

# **ICAI follow-up review of 2022-23 reports**

**May 2024**

**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).

**OGL**

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# Letter from the Chief Commissioner

I had not expected to lead a fifth follow-up process, as we thought that this Third Commission would end last year, and our successor commissioners would take over. It turns out that the follow-up this year offers some cause for satisfaction. I am pleased that this year, we not only saw very good engagement from most of our interlocutors in government, but also an improvement in the responses to our recommendations, and some progress on difficult areas. It has been encouraging to increase the percentage of responses scored as adequate, with 57% compared to 43% last year.

As noted in the review, the government's November 2023 *White Paper on International Development* has had a positive influence: "many of the priority themes and tools of the white paper are already becoming visible in the work to respond to ICAI recommendations". Particularly striking has been the progress on FCDO's transparency. In autumn 2022, when our review on transparency in UK aid was published, the commitment to transparency, which had diminished notably since the merger of the former Department for International Development (DFID) and the former Foreign and Commonwealth Office (FCO), was in doubt. Following the appointment of Andrew Mitchell as minister of state for development and Africa later that month, we were pleased to receive a positive response from FCDO, on its commitment both to high standards and to greater openness on financial allocations. Progress since then has been impressive, even if there is further to go with other government departments and arm's-length bodies.

We also saw a strong response to our review on UK aid to Afghanistan, with some good learning, including better use of scenario planning, even if this was partially offset by less good take-up of some of the recommendations from the more positive review of UK approaches to peacebuilding.

While on the downside there was very little progress in improving the value for money of aid provided to pay for refugees in the UK, it was encouraging to see the Treasury continuing to allow flexibility on the aid spending target, a move which itself diminishes value for money risks. Allowing an extra £2.5 billion over two years meant that in 2023, official development assistance was reported as 0.58% of gross national income. Although bilateral humanitarian spend was around £890 million compared to £4.3 billion on asylum seekers and refugees in the UK, far less would have been available for emergencies such as in Afghanistan, Yemen, Ukraine and Gaza if there had been a rigid approach. There was also more time to ensure prioritisation with better information from the Home Office.

Once again, we have seen that follow-up often needs to go on for more than one year. It was pleasing to see that the FCDO permanent under-secretary had instigated a formal process to ensure that all aid spending departments were accountable for the prime ministerial commitment to alignment with the Paris Agreement on climate change. In addition, three years on from ICAI's review of the results of UK aid for nutrition, we could see much greater integration of nutrition outcomes into agriculture programmes.

Next year, a new Commission will lead the follow-up process. I am confident that ICAI will continue to use it to improve the effectiveness and value for money of UK aid.



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 bodies on addressing recommendations by the Independent Commission for Aid Impact (ICAI). It covers 13 ICAI reviews in total: we follow up on nine reviews published in the last annual review cycle from July 2022 to July 2023, and we return again to four 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.

The follow-up review is one report, showing progress across a range of central themes and challenges in UK aid as well as drawing out cross-cutting issues and learning journeys from all of ICAI's reviews produced in the 2022-23 review cycle. But the individual follow-ups of particular reviews presented in **Section 4** of this report can also be read independently of the others. This year, two of the nine individual follow-ups were published earlier than the rest, in April 2024, and have subsequently been added into this follow-up review. The two are *UK aid to India* and *UK aid to refugees in the UK*.

Table 1: Reviews covered in this follow-up

Review title	Publication date
<b>Follow-ups</b>	
<a href="#">Transparency in UK aid</a>	6 October 2022
<a href="#">UK aid to Afghanistan</a>	24 November 2022
<a href="#">The UK's approaches to peacebuilding</a>	9 December 2022
<a href="#">The UK's approach to democracy and human rights</a>	18 January 2023
<a href="#">UK aid to India</a>	14 March 2023
<a href="#">UK aid to refugees in the UK</a>	29 March 2023
<a href="#">The FCDO's Programme Operating Framework</a>	27 April 2023
<a href="#">UK aid for trade</a>	6 June 2023
<a href="#">UK aid to agriculture in a time of climate change</a>	28 June 2023
<b>Outstanding issues</b>	
<a href="#">The UK's approach to tackling modern slavery through the aid programme</a>	14 October 2020
<a href="#">UK aid's alignment with the Paris Agreement</a>	14 October 2021
<a href="#">Tackling fraud in UK aid through multilateral organisations</a>	22 March 2022
<a href="#">The UK's humanitarian response to COVID-19</a>	14 July 2022

## Scoring the government's progress

Each review we follow up for the first time is given an overall score. As well as scoring each review we follow-up for the first time, we also score each individual recommendation within these reviews. Likewise, we score individual recommendations from reviews with outstanding issues from previous years.

We score the response to ICAI's recommendations as adequate or inadequate, illustrated by a tick or a cross. 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 (the response is insufficiently implemented) and we are not convinced by the reasons for the slowness.

We recommend returning 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

In general, 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 2022-23, as well as outstanding issues from previous reports. Overall, the government response to these recommendations was mixed, with 57% judged as having been adequately addressed, but this is notably higher than the proportion reported in last year's follow-up review (43%), even including the long tail of older recommendations. ICAI is pleased to see this upward trajectory.

The mixed response was both between reviews and within reviews this year. In the case of ICAI's reviews on transparency, the FCDO's Programme Operating Framework (PrOF) and agriculture, we found a very positive response, while for our review of UK aid to refugees in the UK, the response to all recommendations was found to be inadequate. For the rest of the reviews that we followed up (or returned to as outstanding issues) this year, there was a combination of strong and less strong responses to individual recommendations. Some of these reviews were deemed adequate on the whole, despite some weaknesses, while others received an overall inadequate score, despite positive actions in some areas.

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

- **Transparency in UK aid:** The Foreign, Commonwealth and Development Office (FCDO) has reasserted its ambition to be an international leader in the field of aid transparency. While there is still work to be done, ICAI found strong progress across all its recommendations and a firm commitment from FCDO to continue on this trajectory. Our analysis suggests that FCDO is on track to receive a 'very good' score in the 2024 Aid Transparency Index.
- **The FCDO's Programme Operating Framework (PrOF):** FCDO has made positive progress in promoting the PrOF at all levels, including simplifying and clarifying the guidance, and enhanced training and support for programme staff. FCDO has just mandated PrOF training for heads of mission with programme budgets over £1 million, which is an important next step. While ICAI would like to see the compliance and audit functions of FCDO's aid management platform more fully used, the actions responding to this review's recommendations have been positive and are likely to result in stronger programme management within FCDO.
- **UK aid for agriculture in a time of climate change:** The UK's co-hosting of a global food security summit in November 2023, in the run-up to COP28, was a strong sign of UK commitment in this area. FCDO has made efforts to strengthen the focus on climate change and nutrition in UK aid for agriculture. The nutrition policy marker that helps the department pursue its nutrition objectives across UK aid programming has been updated to include FCDO's commitment to monitor nutrition outcomes in commercial agriculture where they are part of the objectives, although negative impacts will not be monitored, and British International Investment (BII) will not be monitoring its impacts.

## Outstanding issues we recommend returning to again next year

For other reviews, we found that the government response to some or all of the recommendations was inadequate. This is the last year of the current ICAI Commission, which will come to an end in June 2024. Next year's follow-up review will be led by a new set of commissioners, who will make the final decision on which reviews to revisit.

We recommend returning to the following reviews as outstanding issues next year:

- **UK aid to refugees in the UK:** Returning to this review, ICAI found that in-donor refugee costs, far from reducing, actually increased from £3.7 billion in 2022 to £4.3 billion in 2023, constituting 28% of all UK aid that year. The severe value for money risks of this spend, mainly by the Home Office but also by other government departments, have not been reduced. ICAI will not return to assess the response on the two recommendations that were rejected by the government. However, four other recommendations (recommendations 3-6) were also inadequately addressed, and we recommend returning to these next year.
- **UK aid to India:** There were a number of improvements in response to ICAI's review. FCDO has produced an initial theory of change on how its India portfolio contributes to poverty reduction, but this needs further work. Some modest FCDO projects in support of civil society groups are well designed and impactful. There are some stronger links between UK-funded research and investments made by BII, and significant improvements in BII's interventions to mobilise private finance. However, while BII's new India country strategy in July 2023 has convincing links to poverty reduction and a greater focus on inclusiveness, it does not yet seem to be shaping investments. BII's India Quotient investment in particular has raised significant concerns which clearly warrant follow-up by ICAI. Thus, while the response to three out of five recommendations was adequate, given that recent BII investments in India raise concerns about the governance of BII as well as about its responsiveness to the International Development Committee and ICAI, and that there is still work to do to integrate considerations of inclusion in the India portfolio, we recommend returning to recommendations 1 and 4 next year.
- **The UK's approach to democracy and human rights:** FCDO made good progress in implementing some of its most important commitments, in particular the creation of a democratic governance centre of expertise to provide guidance and support throughout the department, including the overseas network, new procedures to manage small annual projects better, and improved coordination with the Westminster Foundation for Democracy. FCDO is funding new central programmes to support individuals or organisations at risk of repression, but has not provided evidence of the reasons why it is not willing to review its diplomatic or fiduciary risk appetite in relation to these groups. ICAI remains concerned that FCDO is not able to retain sufficient numbers of governance advisers at senior levels or in embassies. Last but not least, with the Open Societies and Human Rights Strategy still in draft form, the government has not yet published a statement on its approach to democracy and human rights. We therefore recommend returning to recommendations 1, 2 and 4 next year.
- **The UK's approaches to peacebuilding:** There were improvements in cross-FCDO and cross-government joint work on peacebuilding, more attention to learning and use of expertise, strengthened strategic direction through the *White Paper on International Development* and a strategic cross-government approach to climate security currently under development. However, ICAI's recommendations on taking longer-term approaches to peacebuilding programming, on focusing efforts on countries where relationships were strong, and on improving accountability to affected populations, did not receive adequate attention from FCDO. There has also not been a change in the approach to travel risk based on learning from other donors. We therefore recommend returning to recommendations 2, 3, 4 and 6 next year.
- **The FCDO's Programme Operating Framework (PrOF):** While the overall response to this review was adequate, we recommend returning to recommendation 2 to assess if FCDO has ensured that all programme staff and those with oversight roles have full access to the Aid Management Platform (AMP) and that the compliance and audit functions of AMP are fully used. We also recommend returning to how FCDO packages very small programmes on AMP and is strengthening the reliability of data published to Development Tracker (DevTracker), its public aid information portal.

- **UK aid to agriculture in a time of climate change:** FCDO has led a strong response to ICAI's recommendations, and we find the overall response to this review to be adequate. We recommend, however, returning to recommendation 5 next year, to assess how FCDO and the Department for Science, Innovation and Technology work together to integrate learning on development effectiveness into the design of future official development assistance (ODA)-funded agricultural research programmes.




