagements, and through FCDO's regional and country work, with a particular focus on Asia and Africa. The government also presented evidence of contacts with companies across a range of different sectors and highlighted that new initiatives have been developed with the financial sector since last year. The government also presented evidence of ongoing engagement with multilateral partners including Alliance 8.7 and the UN, and has actively supported the agreement of a new accountability mechanism for Alliance 8.7 'Pathfinder' countries. Nevertheless, ICAI found that there is still little evidence of the government supporting significant initiatives under private sector leadership. As was the case last year, ICAI judges the government's response to this recommendation to be inadequate.

Conclusion

- 3.174 This follow-up review found that substantive progress has been made in generating evidence on modern slavery issues and in drawing on insights from survivors. However, despite some valuable work emerging, action on addressing neglected areas of modern slavery and mainstreaming a modern slavery focus into work in other sectors, as well as on developing stronger external partnerships, was judged to be inadequate. Overall, ICAI therefore considers the government's response to this review to be inadequate, as was the case last year.
- 3.175 Action across all of the recommendations set out in this review would be supported by the government publishing a strategic statement of its overall objectives and approach to using UK aid to tackle modern slavery internationally.

The changing nature of UK aid in Ghana

- 3.176 ICAI's review of *The changing nature of UK aid in Ghana* was published in February 2020. Last year's follow-up review assessed action by the government on four recommendations which had previously been identified as outstanding issues, and on three of these ICAI concluded that the government's response had been adequate. ICAI did, however, judge the government's response to be inadequate on the recommendation to provide clear guidance on how UK aid resources should be used in pursuing activities relating to mutual prosperity, to minimise risks of misdirected aid and maximise opportunities for development.

3.177 In interviews for this year's follow-up review, FCDO noted that it is in the process of considering the case for guidance on secondary benefits. It is therefore not currently clear whether this recommendation will be addressed. Since this issue has been picked up in recommendations made by ICAI's recently published review on *UK aid for trade*,²⁰ it will be pursued further through follow-up to that review.

How UK aid learns

3.178 This is the third time we return to the ICAI rapid review of *How UK aid learns*, which was published in September 2019. Last year's follow-up concluded that there were shortcomings in FCDO's action on all the recommendations that were reviewed again (recommendations 1, 3 and 4). This was largely because of continued challenges following the merger of DFID and FCO to form FCDO, which had led the new department to be very internally focused and had created significant uncertainty as to its role in cross-government work. ICAI therefore decided to return to review action on all these recommendations this year in the hope that the current context would have allowed FCDO to pursue an adequate response.

Recommendation 1: DFID should be properly mandated and resourced to support learning on good development practice across aid-spending departments

3.179 In response to the original review, the former DFID was allocated funds by HM Treasury in 2020-21 to support learning on development in other departments. However, no such funds have since been allocated for this purpose in subsequent years.

3.180 Over the last year FCDO has continued to organise an annual ODA learning day for other government departments, focused on issues such as ODA rules and reporting, and has organised more regular meetings of the Transparency Community of Practice to discuss priorities around improving aid transparency. FCDO has also established an International Development Policy Board which brings together government departments on a quarterly basis to discuss implementation of the International Development Strategy, although this body is purely advisory and only has a limited mandate on learning. In addition, FCDO has worked to provide support to other departments on aligning their aid with the Paris Agreement, as noted above. However, secondments of FCDO staff to other departments to support aid management have largely been ended due to resource constraints in FCDO, which has limited learning support through this channel.

3.181 Overall, these actions represent a modest and inadequate response to this recommendation, with FCDO still largely focused on implementing its own internal systems and policies following the merger and having a limited mandate to support aid management and practice in other departments.

Recommendation 3: The Senior Officials Group should mandate a review and, if necessary, a rationalisation of major monitoring, evaluation and learning contracts, and ensure that they are resourced at an appropriate level

3.182 Recommendation 3 originally focused on the need to rationalise major monitoring, evaluation and learning (MEL) contracts across ODA-spending departments. However, following the merger of DFID and FCO, focus was more on FCDO pursuing a role in supporting the development of common MEL, first in FCDO and the Conflict, Stability and Security Fund and then more broadly. ICAI therefore decided to follow up on this recommendation again this year.

3.183 The main relevant action FCDO has undertaken since last year's follow-up review has been the launch of a new phase of its Evaluation Quality Assurance and Learning Service programme, which supports quality assurance on evaluations for ODA expenditure across the UK government. However, an earlier phase of this programme was already ongoing during the original review, and it merely helps to provide basic quality assurance for evaluations. As a result, ICAI judges that there has been inadequate action on this recommendation during 2021-22.