We also recommend returning again to the following outstanding issues from earlier years:




- **The UK's humanitarian response to COVID-19:** FCDO has still not been able to provide evidence that allows ICAI to verify whether the department has reached its target of delivering 25% of humanitarian support through local organisations. We therefore recommend returning to recommendation 2 again next year.
- **Tackling fraud in UK aid through multilateral organisations:** FCDO has not yet engaged with the European Commission's independent anti-fraud office, OLAF, and does not plan to use regular talks with OLAF for assurance purposes. ICAI has not seen evidence to ensure sufficient oversight of risk management and counter-fraud practice. We therefore consider the response to recommendation 3 to be inadequate and recommend returning to it next year.
- **UK aid's alignment with the Paris Agreement:** We recommend returning to recommendation 4 next year to assess the UK's engagement with developing country partners on Paris alignment.



## Summarising progress on recommendations per review

Table 2: Overview of progress and scoring for individual reviews

Our assessment of progress on ICAI recommendations	Score
<b>Transparency in UK aid</b>	
<p>There has been a marked positive change in FCDO’s commitment to aid transparency, supported at ministerial and senior management level and promoted by a strengthened transparency team. There is stronger staff appreciation of the importance of transparency for FCDO’s development work. Systems integration, while not fully completed, now allows automatic publication of some key aid programme data (although not yet business cases and annual reports), and transparency work has become easier and less time-consuming for staff. Guidance has been clarified and training has been stepped up. FCDO appears to be on track to achieve a rating of ‘very good’ in the 2024 Aid Transparency Index.</p> <p>While FCDO needs to continue the same trajectory to reach its ambition to regain its global leadership role in aid transparency, its improvements are significant. The department does, however, need to support its arm’s-length bodies and other government departments to raise their aid transparency ambitions. This would include support to make publication of aid data to International Aid Transparency Initiative standards easier through, for example, improving the accessibility of DevTracker for non-FCDO users.</p>	
<b>UK aid to Afghanistan</b>	
<p>There is evidence of learning activities and progress across the three recommendations of ICAI’s report, particularly regarding FCDO’s improved use of scenario planning. The department is putting in place new guidance and mechanisms for learning about its work in fragile and conflict-affected settings, with the aim, among other things, of mitigating the risk of repeating the mistakes ICAI identified in Afghanistan. The mechanisms for internal challenge are visibly stronger, showing that the recommendations of the Chilcot Inquiry, conducted after the Iraq war, still have currency and relevance seven years after their publication. ICAI continues to take the view that the use of ODA to pay the salaries of police officers deployed on paramilitary tasks amounts to an inappropriate use of ODA to fund paramilitary operations.</p>	
<b>The UK’s approaches to peacebuilding</b>	
<p>The response to ICAI’s recommendations on the UK government’s peacebuilding work has been variable. We found some notable improvements in cross-FCDO and cross-government work on peacebuilding, more attention to learning, and the use of expertise and the internal challenge function, as well as strengthened strategic direction through the November 2023 <i>White Paper on International Development</i> and a strategic cross-government approach to climate security, which is currently under development. However, the response to four out of six recommendations was inadequate. FCDO’s conflict-related programming continues to operate mainly on annual cycles, while peacebuilding work by its nature requires long-term, patient engagement and trust-building. There is a lack of strategic focus on countries where relationships are strong, there is still insufficient appreciation and understanding of the principle of accountability towards the communities within which FCDO-funded interventions take place, and there has not been a change in the approach to travel risk based on learning from other donors.</p>	

Our assessment of progress on ICAI recommendations	Score
<b>The UK's approach to democracy and human rights</b>	
<p>FCDO's responses to ICAI's review have mainly been positive, with many relevant actions. The department has created a democratic governance centre of expertise, developed new procedures to manage small annual projects better, and improved coordination with the Westminster Foundation for Democracy. FCDO is funding new programmes to support individuals or organisations at risk of repression, but remains relatively risk-averse when it comes to willingness to consider trade-offs between diplomatic relations or fiduciary risks and protection of human rights defenders, journalists and other civil society actors. ICAI remains concerned that FCDO is not able to retain enough governance advisers at senior levels, including staff in embassies, as these positions are important to assure the impact and value for money of ODA for democracy and human rights, as well as to maintain FCDO's international reputation of thought leadership in this area. With the Open Societies and Human Rights Strategy still in draft form, the government has not yet published a statement on its approach to democracy and human rights.</p>	
<b>UK aid to India</b>	
<p>FCDO has taken steps to direct its aid portfolio towards poverty reduction through developing a theory of change. The department recognises the need for further work on its draft theory of change, and ICAI would like to see stronger evidence on how interventions funded by ODA will contribute to inclusive growth and address persistent 'pockets of poverty' in India. Some modest FCDO projects in support of civil society groups are well designed and impactful. There are some stronger links between UK-funded research and investments made by British International Investment (BII), the UK government's development finance institution, and significant steps forward in BII's interventions to mobilise private finance.</p> <p>BII published a new India country strategy in July 2023 with convincing links to poverty reduction and a greater focus on inclusion, including attention to regional inequalities within India. However, the new strategy does not yet seem to be shaping investments sufficiently, and additionality is still not a consistent focus. We found recent BII investments in Indian funds that pose significant reputational risks to BII and have questionable links to poverty reduction. These include investments in the cosmetics industry as well as social media platforms featuring hate speech, abuse of women and offers of sexual services.</p> <p>We found that such investments were made two months after BII's CEO, in April 2023, had reassured Parliament's International Development Committee (IDC) that, following concerns about an investment in a cosmetic surgery clinic, future investments in India would only be made if there was a 'compelling argument' relating to inclusion and sustainability, which was not the case in these subsequent investments. These recent BII investments in India raise material concerns about the governance of BII as well as about its responsiveness to the IDC and ICAI.</p>	
<b>UK aid to refugees in the UK</b>	
<p>In-donor refugee costs have continued to increase, from £3.7 billion in 2022 to £4.3 billion in 2023. Hotel costs are the main drivers of the increase. Value for money concerns have not diminished and standards of support do not seem to have tangibly improved.</p> <p>The introduction of some flexibility into the 0.5% aid commitment, better communication from the Home Office to FCDO, and improved planning and risk management by FCDO have played some role in helping FCDO cope better with the stresses created by in-donor refugee costs, but have not dealt with their underlying factors. The fact that gross national</p>	

Our assessment of progress on ICAI recommendations	Score
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income for 2023 was considerably higher than forecast is one of two significant factors in smoothing out the impact on FCDO, the other being an additional £2.5 billion of ODA resources over 2022 and 2023 provided by the Treasury in response to the unprecedented spend by the Home Office.

The UK government has not revisited its methodology for reporting in-donor refugee costs and appears to be taking a maximalist approach to reporting these costs compared to most, if not all, large donors.

While we saw some improvements in how the Home Office manages its large-value asylum accommodation and support contracts, value for money and safeguarding concerns continue, and the Home Office has not found a route out of short-term crisis management towards longer-term solutions for asylum accommodation. The Illegal Migration Act (IMA) is an important unknown piece in this puzzle: if it is fully implemented, in-donor refugee costs will drop dramatically. Meanwhile, the Home Office is reporting accommodation costs as ODA for the cohorts of asylum seekers who arrived by irregular routes (and therefore would fall under the IMA) after 8 March 2023, when the Illegal Migration Bill was introduced to Parliament, and after 20 July 2023, when it received royal assent and became an Act, but it is not progressing their asylum applications as it is assumed that they will be deported. This approach is untenable as a new backlog of cases in limbo is building up fast, at considerable human and financial cost.

The FCDO's Programme Operating Framework	Score
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FCDO has made progress in promoting the Programme Operating Framework (PrOF) at all levels, including an enhanced learning offering and continuously improving support for programme staff. FCDO has now mandated PrOF training for heads of mission with programme budgets over £1 million. ICAI strongly supports this as an important part of ensuring change at this level, which remains the key challenge. ICAI remains concerned, however, that the compliance and audit functions of the Aid Management Platform are not fully used. Work on increasing the reliability of data published to DevTracker needs to continue. FCDO has made a commitment to establish a comprehensive three-to-five-yearly consultation process to strengthen the PrOF's clarity, relevance and accessibility, but has not yet planned this in detail. In the meantime, the department has made incremental but important improvements to the PrOF through a range of mechanisms.



UK aid for trade	Score
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Although still in the early stages, FCDO has made some notable progress, and is moving back to closer alignment of its support to the multilateral organisations underpinning the rules-based system governing trade. The department has plans to strengthen the evidence base on how to deliver pro-poor and inclusive trade policy and programming and to improve coordination and complementarity under the Trade Centres of Expertise. FCDO has strengthened the focus on primary purpose in its programme guidance, reducing (albeit not eliminating) the risk that officials may select interventions with relatively lower potential for poverty reduction to secure benefits for the UK.



Most of the reported progress focuses on FCDO's Trade for Development team and its programmes, with limited evidence provided for this follow-up on aid for trade programmes managed from embassies and high commissions. However, ICAI notes that FCDO has taken concrete actions to strengthen transparency and predictability, which are key to its ongoing work to rebuild its reputation as a trusted development partner after the aid reductions, even if there is more to be done.


Our assessment of progress on ICAI recommendations	Score
<b>UK aid to agriculture in a time of climate change</b>	
<p>There has been something of a step change in the visibility of the UK’s commitment to, and leadership on, agriculture, as seen with its co-hosting of a global food security summit in November 2023, in the run-up to COP28. FCDO has mounted a strong response to ICAI’s recommendations to improve the UK’s aid to agriculture in a time of climate change. It has developed new guidance on use of international climate finance for agriculture programmes and has made progress in improving the focus on nutrition. A nutrition policy marker has been updated to include FCDO’s commitment to monitor nutrition outcomes in commercial agriculture programmes with nutrition objectives, although negative impacts will not be monitored, and BII will not be monitoring its impacts. Most of the improvements noted in this follow-up have been led by FCDO’s central teams covering food security, agriculture and land, and nutrition, its Research and Evidence Directorate, and its food and agriculture cadre, while weaknesses remain in cross-government coordination and the work of BII, UK Research and Innovation and the Department for Science, Innovation and Technology.</p>	

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

Outstanding issue	Our assessment of progress since last year
<b>UK aid’s alignment with the Paris Agreement</b>	
<p>Last year’s follow-up found that the government was not reporting publicly on its progress in achieving Paris alignment, and it was not clear how other government departments than FCDO were planning to align their aid with the Paris Agreement. There was a lack of government engagement with developing countries on Paris alignment. We therefore returned this year to recommendations 2, 3 and 4 for a second time.</p>	<p>This year’s follow-up review found significant improvements in cross-government reporting on Paris alignment. Responding to a formal request from FCDO’s permanent under-secretary, by February 2024 all ODA-spending departments had sent an account to FCDO outlining their internal approaches to aligning their ODA spending with the Paris Agreement, supported with evidence. It remains a concern, however, that these reports are not in the public domain. FCDO leads a cross-government Paris alignment working group, which has helped departments develop their capacity to establish their own Paris alignment processes and to use FCDO-created tools such as climate and environment risk assessments. A climate, environment and nature (CLEAN) helpdesk is about to be launched, designed to respond to climate and biodiversity assistance requests on Paris alignment and the government’s nature-proofing commitment. The CLEAN helpdesk, once operational, may also help UK embassies deepen their engagement with partner governments, but there is currently little evidence to suggest that the UK government is intensifying its engagement with developing countries on Paris alignment.</p> <p>Overall, there has been an adequate response to recommendations 2 and 3, apart from the lack of a public account of the government’s Paris alignment commitment. We recommend, however, returning next year to assess the UK’s engagement with developing country partners on Paris alignment.</p>

## Outstanding issue

## Our assessment of progress since last year

### The UK's humanitarian response to COVID-19

Last year's follow-up found that FCDO had yet to address ICAI's recommendation to undertake a formal after-action review of the COVID-19 response to inform its future pandemic responses. It also noted that robust evidence had not yet emerged to show that FCDO was expanding the localisation of its humanitarian support. We therefore decided to return to these two recommendations again this year.

In this year's follow-up exercise, FCDO told ICAI that a conscious decision had been made not to do a 'monolithic' after-action review, since the advice from scientists was not to prepare to "fight the same war again". Instead, the government has broken down learning to look at different aspects of the COVID-19 response, incorporating lessons into different policies, including an Epidemic and Pandemic Readiness Framework, to enable a more agile and better prepared response in the future. This differs from ICAI's original recommendation of an after-action review, but given the time elapsed, we consider this an adequate response. There were also positive developments in the government's commitment to localisation. The *White Paper on International Development* promotes an ambitious, systemic approach to ensure locally led development is pursued across aid sectors, but work on this demands strong and sustained political will. Meanwhile, ICAI is still not able to confirm whether FCDO has reached its target of delivering 25% of humanitarian support through local organisations. We therefore recommend returning to recommendation 2 again next year.

### Tackling fraud in UK aid through multilateral organisations

Last year's follow-up of this review concluded that while the response to this review was generally good, action was inadequate on updating fraud risk assessments of UK aid spent through the European Commission. The government noted that the difficult political context around UK-EU relations had posed challenges for addressing this recommendation, but ICAI judged that the government could have done more within these constraints to engage on fraud oversight.

Since last year, modest progress has been made in engaging with the European Commission on the issue of fraud. The government told ICAI that official-level discussions with the Commission involved the first discussions on the issue of fraud risk since 2018.

However, FCDO has not made contact with the Commission's independent anti-fraud office, OLAF. Overall, we consider the response to be inadequate and recommend returning to it next year.

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

*The UK's approach to tackling modern slavery through the aid programme* was published in October 2020. One of the five recommendations was that the "UK government should publish a clear statement of

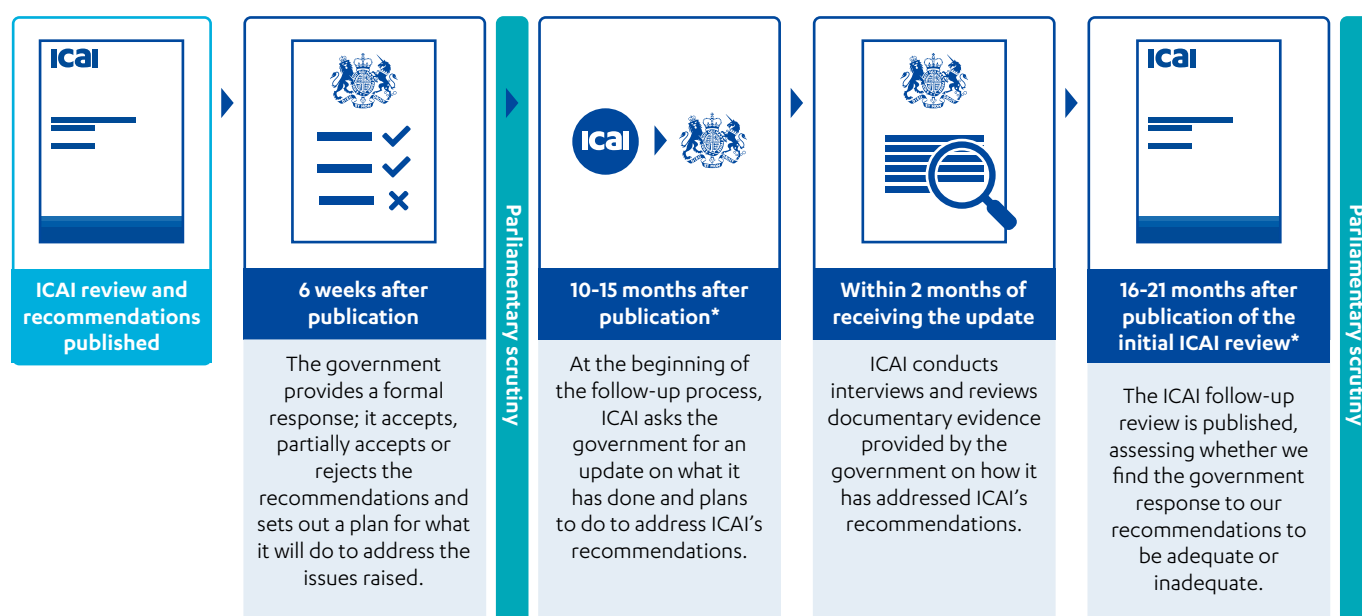
In response to this year's follow-up, the Home Office told ICAI in December 2023 that there were no current plans to publish a Modern Slavery Strategy. This statement was updated in February 2024 by the government's response to the Home Affairs Select Committee on Human Trafficking, which states that "The government will also consider delivering a new Modern Slavery Strategy". ICAI hopes that this will be the case and that the government will use this publication to set out a clear statement of its international objectives and approach in line with our recommendation.

Outstanding issue	Our assessment of progress since last year
<p>its overall objectives and approach to using UK aid to tackle modern slavery internationally". This is the third year that ICAI follows up on this recommendation, since such a statement has yet to be produced.</p>	<p>The government's response continues to be inadequate, because there has still been no published statement of its international objectives and approach. ICAI will not, however, follow up this recommendation again, since we see limited traction for our efforts to clarify the UK government position on using aid to tackle modern slavery in the current political context.</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 its own inquiries. The formal follow-up process starts around a year after the publication of the original review (sometimes sooner and sometimes later depending on when in the annual review cycle the original review was published). The results of this follow-up are presented in the annual 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 to address last year's recommendations. 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. As well as scoring each review we follow-up for the first time as adequate or inadequate, we also score each individual recommendation within these reviews. Likewise, we score individual recommendations from reviews with outstanding issues from previous years. 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 nine ICAI reviews from last year with a total of 42 recommendations, as well as outstanding issues from four past reviews with a total of 7 recommendations.<sup>1</sup> After briefly setting out our methodology, we present an account of progress on the nine reviews and four past reviews with 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 that we recommend returning to again next year.

<sup>1</sup> Two of these recommendations, in the *UK aid to refugees in the UK* rapid review, were rejected by the government. While ICAI commented on the issues covered by these recommendations, it did not score the adequacy of the government’s actions.



## 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 or, in the case of two recommendations covered by this year's follow-up, 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 embassies, 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 next 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. Cross-cutting issues and learning journeys

### Introduction

- 3.1 The UK government launched its *White Paper on International Development* on 20 November 2023.<sup>2</sup> The Minister for Africa and Development, Andrew Mitchell, used the opportunity of the Global Summit on Food Security, co-hosted in London by the UK on the same day as the launch, to present the white paper as the UK's "longer-term vision for addressing critical global challenges" to a wider international audience.<sup>3</sup> After some years of turbulence in official development assistance, with the creation of the newly formed Foreign, Commonwealth and Development Office followed by several rounds of aid budget reductions, and the rise of in-donor refugee costs to consume almost a third of all UK aid (28% in 2023), the white paper is part of the effort to return to a strategic, longer-term approach to UK development assistance.
- 3.2 The white paper's core focus areas are the challenges of climate change and the environment; inclusion, equity and social protection; and conflict, fragility, disasters and food security. It sets out four main ways in which the UK will work to tackle these challenges: mobilising investment; fostering partnerships, including with the private sector; supporting locally led action; and promoting collaboration on research, innovation and new technologies. The white paper also re-establishes the UK's commitment to be an international leader in aid transparency.
- 3.3 ICAI's follow-up review this year suggests that many of the priority themes and tools of the white paper are already becoming visible in the work to respond to ICAI recommendations. We found that the white paper has helped teams to underpin, promote and gather momentum around actions and priorities in areas such as aid transparency, nutrition, locally led development, aid for trade, and conflict and climate. As such, its publication seems to have had the effect of galvanising support and providing levers for action in these priority areas. In this section we provide two brief accounts of 'learning journeys', where the white paper has also played a role. These are short case studies showcasing reflection, planning and action that have supported notable change in particular portfolios, seen through the lens of the annual ICAI review and follow-up cycle.

### Learning journeys

#### Box 2: Learning journey – aid transparency

Concerns about a reduction in aid transparency have been voiced in a range of ICAI reviews conducted after the merger of the former Department for International Development (DFID) and the former Foreign and Commonwealth Office (FCO) to become the Foreign, Commonwealth and Development Office (FCDO) in 2020. As such, transparency has also been a frequent topic of ICAI's annual follow-up reviews. The 2020-21 follow-up review included "problems of monitoring, record-keeping and transparency" as a cross-cutting issue. The review noted that "there had been a reduction in the comprehensiveness of record-keeping and documentation of the UK aid programme since the merger", which affected FCDO's ability to assess value for money, learn and build on previous experience. The follow-up review also noted concerns about the transparency of the aid programmes of other government departments, first raised in its review *How UK aid learns*,<sup>4</sup> and that "FCDO continued to be absorbed by the process of developing its own systems, policies and strategies, which limited its ability to support efforts to develop a more coherent and joined-up approach to monitoring and evaluation, learning and transparency across the UK aid programme".<sup>5</sup>

The Aid Transparency Index of 2022 was a visible sign of the decline in UK aid transparency. ICAI noted in last year's follow-up review that the index "highlighted notable declines in external transparency of aid

2 *International development in a contested world: ending extreme poverty and tackling climate change: a white paper on international development*, HM Government, November 2023, [link](#).