20 *UK aid for trade: a review*, Independent Commission for Aid Impact, June 2023, [link](#).

Recommendation 4: Where aid-spending departments develop knowledge management platforms and information systems to support learning on development aid, they should ensure that these systems are accessible to other departments and, where possible, to the public, to support transparency and sharing of learning

3.184 Recommendation 4 focused on aid-spending departments making their knowledge management and information systems accessible to each other and, where possible, to the public. ICAI decided to follow up on this recommendation again this year because in 2020-21 FCDO had been working to develop its own aid internal systems and we were not made aware of any substantive action to address this recommendation.

3.185 Since the last follow-up review, the only relevant action taken by FCDO has been to ensure that the Transparency Community of Practice meets regularly and supports the sharing of knowledge and approaches to transparency across government. However, no action has been taken to link up knowledge management and information systems across ODA-spending departments, and the Aid Transparency Index, published in July 2022, highlighted notable declines in external transparency of aid across the main departments managing the UK aid programme. ICAI therefore judges the response to this recommendation to be inadequate.

Conclusion

3.186 Overall, ICAI found very limited action had been taken by the government to address the recommendations set out in this review. FCDO continues to invest in developing its own systems, and has only slowly begun to undertake modest actions to provide support to other departments to promote learning and common MEL standards. There also seems to be little appetite to grant FCDO the mandate and resources to provide more wide-ranging support in relation to aid being spent across government. Despite inadequate action on these recommendations, ICAI will not be following up on this review next year, but will look to pick up some of the issues in other relevant reviews.

4. Learning journeys

- 4.1 This section presents an overview of two case studies of learning journeys that have been facilitated by ICAI's reviews and follow-up engagement over a sustained period. These case studies aim to illustrate how ICAI's reviews and follow-up processes have facilitated dialogue, reflection and action supporting notable change in particular portfolios.

Applying a flexible approach to meeting the UK's aid-spending target

- 4.2 ICAI's review on the management of the UK's aid-spending target was published in November 2020. One of the recommendations set out in this review was that the government should apply a more flexible approach to meeting the aid-spending target in order to reduce the transaction costs and value for money risks from end-year spending adjustments involved in hitting the target precisely.
- 4.3 In responding to this recommendation, the government agreed with the principle of flexibility and committed to explore possible options to applying a more flexible approach to the aid target. There has since been an active dialogue between the government and ICAI on the potential options and the key challenges involved. One option that has been explored is applying a target over a number of years, which the government initially rejected in last year's follow-up review because of concerns about whether it was in line with the legislation. There was also discussion about a tolerance range giving greater flexibility, but the government considered that this was not in line with the OECD DAC reporting.
- 4.4 However, following recent significant pressures on the UK aid programme from supporting refugees from developing countries in the UK, the government announced in the November 2022 Autumn Statement that the amount budgeted for the 0.5% aid target would be supplemented by an additional £2.5 billion in aid spending for FCDO during 2022-23 and 2023-24, "to help meet the significant and unanticipated costs incurred in supporting the people of Ukraine and Afghanistan". This additional funding was expected at the time to allow flexibility to 0.55% across calendar years 2022 and 2023. In the event, the provisional statistics suggest that only 0.51% was reached (as around 10% of the £2.5 billion was spent in 2022), but the principle of flexibility has been established. This decision has created significant additional flexibility for FCDO in managing the aid target in 2022 and 2023, especially because the £2.5 billion can be apportioned across calendar years by FCDO to meet its resourcing requirements.
- 4.5 Although it is clear that this flexibility was introduced in response to extreme and exceptional pressures on UK aid spending, HM Treasury noted in this year's follow-up review that ICAI's recommendation had helped to stimulate discussions about spending options and been influential in prompting a move towards greater flexibility.
- 4.6 It is not clear what approach to the aid target will be taken in 2024-25 and beyond, but with the principle of flexibility having been accepted for 2022-23 and 2023-24, ICAI is hopeful that such options will be considered and applied in future years.

Strengthening systems for investigating reported safeguarding cases

- 4.7 As presented in **paragraph 3.64** above, the original ICAI review of *The UK's approach to safeguarding in the humanitarian sector* reported that despite FCDO having made significant investments in developing its systems for investigating reported safeguarding cases, ICAI found that these systems were not effectively prioritising reports of sexual exploitation and abuse (SEA) of people caught up in humanitarian emergencies, and that there were gaps in FCDO's internal guidance on processes for investigations. ICAI therefore recommended that FCDO should conduct a review of its approach to investigating allegations of SEA by humanitarian workers.
- 4.8 FCDO's initial response to this recommendation did not indicate that there were significant ambitions to undertake action to address ICAI's concerns. The department partially accepted the recommendation, contesting ICAI's findings on weaknesses in its case management systems and internal guidance. It only set out a commitment to keep its case management approach under review.