3 *Global Food Security Summit 2023: Minister Mitchell's speech*, Andrew Mitchell, Foreign, Commonwealth and Development Office, 20 November 2023, [link](#).

4 *How UK aid learns: a rapid review*, Independent Commission for Aid Impact, April 2019, [link](#).

5 *ICAI follow-up review of 2020-21 reports*, Independent Commission for Aid Impact, June 2022, p. ii, [link](#).

across the main departments managing the UK aid programme”.<sup>6</sup> FCDO received a score of ‘good’ on the 2022 index, down from DFID’s consistent score of ‘very good’ since the index was first launched by Publish What You Fund in 2012.

In October 2022, ICAI published its rapid review of *Transparency in UK aid*.<sup>7</sup> The review was not scored but concluded that while DFID had been an international leader in promoting aid transparency, FCDO’s commitment to aid transparency had come into question. In January 2023, ICAI’s review of *The UK’s approach to democracy and human rights* found that the UK was “at risk of being declared an ‘inactive’ member by the Open Government Partnership, a coalition of 77 countries which assists governments in becoming more transparent, accountable and responsive”, a situation which suggested that the problem was wider than in the context of aid.<sup>8</sup>

The Transparency review’s four recommendations were all aimed at supporting a return to a strong UK commitment to aid transparency, arguing that this goes hand in hand with excellence in development cooperation. This year’s follow-up exercise found that since the Transparency review was published, there has been a marked positive change in FCDO’s commitment to aid transparency, supported at ministerial and senior management level and promoted by a strengthened transparency team. The November 2023 *White Paper on International Development* is a very visible sign of this change. It reconfirmed the ambition that “the UK will take a lead in promoting aid transparency internationally” and committed FCDO to display the “highest transparency standards among all foreign ministries globally”. In line with ICAI’s recommendation, the white paper also committed FCDO to attain a ‘very good’ score in the next Aid Transparency Index, to be published in July 2024.<sup>9</sup>

Details of the rise in staff appreciation of the importance of transparency for FCDO’s development work, as well as the strengthening of systems for the publication of key aid programme data, can be read in the section of this follow-up review assessing progress against the four transparency recommendations (see **paragraphs 4.2 to 4.23**).

Achieving the ambition to regain a global leadership role in aid transparency will require sustained commitment over time. The emphasis placed on transparency in the white paper may also spur other government departments and FCDO’s own arm’s-length bodies towards greater transparency. The white paper commits to conduct a “UK ATR [aid transparency review] assessing the transparency performance of UK government departments with significant ODA budgets”.<sup>10</sup> This would be a useful step in the UK government’s journey back towards greater aid transparency.

### Box 3: Learning journey – nutrition

ICAI first reviewed UK aid in support of nutrition results in 2014,<sup>11</sup> followed by a second nutrition review in 2020.<sup>12</sup> This latter review, *Assessing DFID’s results in nutrition*, was awarded a green-amber score, acknowledging that the former Department for International Development (DFID) had surpassed its targets for providing nutrition services in some of the world’s poorest countries. The review noted that “given that DFID only started scaling up its work on nutrition in 2013, the positive contributions of UK aid in this area are impressive”. The decision to scale up was seen as appropriate, considering the continuing high levels of stunting and wasting in children and the fact that “nutrition interventions are consistently identified as one of the most cost-effective development actions, with significant economic returns”.

6 ICAI follow-up review of 2020-21 reports, Independent Commission for Aid Impact, June 2022, p. ii, [link](#).

7 *Transparency in UK aid*, Independent Commission for Aid Impact, October 2022, [link](#).

8 *The UK’s approach to democracy and human rights*, Independent Commission for Aid Impact, January 2023, p. iii, [link](#).

9 *International development in a contested world: ending extreme poverty and tackling climate change: a white paper on international development*, HM Government, November 2023, p. 34, [link](#).

10 *International development in a contested world: ending extreme poverty and tackling climate change: a white paper on international development*, HM Government, November 2023, p. 34, [link](#).

11 *DFID’s contribution to improving nutrition*, Independent Commission for Aid Impact, July 2014, [link](#).

12 *Assessing DFID’s results in nutrition: a results review*, Independent Commission for Aid Impact, September 2020, [link](#).

The 2020 review found that DFID’s practice of combining nutrition-specific support with nutrition-sensitive programming was well aligned with evidence on ‘what works’.<sup>13</sup> It warned, however, that “continued prioritisation of nutrition investments and systems building is needed to capitalise on the positive progress”. The review noted that globally, progress towards reducing undernutrition in the poorest countries was stalling, and that COVID-19 had further hampered efforts to reach Sustainable Development Goal 2’s commitment to end hunger and all forms of malnutrition by 2030.<sup>14</sup>

The follow-up of the recommendations from the 2020 nutrition review was mainly positive, highlighting the development of valuable new guidance to strengthen the design and targeting of nutrition interventions, results systems and strategic approaches. The follow-up review noted that the next step was for FCDO to prioritise implementing these new approaches.

ICAI has not conducted another nutrition review since then, but its 2023 review of *UK aid to agriculture in a time of climate change* included nutrition-sensitive agriculture among its themes. One of its review questions asked if “the UK’s support for agriculture is achieving its intended outcomes on inclusive economic growth and poverty reduction, food and nutrition security and climate change”. The review found that attention to the nutrition sensitivity of relevant programming had waned and that, towards the end of the review period, “scaling back and cancelling programmes negatively affected the [agriculture] portfolio’s ability to deliver against intentions. ODA reductions also made it more difficult to focus on cross-cutting priorities such as nutrition, gender, climate change and MEL [monitoring, evaluation and learning]”.

While the 2023 review found modest improvements in the agriculture portfolio’s inclusion of nutrition, it found insufficient attention to monitoring nutritional outcomes, especially in commercial agriculture programmes, with limited attention to the nutritional impact on consumers. Some relevant programmes had no references to nutrition, while others made assumptions of nutrition relevance that were not substantiated. The team found aid-funded agriculture investments in Malawi that had the potential to affect the nutrition of consumers negatively. As a result, ICAI recommended that all commercial agriculture programmes and investments should be monitored for nutritional outcomes. The government accepted ICAI’s recommendation.

This year’s follow-up review finds that, since the publication of ICAI’s review of UK aid to agriculture, high-level interest and commitment to nutrition have grown. The government has taken positive steps to reinvigorate the UK’s influence and thought leadership on agriculture and nutrition, including its leadership in the Global Summit on Food Security held in November 2023, with the UK prime minister, foreign secretary and minister for Africa and development attending. The November 2023 *White Paper on International Development*, presented at the summit, has a new focus on food and nutrition security.<sup>15</sup>

FCDO has undertaken relevant actions to improve monitoring of the nutrition relevance of its portfolio, some of which build on previous recommendations in ICAI’s earlier 2020 review *Assessing DFID’s results in nutrition*.<sup>16</sup> With the introduction of a nutrition policy marker in 2022, FCDO is now more aware of the reach of its nutrition-relevant programming, which has helped the nutrition team to reach out to programmes and provide advice.

Together, the high-level commitment and programme-level monitoring have helped facilitate and improve the FCDO nutrition team’s engagement with agricultural teams and their programmes, leading to improvements in the integration and tracking of nutritional outcomes, especially in commercial agricultural programmes. However, negative impacts will not be monitored by FCDO and BII will not be monitoring its nutrition impacts, positive or negative.

13 ‘Nutrition-specific’ interventions address the immediate causes of nutrition and malnutrition, while ‘nutrition-sensitive’ interventions address underlying causes of undernutrition in other programme spheres. An example of the latter is the prevention of early pregnancy, which is linked to malnutrition in both adolescent mothers and their babies.

14 SDG 2’s target 2.2 is to “by 2030, end all forms of malnutrition, including achieving, by 2025, the internationally agreed targets on stunting and wasting in children under 5 years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons”. See [link](#).

15 *International development in a contested world: ending extreme poverty and tackling climate change: a white paper on international development*, HM Government, November 2023, paragraph 7.2, [link](#).

16 *ICAI follow-up review of 2020-21 reports*, Independent Commission for Aid Impact, June 2022, [link](#); *Assessing DFID’s results in nutrition*, Independent Commission for Aid Impact, September 2020, [link](#).

## 4. Findings from individual follow-ups

- 4.1 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. We begin by presenting the findings for the reviews we are following 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 as adequate or inadequate. We then turn to the four reviews with outstanding issues from last year’s follow-up process. For outstanding issues, since we usually do not revisit entire past reviews and instead only some recommendations, we score each recommendation individually and make a decision on whether we will return to each recommendation again next year.

### Transparency in UK aid

There has been a positive change in FCDO’s commitment to aid transparency, supported at ministerial and senior management level and promoted by a strengthened transparency team. There is stronger staff appreciation of the importance of transparency for FCDO’s development work. Systems integration, while not fully completed, now allows automatic publication of some key aid programme data (although not yet business cases and annual reports), and transparency work has become easier and less time-consuming for staff. Guidance has been clarified and training has been stepped up. FCDO looks to be on track to achieve a rating of ‘very good’ in the 2024 Aid Transparency Index.



While FCDO needs to continue the same trajectory to reach its ambition to regain its global leadership role in aid transparency, its improvements are significant. The department does, however, need to support its arm’s-length bodies and other government departments to raise their aid transparency ambitions. This would include support to make publication of aid data to International Aid Transparency Initiative standards easier through, for example, improving the accessibility of DevTracker for non-FCDO users.

- 4.2 ICAI’s rapid review of *Transparency in UK aid* was published in October 2022. The review found that the UK had been a global leader on aid transparency since the late 2000s and that the former Department for International Development (DFID) had been a strong supporter of the International Aid Transparency Initiative (IATI) and its development of a global standard for publishing aid data. Indeed, the establishment of ICAI in 2010 was part of this drive towards transparency in how UK aid money was spent. However, the merger in 2020 of DFID with the Foreign and Commonwealth Office (FCO) to become the Foreign, Commonwealth and Development Office (FCDO) was followed by a period in which the UK’s commitment to aid transparency came into question, including very little transparency around the aid budget reductions in 2020 and 2021 and a drop in ranking on the Aid Transparency Index (ATI) from ‘very good’ for DFID in 2020 to ‘good’ for FCDO in 2022.<sup>17</sup> In January 2023, ICAI’s review of *The UK’s approach to democracy and human rights* found that the UK was “at risk of being declared an ‘inactive’ member by the Open Government Partnership, a coalition of 77 countries which assists governments in becoming more transparent, accountable and responsive”, with reduced transparency commitments among the issues raised. It appeared that the issue of reduction in transparency was not confined to the aid sector.<sup>18</sup>
- 4.3 Concerned about this decline, ICAI noted that transparency was key to high-quality, principled development assistance, and provided four recommendations to support FCDO to build on previous UK efforts and continue to aim for high standards in aid transparency.

<sup>17</sup> The challenge of aid transparency in a time of crisis and transition was discussed in ICAI’s follow-up review of 2019-20 reviews. See *ICAI follow-up review of 2019-20 reports*, Independent Commission for Aid Impact, June 2021, pp. 10-12, [link](#).

<sup>18</sup> *The UK’s approach to democracy and human rights*, Independent Commission for Aid Impact, January 2023, pp. iii and 28, [link](#).

Subject of recommendation	Government response
FCDO should set out clear and ambitious standards for transparency to be applied to all aid portfolios (including arm’s-length bodies) through its unified systems, including default and timely publication of full programme documents, and a rigorous process for assessing, approving and reporting on exclusions.	Accepted
FCDO should commit to achieving a standard of ‘very good’ in the Aid Transparency Index by 2024.	Accepted
FCDO should resume publishing forward aid spending plans, cross-departmental development results and country aid priorities.	Accepted
In FCDO priority countries, the department should work with other donors to support greater use of IATI data and other aid information sources, to strengthen aid effectiveness and accountability.	Accepted

**Recommendation 1: FCDO should set out clear and ambitious standards for transparency to be applied to all aid portfolios (including arm’s-length bodies) through its unified systems, including default and timely publication of full programme documents, and a rigorous process for assessing, approving and reporting on exclusions.**

- 4.4 ICAI found that there were different values, cultures and technical capacities on transparency within former DFID and FCO, with a weakening of the presumption of disclosure – that is, that the default should be to publish rather than withhold data – in the newly formed FCDO. FCDO’s publishing of aid data became significantly less timely and complete compared to that of DFID, and arm’s-length bodies which had previously been linked to FCO, such as the British Council, had weaker publication standards. The same was the case with the UK’s development finance institution, British International Investment (BII).
- 4.5 FCDO accepted ICAI’s recommendation and committed to having one unified system to “allow for a unified transparency process including putting in place the systems to assess, approve and collate information relating to exclusions of official development assistance (ODA) programme data, a proportionate approvals process for publishing, systematic and timely publication of programme documents”. Even though there are some remaining challenges, in the past year the department has come a long way in re-establishing the strong transparency practices of DFID:
- **High ambition:** The November 2023 *White Paper on International Development* brought transparency to the fore and returned to the ambition that “the UK will take a lead in promoting aid transparency internationally”. The white paper committed FCDO to becoming the foreign ministry with the highest transparency standards globally and “BII to become the most transparent of all bilateral development finance institutions”, as measured by Publish What You Fund (PWYF) transparency indexes.<sup>19</sup>
  - **Clear standards:** FCDO’s updated Programme Operating Framework (PrOF) has transparency as a key principle, since “British taxpayers, beneficiaries, and constituents in the countries where we operate have a right to know what we’re doing, why and how we’re doing it, how much it will cost and what it will achieve”. There is a separate PrOF rule on aid transparency (rule 7), but the PrOF also refers prominently to the importance of transparency across a range of other rules.<sup>20</sup>
  - **Default and timely publication:** This is again the norm for FCDO programme documents. As of 28 June 2023, FCDO resumed monthly publication of aid programme data to IATI and Development Tracker (DevTracker), FCDO’s public aid information portal. FCDO’s internal Aid Management Platform (AMP) is linked to DevTracker so that relevant programme data on AMP, such as budgets,

<sup>19</sup> *International development in a contested world: ending extreme poverty and tackling climate change: a white paper on international development*, HM Government, November 2023, paragraph 7.2, [link](#).

<sup>20</sup> *FCDO Programme Operating Framework: Guidance*, Foreign, Commonwealth and Development Office, updated 19 December 2023, [link](#).



are automatically published on DevTracker, although business cases and annual reports are not yet managed or published through AMP.<sup>21</sup> As a result, DevTracker is re-establishing itself as a go-to resource for UK aid data, after a period of pauses and gaps in publication undermining its reliability.

- **Rigorous process for exclusions:** The updated PrOF makes clear that sensitivities in programme documentation must be identified early by the programme responsible owner (PRO) and any exclusions from publication must be justified by the PRO and approved by the senior responsible owner, who is accountable for ensuring that the PrOF transparency standards are met. The default is thus to publish, and to exclude documentation from publication entails going through a thorough process of justification and approval.
- 4.6 While these are considerable steps towards re-establishing high standards of aid transparency, not all FCDO staff have access to operate the live version of AMP, which means they are unable to publish automatically to DevTracker. This continues to affect many former FCO staff, and the slow IT rollout is hampering FCDO's aid transparency ambitions.
- 4.7 The situation is less positive for arm's-length bodies, BII and other government departments. DevTracker is linked to AMP but is not as compatible with the systems of non-FCDO departments or bodies. For instance, the British Council continues to have an erratic publication record. FCDO's transparency team recently (February 2024) uploaded FCDO's data pertaining to its aid support of the British Council until December 2023 to DevTracker. This had to be done manually, however, which is cumbersome, and the British Council's own ODA data have not been uploaded. While we appreciate that some records are now updated to December 2023, there is currently no solution in place for ensuring that FCDO's arm's-length bodies publish timely and regular ODA data.
- 4.8 BII published a transparency roadmap in December 2023, setting out its plans for becoming the most transparent bilateral development finance institution. This is a positive step, but it is too early to assess how well this roadmap will be followed or what impact it will have. The roadmap commits BII to report to IATI on a quarterly basis, and we have been told that BII has appointed a new Transparency Officer. As of April 2024, BII last published its data on 12 March 2024, but without any financial data for October-December 2023. IATI currently records BII as having a time lag in its data of one year. In our follow-up of the India country portfolio review this year, we note concern about the openness of BII when it comes to describing the details of intermediated investments in India.
- 4.9 In the case of other government departments, FCDO's transparency team is leading a cross-government transparency community of practice and has also led the work on agreeing the transparency commitments in the National Action Plan for Open Government 2024-26 (also known as NAP 6). However, the aid transparency commitments from departments other than FCDO are unambitious, and data are often outdated on DevTracker. For example, there are no data after financial year 2019-20 for the Home Office or Ministry of Defence, and no data after financial year 2021-22 for HM Treasury. FCDO is currently the only UK aid-spending department that PWYF includes in the ATI.
- 4.10 To conclude, while there are improvements, significant barriers remain for arm's-length bodies and other government departments which are not using FCDO's AMP to publish aid data in a timely and predictable manner. However, FCDO's own achievements have been considerable. We therefore assess progress on this recommendation to be adequate.

## **Recommendation 2: FCDO should commit to achieving a standard of 'very good' in the Aid Transparency Index by 2024.**

- 4.11 In 2022, FCDO was rated 'good' on the ATI, compared to DFID's 'very good' rating in 2020, before the merger. ICAI noted that if FCDO remained at that level it would send the wrong signal about the UK's commitment to aid transparency. FCDO accepted the recommendation that it should commit to achieving a standard of 'very good' in the 2024 index. This commitment was repeated by the minister of state for development and Africa to Parliament's International Development Committee (IDC).

<sup>21</sup> FCDO's technical team is developing an automated solution to allow documents to be published to DevTracker through an integration between AMP and the department's internal document sharing system, but this work is still under development.

- 4.12 As part of the follow-up review, ICAI conducted a ‘test run’ of FCDO’s DevTracker data against the Publish What You Fund methodology underpinning the ATI. We found that FCDO is on track to achieve a ‘very good’ score. As discussed under recommendation 1, programme data are published monthly, and forward-looking disaggregated budgets and country development partnership summaries have also been published. We were not able to check the extent to which documents are correctly ‘tagged’ – or that irrelevant documents are not ‘over-tagged’ – but we noted that FCDO’s transparency team is aware of the importance of carefully reviewing tagging practices to avoid failing PWYF’s manual sampling checks. Further learning from ICAI’s ‘test run’ was shared with the transparency team to support their work of strengthening the department’s publication practice.
- 4.13 While the 2024 ATI rating had not yet been revealed by the time this follow-up review was published, the efforts across FCDO to improve the department’s transparency practice have been considerable and the department has shown it is strongly committed to achieving a ‘very good’ score. We therefore assess the response to this recommendation to be adequate.

**Recommendation 3: FCDO should resume publishing forward aid spending plans, cross-departmental development results and country aid priorities.**

- 4.14 ICAI’s original review found that FCDO’s forward spending plans had been untransparent ever since the merger. Country development plans and forward country budget information for UK aid programmes in partner countries were not available, making it difficult for partner governments to undertake their own resource planning, and for Parliament and civil society to scrutinise UK aid spending. FCDO accepted the recommendation to resume the publication of forward aid spending plans, cross-departmental development results and country aid priorities.
- 4.15 ICAI’s concerns were largely addressed by the publication in July 2023 of the FCDO annual report and accounts, which included planned ODA allocations for 2023-24 and 2024-25, split by country.<sup>22</sup> FCDO has also published country development partnership summaries (CDPSs) for almost all countries with a minimum £5 million UK bilateral ODA spend.<sup>23</sup> There are currently 43 CDPSs published, with budgets for 2023-24 and indicative budgets for 2024-25.
- 4.16 There has been less improvement on publishing cross-departmental development results. The original government response to ICAI’s recommendations was that “FCDO is in the process of developing the monitoring framework for the international development strategy. This will complement the high-level departmental results published in the outcome delivery plan”, published in July 2021 to cover the financial year 2021-22.<sup>24</sup> A new outcome delivery plan was planned for publication in 2023, later changed to 2023-24, and has not yet been published. The 2023 annual report and accounts provides narrative accounts of results around the world reported against its four priority outcomes (of which outcome 3 is aid-related). These priority outcomes are broadly phrased: not results reporting as such (against baselines and towards targets), but a list of activities and achievements within the broad ODA-related objective to “promote Global Britain by using our development leadership to empower and protect the freedom of women and girls, to provide reliable, honest infrastructure financing, and to support humanitarian needs”.<sup>25</sup>
- 4.17 Through the publication of forward allocations and CDPSs, FCDO has addressed the key concerns underpinning ICAI’s recommendation. The response to this recommendation is therefore judged to be adequate. We nevertheless would like to see further improvements in the form of longer-term indicative budget information available to partners (governments and civil society) in priority countries. The indicative forward budgets provided in the CDPSs are useful for partners, but they only cover the financial year that started in April 2024. We also note that there has been slow progress on reporting cross-departmental development results.