- 4.9 During the review, ICAI had commissioned a detailed study of FCDO’s safeguarding investigations procedures. This included a review of 40 reported case summaries from FCDO’s Safeguarding Investigations Team on reported cases of SEA towards people from affected populations in Bangladesh, Uganda and Yemen during the four financial years 2017-18 to 2020-21. ICAI made a redacted version (to protect sensitive case information) of this study available to FCDO, and we found that the department has since invested time in further reflecting on the insights.
- 4.10 This continued reflection on ICAI’s evidence in turn fed into FCDO’s internal review of its safeguarding case management, which identified 31 actions that could be taken to improve its investigations systems. As reported in **paragraph 3.65**, as of December 2022, 58% of the actions had been completed, with the remainder in the process of being implemented.

5. Conclusion

- 5.1 Overall, the government's response to ICAI's recommendations has continued to be mixed, with progress affected by delays in making key strategic decisions, uncertainty about budgets in FCDO and other ODA-spending departments, and limited appetite for ensuring cross-government programme and policy activity is coordinated. Overall, ICAI found weaker performance than last year in implementing recommendations.
- 5.2 As with last year's follow-up review, there has been good cooperation and information sharing with ICAI from government departments, which has helped to facilitate a smooth follow-up process.
- 5.3 In addition to following up a new set of ICAI reviews next year, we will come back to the following reviews as outstanding issues:
- **UK aid's alignment with the Paris Agreement** – Positively, the government has committed to a 2023 deadline for ensuring that all new bilateral programmes are compliant with the Paris climate agreement. However, action was inadequate on reporting publicly on progress in aligning all ODA with the Paris Agreement on Climate Change (recommendation 2), building capacity and capabilities for achieving Paris alignment across government (recommendation 3) and deepening collaborative partnerships on Paris alignment with major developing countries (recommendation 4). ICAI will therefore return to these three recommendations next year.
 - **Tackling fraud in UK aid through multilateral organisations** – The government has made progress in developing the building blocks for a portfolio approach to managing the fraud risks related to multilateral aid. However, action was inadequate in updating fraud risk assessment of UK aid spent through the European Commission (recommendation 3). ICAI will therefore return to this recommendation next year.
 - **Management of the 0.7% ODA spending target, Part 1 and Part 2** – The government has made progress on recommendations related to taking a flexible approach to applying the aid-spending target (Part 1, recommendation 4) and using a more diverse range of data sources for growth projections (Part 2, recommendation 1). However, some challenges remain, especially on applying a floor to FCDO spending (Part 1, recommendation 2). Next year's follow-up to the ICAI review on *UK aid to refugees in the UK* will pursue further engagement with FCDO on this recommendation (for an FCDO spending floor), given that this review has highlighted the same issue, as well as on continuing flexibility.
 - **Tackling fraud in UK aid** – We will return to examine whether there has been adequate action to strengthen the approach taken to whistleblowing (recommendation 2), to pursue independent scrutiny of procurement (recommendation 3) and to take a proactive approach to fraud investigation (recommendation 4).
 - **The UK's approach to tackling modern slavery through the aid programme** – We will return to examine whether the government has made progress on making a strategic statement on its priorities and approach to using aid to tackle modern slavery internationally.
- 5.4 ICAI will also look at outstanding issues identified in *The UK aid response to COVID-19* – around the greater delegation of responsibilities to staff in-country and FCDO's revised drawdown policy – in next year's follow-up to its recently published review of *The FCDO's Programme Operating Framework*. We will also look at the outstanding issue of providing clearer guidance on how UK aid resources should be used in pursuing activities relating to mutual prosperity, identified in *The changing nature of UK aid in Ghana*, in next year's follow-up to our *UK aid for trade* review. Finally, we will look for opportunities to follow up on outstanding issues from the *How UK aid learns* review in future reviews during the next commission of ICAI (expected to start in autumn 2023).



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For information about this report or general enquiries about ICAI and its work please contact:

Independent Commission for Aid Impact
Gwydyr House
26 Whitehall
London SW1A 2NP

icaI-enquiries@icaI.independent.gov.uk