22 *Annual report and accounts 2022-23*, Foreign, Commonwealth and Development Office, July 2023, [link](#).

23 *Country and regional development partnership summaries*, FCDO, available at [www.gov.uk](http://www.gov.uk).

24 *FCDO outcome delivery plan 2021-2022*, Foreign, Commonwealth and Development Office, July 2021, [link](#).

25 *Annual report and accounts 2022-23*, Foreign, Commonwealth and Development Office, p. 45, [link](#).



#### **Recommendation 4: In FCDO priority countries, the department should work with other donors to support greater use of IATI data and other aid information sources, to strengthen aid effectiveness and accountability.**

- 4.18 ICAI's review found that, in general, efforts to promote and facilitate the use of IATI and other aid data to strengthen aid effectiveness and accountability have been limited. Specifically for FCDO, it found that the department could do more to promote the use of the aid data it and other donors gather in priority countries. FCDO accepted the recommendation and listed a range of actions to improve aid data use which are currently underway.
- 4.19 The follow-up found that, at a global level, FCDO is engaging more strongly with IATI. It has joined the new IATI data use working group, convened IATI donor coordination meetings and chaired the donor caucus at the IATI 2023 members' assembly. FCDO is working with the Open Government Partnership initiative at both international and domestic levels, including leading on the government's aid transparency commitment in NAP 6 which includes FCDO commitments to continue to improve aid data quality and timeliness, strengthen engagement with IATI users and champion aid transparency improvements globally.<sup>26</sup> There is already evidence that FCDO is pursuing these aims. First of all, it has reinstated automatic publication to DevTracker and monthly publishing to IATI, which is the starting point of encouraging stronger usage of aid data. It has also worked on the DevTracker website to make it more user-friendly. The improvements to DevTracker appear to focus particularly on bringing the platform in line with government digital service requirements in terms of accessibility. FCDO makes the source code for DevTracker available on GitHub, a developer platform for code sharing and storing, making it easy for others to validate the department's report on progress in accessibility.
- 4.20 In partner countries, positive change is at a relatively early stage, but relevant actions are underway. It was reasonable of FCDO to focus first on the actions necessary to achieve its ambition of 'very good' in the 2024 ATI, since improving use of aid data at country level is dependent on first improving the quality of the information FCDO is publishing (see recommendation 1 on this). It is also supported by FCDO's increasing engagement with the IATI secretariat and donor community at policy level.
- 4.21 An interview with staff at the British High Commission in Abuja, Nigeria, made it clear that with the resumption of regular updates of DevTracker, it has become easier to use aid data to improve efficiency and coherence internally at the high commission. With a common live repository of data on aid programmes, it is simpler and less time-consuming to map what other teams are doing, which improves country planning and reduces overlap. In working with governments and civil society organisation (CSO) partners, it is now possible to signpost to DevTracker again, as well as to the published country development partnership summaries.
- 4.22 There is much more to be done to increase data use at country level, and it will be important for FCDO to continue to maintain its ambition. FCDO should contribute to an evolving understanding of the specific mechanisms required for transparency to lead to aid effectiveness and, where relevant, contribute to overcoming barriers to the use of information. Due to sequencing of work and the positive direction of travel, combined with the strong commitment within FCDO to continue improving, we find that actions have been adequate. However, following the systems integration, and after the end of data collection for the ATI in 2024, FCDO should redouble its efforts on this recommendation. Strengthening use of data at country level is likely to lead to significant benefits in terms of improving value for money and increasing impact of UK aid.

#### **Conclusion**

- 4.23 There has been a positive change in FCDO's commitment to aid transparency, driven at ministerial and senior management level and promoted by a strengthened transparency team. The transparency team told ICAI that they noted a cultural change taking place within the department, with staff appreciating the importance of transparency for FCDO's development work. This cultural change is supported by the systems integration allowing automatic publication, which is making transparency work easier and less time-consuming. Guidance and training have also been stepped up. While improvements need

26 Commitment 2: International Aid Transparency, *UK National Action Plan for Open Government 2024-2025*, Cabinet Office, 18 December 2023, [link](#).

to continue on the same trajectory to reach FCDO’s ambition to regain its global leadership role in aid transparency, ICAI is pleased to find that the response to all of its recommendations has been adequate. It will become increasingly important for FCDO to support its arm’s-length bodies as well as other government departments to raise their aid transparency ambitions. This would include support to make publication of aid data to IATI standards easier through, for example, improving the accessibility of DevTracker for non-FCDO users.

## UK aid to Afghanistan

There is evidence of learning activities and progress across the three recommendations of ICAI’s report, particularly regarding FCDO’s improved use of scenario planning. The department is putting in place new guidance and mechanisms for learning about its work in fragile and conflict-affected settings, with the aim, among other things, of mitigating the risk of repeating the mistakes ICAI identified in Afghanistan. The mechanisms for internal challenge are visibly stronger, showing that the recommendations of the Chilcot Inquiry, conducted after the Iraq war, still have currency and relevance seven years after their publication. ICAI continues to take the view that the use of ODA to pay the salaries of police officers deployed on paramilitary tasks amounts to an inappropriate use of ODA to fund paramilitary operations.



- 4.24 ICAI’s country portfolio review of *UK aid to Afghanistan*, published in November 2022, looked at UK aid aimed at stabilising Afghanistan and building a functional state. The review found that although UK aid had provided valuable support to Afghan citizens, including women and girls, the UK did not have a realistic or credible approach to state-building and failed to make substantial progress towards this strategic objective. The review was scored amber-red.
- 4.25 The review offered three recommendations aimed at ensuring that lessons from Afghanistan can inform future stabilisation efforts in other contexts. The follow-up of this review focuses on such broader learning efforts, while a separate information note on humanitarian aid to Afghanistan since May 2023 will be published by ICAI in June 2024. This forthcoming information note will be an update on the information note on UK aid to Afghanistan published in May 2023.<sup>27</sup>

Subject of recommendation	Government response
In complex stabilisation missions, large-scale financial support for the state should only be provided in the context of a viable and inclusive political settlement, when there are reasonable prospects of a sustained transition out of conflict.	Partially accepted
UK aid should not be used to fund police or other security agencies to engage in paramilitary operations, as this entails unacceptable risks of doing harm. Any support for civilian security agencies should focus on providing security and justice to the public.	Accepted
In highly fragile contexts, the UK should use scenario planning more systematically, to inform spending levels and programming choices.	Accepted

### **Recommendation 1: In complex stabilisation missions, large-scale financial support for the state should only be provided in the context of a viable and inclusive political settlement, when there are reasonable prospects of a sustained transition out of conflict.**

- 4.26 ICAI’s original review found that the UK’s state-building approach for Afghanistan was never well articulated. Provided in the context of a ‘hot’ stabilisation mission involving ongoing conflict and counter-insurgency operations, state-building efforts did not rest on a viable and inclusive political settlement, even though

<sup>27</sup> Information note: *UK aid to Afghanistan*, Independent Commission for Aid Impact, May 2023, [link](#).

lesson learning from other stabilisation efforts around the world clearly identified this as a condition of success. With the Afghan government engaged in an active counter-insurgency campaign, it was very difficult to promote responsive and accountable institutions. The volume of financial aid provided to the Afghan state overwhelmed its limited absorptive capacity, was unsustainable, and distorted the national political process and development of institutions.

- 4.27 ICAI therefore recommended that in future complex stabilisation missions, this level of large-scale financial support for the state should only be provided if there is a viable and inclusive political settlement in place. FCDO partially accepted this recommendation. The government response noted that: “Inclusive political settlements and state building processes can take decades to establish in both contexts of intra- and inter-state conflicts. The Government recognises that external interventions should be adapted to local needs and context and that ‘large-scale financial support’ in conflict-affected contexts can come with considerable risk. A viable political settlement may not always be in place but large-scale support for the state should be dependent on a clear assessment of how support for the state will affect conflict dynamics and preferably, but not exclusively, that a reasonable prospect exists of a sustainable transition out of conflict. While that will usually mean that there is a political settlement process underway, the Government notes that there may be occasions when the UK provides support to a conflict-affected state without a political settlement in order to meet UK objectives”.
- 4.28 We noted in our original review that the government clearly understood the importance of a political settlement in state-building as well as the impact of oversupply of aid when weak and corrupt institutions have little capacity to absorb it. We recognised in the review that state-building processes are complex, non-linear and long-term, and that there are trade-offs to be made along the way. As we noted in the original review, and as has been acknowledged across almost all lesson learning on Afghanistan, the challenges to achieving state-building objectives in Afghanistan resulted from pursuing a policy fundamentally driven by political rather than development imperatives.
- 4.29 In interviews for this follow-up, we heard that FCDO is strengthening the Security and Stabilisation Department (SSD) in the Office of Conflict, Stabilisation and Mediation, and plans to increase its technical advisory capacity for security and stabilisation in 2024. The SSD’s work is arranged under three broad pillars:
- Policy support (loosely defined), providing guidance, evidence and learning to FCDO, but also cross-government support on lessons learned and best practice in stabilisation and security work.
  - Direct support and expertise to government colleagues when a conflict or crisis is live, to, we were told, “enable them to take a step back and think through the wider analysis”.
  - Development of the UK government’s wider approach to stabilisation work, determining where the UK would best focus efforts and how it works with international partners for stabilisation.
- 4.30 SSD is also updating the 2019 guidance, *The UK government’s approach to stabilisation: a guide for policy makers and practitioners*.<sup>28</sup> The revised guidance will include more source material and evidence, including from recent reports of the United States Special Inspector General for Afghanistan Reconstruction (SIGAR).<sup>29</sup> In interviews for this follow-up, government stakeholders noted that the scale of the engagement in Afghanistan meant many of the key lessons were not about international aid as such, but about the interaction of foreign policy, military objectives and aid objectives. ICAI was told that the updated guidance will emphasise that stabilisation is not specifically a development or political activity, but about “bringing different actors together”. This guide will be the core of FCDO’s work to reset its approach to stabilisation.
- 4.31 The series of interviews held for this follow-up review highlighted a willingness from across the government – and, critically, at leadership level – to learn from the experience in Afghanistan. We noted how many of our interviewees reported that FCDO recognises the dangers of ‘group think’ and is applying the recommendations of the Iraq Chilcot Inquiry,<sup>30</sup> seven years after its publication, to its Afghanistan lesson learning, for example by increasing internal challenge functions. We saw how over the last 18 months

28 *The UK government’s approach to stabilisation: A guide for policy makers and practitioners*, UK Government, March 2019, [link](#).

29 All the SIGAR reports can be accessed here, [link](#).

30 *Report of the Iraq Inquiry*, Cabinet Office, 2016, [link](#).

FCDO has set up a series of internal mechanisms – including an Afghanistan Policy Forum, Security Sector Reform network and peer-to-peer review to improve dialogue and internal challenge – in order to avoid the mistakes made in Afghanistan. We were told that FCDO has improved the internal mechanisms in place for checks and balances, whistleblowing and escalation – both in the event of an unresolved situation and in situations where different interpretations of information might lead to diverging opinions and hamper decision making.

- 4.32 There is ongoing work within government to learn lessons on state-building and stabilisation from the Afghanistan operation, although FCDO’s attention is now focused on the challenges of the day-to-day response to other crises, notably Ukraine. ICAI considers FCDO’s response to this recommendation to be adequate. FCDO outlined to ICAI that it recognises that providing too much aid in a high-risk and volatile context can have a detrimental effect and “incentivise” warring parties. The department underlined the importance of effective and adaptive conflict sensitivity assessments and flexibility in programming to enable it to respond and adjust to risk – including by withdrawing funding where appropriate (after course correction measures have been attempted). Learning from Afghanistan has been informing FCDO’s approaches. The update to the stabilisation guide was informed by lessons from Iraq and Afghanistan and other contexts and is expected to reinforce the note of caution about ODA funding in highly complex conflict environments. We note, however, that government decision making needs to be consistent with its own guidance in the future.

**Recommendation 2: UK aid should not be used to fund police or other security agencies to engage in paramilitary operations, as this entails unacceptable risks of doing harm. Any support for civilian security agencies should focus on providing security and justice to the public.**

- 4.33 ICAI’s review found the £70 million annual transfer of ODA for funding Afghanistan National Police (ANP) salaries to be a questionable use of UK aid, considering that the ANP was heavily involved in paramilitary operations and there was an unacceptably high risk that UK aid would be implicated in human rights violations and criminality. The aid-funded support for the ANP did not include any substantial effort to mitigate these risks, in violation of the UK’s commitment to the ‘do no harm’ principle of aid. ICAI did not take a view on whether or not the UK should have supported the ANP, but found that the use of ODA to do so was inappropriate given the specific exclusions set out by the Development Assistance Committee of the Organisation for Economic Cooperation and Development (OECD-DAC), which establishes the eligibility rules for reporting ODA.
- 4.34 ICAI’s recommendation not to use UK aid to fund police or other security agencies to engage in paramilitary operations was intended to be forward-looking, rather than an invitation to revisit the issue of UK aid funding of ANP salaries, which has ended. In its response, and in the subsequent interviews for this follow-up, FCDO reiterated its view that it had not broken ODA rules by using aid-funding to pay ANP salaries. We note, however, that the project completion report (PCR) for the Assisting Security in Afghanistan Programme concluded that political commitment to spend £70 million per year on the police was a “key binding constraint on effectiveness and VFM”. The PCR noted that “[t]hough supporting civilian policing reform was an important, long-term objective, unfortunately in the short term, it was neither credible nor feasible to expect ANP to deviate from its long standing position as adjunct to the military. Had the programme continued, it seems likely that mounting questions over the feasibility of this programme strand would have resulted in a changed approach”. ICAI continues to take the view that the use of ODA to pay the salaries of police officers deployed on paramilitary tasks amounted to an inappropriate use of ODA to fund paramilitary operations.
- 4.35 Looking instead at future stabilisation settings, we were told that FCDO is doing work to “reset the baseline on policy” for Security Sector Reform (SSR), but clarified that this was focused on security, rather than ‘security and justice’. It is drafting new guidance, and a draft evidence paper on SSR has been produced (but not seen by ICAI). There is, however, no plan to develop new guidance on the use of ODA to fund policing, and the department argues that its Overseas Security and Justice Assistance Guidance<sup>31</sup> and its ODA compliance mechanisms are robust.

31 The Overseas Security and Justice Assistance Guidance was first developed in 2011 and updated in 2017. It can be accessed here, [link](#).

- 4.36 Increasing global instability means that global approaches to SSR are changing rapidly. The evolution of FCDO's approach to SSR through the current policy reset may also result in changes to how the UK uses ODA for policing. Other donors are also looking at how they approach SSR, and the UK has sought to encourage the international community and institutions to place conflict sensitivity at the core of their approach to funding in settings of fragility and violent conflict.
- 4.37 ICAI has received no indication that there will be any new specific UK guidance on police reform or on restricting the use of ODA to civilian policing tasks. We therefore consider the response to this recommendation to be inadequate, but do not propose to return to the recommendation next year.

**Recommendation 3: In highly fragile contexts, the UK should use scenario planning more systematically, to inform spending levels and programming choices.**

- 4.38 ICAI's original review found that the UK's scenario development to inform the Afghanistan country portfolio was of good quality, but that – particularly towards the end of the period – these scenarios were not used actively to inform spending levels and portfolio management. Dramatic increases in risk level over the review period were recognised in scenario developments, but did not trigger a re-evaluation of strategic objectives or a fundamental reallocation of resources. The review found that if more formal mechanisms had been in place to assess and adjust strategy and programming, agility and effectiveness would have increased. The government accepted ICAI's recommendation and noted that it “welcomes ICAI's recognition that there was substantial scenario planning [...] conducted to inform spending and the UK's wider strategy development” in Afghanistan.
- 4.39 Interviews for this follow-up showed that significant action has taken place since ICAI's report that will help to further develop the use of scenario planning. FCDO noted that internal lesson learning taking place immediately after the 2021 withdrawal from Kabul had identified the need for more effective scenario planning and more rapid decision making, consistent with ICAI's findings.
- 4.40 Improvements in scenario planning are driven by the Cabinet Office, as well as by FCDO. The Cabinet Office re-established the Foresight Group in 2023, noting that: “The events of recent years – the COVID-19 pandemic, Russia's illegal invasion of Ukraine, and the ensuing economic shocks – have crystallised the importance of the Government's ability to think strategically”.<sup>32</sup> The Foresight Group seeks to strengthen strategic thinking across government, and seeks to provide tools to support departments do so. These tools include the use of scenario planning.
- 4.41 Within FCDO, the use of scenario planning is led by members of the Strategy and Policy team but draws on expertise across the department and builds on wider government learning (including from COVID-19). Staff interviewed for this follow-up reflected on strengthening the department's challenge function, “building on enquiries, bringing out external challenges and voices, bringing academic rigour into strategies and plans”. This trajectory of work, combined with strengthened cross-government guidance on the use of scenarios arising from the Cabinet Office Foresight programme, and reinforced by ICAI's recommendation, is leading to more scenario planning taking place across the department.
- 4.42 FCDO has long had policy professionals among its ranks, but formally launched a policy cadre in March 2023. The creation of a more formalised cadre within FCDO means that individuals will now be accredited on competencies that incorporate foresight and forward planning, including scenario planning skills. The formalisation of this cadre is part of a more systematic capacity-building of individuals and strengthening of networking and access to role-specific resources and tools. This is part of post-COVID-19 strengthening of the government's foresight-based policymaking toolkit, incorporating a more structured approach to risk management and scenario planning. Scenario planning is used alongside other tools such as Joint Analysis of Conflict and Stability (JACS) and conflict trackers.

<sup>32</sup> *Liaison Committee Inquiry: Scrutiny of strategic thinking in government*, Written Evidence, Liaison Sub-Committee on Scrutiny of Strategic Thinking in Government, House of Commons, n.d., paragraph 1, [link](#).



4.43 ICAI was given several examples of the recent use of scenario planning by FCDO. We were also told that the FCDO Strategy Directorate has supported the department's Executive Committee (ExCo) on an 'agility process': identifying six or seven top risks and conducting scenario plans for each in order to assess what additional resources might be needed. ExCo now carries out a quarterly process where it revisits the list of current risks, re-ranks them, and challenges the department to see whether it has the resources to respond if the highest risk were to happen. ICAI was told that scenario mapping and planning is part of that process and leads to relocation of resources. Overall, this amounts to strong action on strengthening the government's use of scenario planning, which has been bolstered over the past 18 months. ICAI therefore considers action on this recommendation to be adequate.

## Conclusion

4.44 Due to the profound changes to the UK's aid relationship with Afghanistan after the Taliban took control in 2021, ICAI's recommendations were forward-looking and global, focused on lessons that could be applied to future complex stabilisation missions. FCDO has in the past 18 months put in place a series of internal mechanisms to strengthen support given to staff operating in other fragile and conflict-affected settings to mitigate the risk of repeating the mistakes ICAI identified in Afghanistan – in particular the over-provision of aid to a government which lacked legitimacy and the funding of paramilitary operations.

4.45 We have seen evidence of learning activities, adaptability and progress across the three recommendations. We note the increased level of internal challenge and the impact of the internalisation of the Chilcot Inquiry's recommendations. ICAI may return in the future to the issue of a lack of specific new guidance on using aid in policing (recommendation 2). We note that guidance on the UK's work in fragile states is being updated and we look forward to seeing it when published (recommendation 1). We are pleased to see the evolution in FCDO's use of scenario planning. We consider the overall response to the recommendations in this review to be adequate.

## The UK's approaches to peacebuilding

The response to ICAI's recommendations on the UK government's peacebuilding work has been variable. We found some notable improvements in cross-FCDO and cross-government work on peacebuilding, more attention to learning, and the use of expertise and the internal challenge function. We have also seen strengthened strategic direction through the November 2023 *White Paper on International Development* and a strategic cross-government approach to climate security, which is currently under development. However, the response to four out of six recommendations was inadequate. FCDO's conflict-related programming continues to operate mainly on annual cycles, while peacebuilding work by its nature requires long-term, patient engagement and trust-building. There is a lack of strategic focus on countries where relationships are strong, there is still insufficient appreciation and understanding of the principle of accountability towards the communities within which FCDO-funded interventions take place, and there has not been a change in the approach to travel risk based on learning from other donors.



4.46 ICAI's review of *The UK's approaches to peacebuilding* was published in December 2022. Based on the most promising case studies, the review found that the UK government's peacebuilding work is relevant and built on a foundation of expertise, context assessments and central guidance, and that the UK played a leading role among international partners and worked closely with host governments on conflict prevention, management and resolution. While too many UK-funded projects were short-term, overall we found that the UK was achieving results at local and national levels and was respected for the knowledge and coherent approach underpinning its peacebuilding work. The review was scored green-amber, but noted a recent trend of less reliable and patient funding, with less value placed on expertise and learning. To retain the UK's important role and contributions in peacebuilding, the review offered six recommendations.

Subject of recommendation	Government response
The UK government should preserve its ‘thought leadership’ capabilities in the field of peacebuilding.	Accepted
The UK government’s patient, strategic and risk-taking approach to peacebuilding at country and regional levels should extend to its partnerships at programme level.	Accepted
The UK government should strengthen accountability to affected people in its peacebuilding work.	Accepted
In its peacebuilding work, the UK government should maintain its focus on countries and regions in which it maintains strong, long-standing and multifaceted relations with host governments.	Accepted
The UK government should learn from and, if possible, build on initiatives in which it seeks to integrate peacebuilding and environmental goals.	Accepted
The UK government should consider what can be learned from other countries when balancing travel risks in conflict-affected settings with the aim that UK government representatives have more access to regions for which they design and manage programmes.	Accepted

**Recommendation 1: The UK government should preserve its ‘thought leadership’ capabilities in the field of peacebuilding.**

- 4.47 ICAI’s review found that the UK government’s thought leadership and influence in the area of peacebuilding were at risk after a period of volatility following the merger of DFID and FCO, ongoing departmental restructuring within the new FCDO, and several rounds of budget reductions and reprioritisation exercises. Thinking and learning on peacebuilding across government departments and bodies – including FCDO, the Ministry of Defence (MOD) and the Conflict, Security and Stability Fund (CSSF) – were fragmented and there was a growing tendency towards short-term thinking, exacerbated by large and complex crises such as the COVID-19 pandemic and Russia’s full-scale invasion of Ukraine. The government’s internal challenge function had deteriorated, as had the use of networks of internal and external expertise.
- 4.48 The government accepted ICAI’s recommendation to preserve its ‘thought leadership’ capabilities in the field of peacebuilding. As part of achieving this, building on the history of the Stabilisation Unit, it established the Office for Conflict, Stabilisation and Mediation (OCSM) and, within it, the Mass Atrocity Prevention Hub. OCSM has a Civilian Stabilisation Group, a roster of experienced consultants who can be sent to conflict-affected regions around the world in support of peacebuilding interventions. OCSM has also launched a cross-FCDO conflict prevention network (COPNET) with the aim of instilling conflict sensitivity and a culture of crisis prevention rather than response across the department. The CSSF has aligned its work more closely with the cross-government approach set out in the integrated review.<sup>33</sup>
- 4.49 OCSM has been active within the realm of its control in promoting cross-FCDO learning, including a systematic review of the cross-government JACS development. The November 2023 *White Paper on International Development*<sup>34</sup> supports cross-government approaches and a focus on early action, which has bolstered OCSM’s coordination and leadership role on peacebuilding issues both within FCDO and with other government departments. Within FCDO, OCSM now coordinates and works more jointly with the Research and Evidence Division and the conflict cadre. Beyond FCDO, OCSM has, for instance, recently engaged with the Home Office to understand and learn from its violence prevention strategy, and with MOD on developing a regional instability tracker for coastal West Africa, intended to inform

<sup>33</sup> *Global Britain in a competitive age: The integrated review of security, defence, development and foreign policy*, HM Government, March 2021, [link](#).  
<sup>34</sup> *International development in a contested world: ending extreme poverty and tackling climate change, a white paper on international development*, Foreign, Commonwealth and Development Office, 20 November 2023, [link](#).

joint FCDO-MOD decision making. Two large learning events were held in 2023: a conflict advisory cadre professional development conference and a CSSF global learning event bringing the CSSF and others together to share lessons and build knowledge. Another significant improvement is the Women, Peace and Security (WPS) helpdesk – an on-demand service that offers an expert civil society voice to all UK government staff.

- 4.50 While a recent evaluation noted that learning about ‘what works’ in conflict- and atrocity-prevention activities, including capturing lessons across case studies and programmes, remains challenging, there has been a significant uptick in activities and ambition. This has been helped by the strategic direction provided in the white paper, as well as in other internal documents, which emphasises the importance of thought leadership and influencing global thinking on conflict prevention and transitions to peace.<sup>35</sup> FCDO’s internal challenge function has also been strengthened. We therefore find actions in response to this recommendation to be adequate.

**Recommendation 2: The UK government’s patient, strategic and risk-taking approach to peacebuilding at country and regional levels should extend to its partnerships at programme level.**

- 4.51 ICAI’s review found that programmes were insufficiently focused on transformational results and projects were framed more by the UK financial year than by conflict dynamics. The unpredictability of funding after FCDO’s rounds of budget reductions added to the uncertainty and short-termism of some programmes, diminishing the potential for results. Some peacebuilding projects were exited abruptly as a result of FCDO’s reprioritisation exercises. ICAI found, in the case of some WPS projects it assessed, that this risked causing harm to women who had stepped forward to participate.
- 4.52 FCDO accepted the recommendation to extend its “patient, strategic and risk-taking approach to peacebuilding at country and regional levels” to its partnerships at programme level, and committed to seeking to provide more certainty to its partners. However, the list of actions accompanying this commitment consisted of things that FCDO claimed it was already doing. The main update is the timely development of new – and welcome – guidance in the Programme Operating Framework (PrOF) on responsible exits. The white paper also emphasises the importance of long-term partnerships with implementing partners. However, annual spending reviews have continued to be the norm. Considering that FCDO’s conflict-related programming continues to predominantly operate on annual cycles, and that this is a short-term approach for peacebuilding work which requires long-term, patient engagement and trust-building, we consider the response to this recommendation to be inadequate.

**Recommendation 3: The UK government should strengthen accountability to affected people in its peacebuilding work.**

- 4.53 The review found that too often the UK government and its implementing partners did not engage with and seek feedback from affected people throughout a project’s life cycle. Some implementing partners had good processes for this, but others did not, and the UK government did not systematically encourage or check that partners had these in place. Indeed, the review found that some UK government staff working in the peacebuilding area had a limited understanding of the concept of accountability to affected people and were insufficiently aware of its importance – perhaps because this is a concept more often used in humanitarian programming than in the areas of conflict interventions or development assistance.
- 4.54 FCDO accepted this recommendation and referred to its pre-existing PrOF guidance as well as mentioning that it would explore new ways to improve partners’ accountability to affected people. It stated that it would pursue better project design and early engagement with local actors through work with the UN Secretary-General’s Peacebuilding Fund and through the Joint UN Development Programme and the UN Department of Political and Peacebuilding Affairs Programme on Building National Capacities for Conflict Prevention.

<sup>35</sup> See, for example, *International development in a contested world: ending extreme poverty and tackling climate change, a white paper on international development*, Foreign, Commonwealth and Development Office, 20 November 2023, p. 100, [link](#).



- 4.55 We do not find this response to be adequate. There is indeed guidance in the PrOF on ‘beneficiary engagement’ that is largely appropriate, but it is not often mentioned by relevant staff or being consistently followed. In interviews we found that the concept of accountability to affected populations was not always well understood. For instance, ‘engagement’ was mainly understood as people described as ‘beneficiaries’ providing feedback rather than FCDO and its partners being accountable to local populations and providing feedback to communities on its work. Some interviewees understood accountability to affected populations to be mainly about safeguarding.
- 4.56 While there are signs that training and awareness-raising on the PrOF rules and guidance are gathering pace, the CSSF’s operating framework and training package does not meaningfully cover accountability to affected populations. Overall, there is a need for a strengthened understanding and appreciation of the principle of accountability towards the communities within which FCDO-funded interventions take place. We therefore assess progress to be inadequate and recommend returning to this recommendation next year.

**Recommendation 4: In its peacebuilding work, the UK government should maintain its focus on countries and regions in which it maintains strong, long-standing and multifaceted relations with host governments.**

- 4.57 During a period of budget reductions, concentrating efforts in areas where the UK can make the most difference becomes more important than ever. ICAI therefore recommended that the UK government should maintain its focus on regions and countries where it had strong, long-standing and multifaceted relations with host governments, since other donors or international partners cannot easily step into the role that the UK government plays in these countries.
- 4.58 The government accepted this recommendation and stressed the importance of continuing to play the role of a trusted friend, combining development, diplomacy and policy levers to support international peacebuilding activities. In its further update to ICAI in December 2023, FCDO noted that it “aims to reinvest in strengthening the multilateral peacebuilding architecture in line with the UK’s wider reform agenda, to build the right capabilities and coherence across development, peacebuilding, and stabilisation”. While this is a good ambition, it does not respond to ICAI’s recommendation, in that it is about strengthening multilateral mechanisms rather than ensuring that the UK, when faced with reprioritisation exercises and reduced aid resources, continues to play a key role in settings where it is particularly well placed to do so, such as in Colombia – one of the case study countries of ICAI’s review.
- 4.59 The OCSM’s August 2023 *Conflict prevention approach paper* offers some encouragement that FCDO may take this recommendation forward. It highlights the importance of “targeted action, underpinned by long-term and up-front resource commitments, with a particular emphasis on [...] working where we can make a difference. In order to be successful, we should be selective, making prevention a strategic priority in at-risk countries/regions where [...] the UK is well placed to support [...] and there is potential to have strategic impact.” However, considering the lack of engagement with the substance of this recommendation otherwise, ICAI considers the response to be inadequate.

**Recommendation 5: The UK government should learn from and, if possible, build on initiatives in which it seeks to integrate peacebuilding and environmental goals.**

- 4.60 It is generally accepted that climate change and environmental degradation can be drivers or amplifiers of conflict, but ICAI’s review found that not all of the UK government’s peacebuilding work had fully taken into account this relationship or found ways to address these drivers. The government accepted the recommendation and listed a range of requirements and activities to ensure that links between conflict and climate were addressed. Some of these were already in place, such as the requirement that all programmes must be aligned with the Paris Agreement commitment of “making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development”.
- 4.61 There are, however, good examples of new activities addressing this recommendation, including:
- Providing funding for a 2023 thematic review on climate security and peacebuilding through the UN Secretary-General’s Peacebuilding Fund (PBF), which contains several examples of PBF climate security projects.<sup>36</sup>

36 *Climate-security and peacebuilding: Thematic review*, Erica Gaston et al, United Nations University, April 2023, [link](#).

- Integrating environmental goals into the WPS agenda. The WPS National Action Plan 2023-2027 does a good job in incorporating the links between conflict and environmental issues, including how these create different risks and challenges for women, girls, men and boys. In comparison, the 2018-2022 National Action Plan had no mention of climate or environment.

4.62 The *White Paper on International Development* has key sections on both climate and conflict, but while it mentions “crises and conflict, climate change impacts and disasters” together, there is no discussion of links between climate and conflict. There is, however, a strategic cross-government approach to climate security under development, which suggests that the link between peacebuilding and environmental goals in the UK strategy is stronger than the white paper might indicate. Although we note that this cross-government approach has already been under development for a while and needs momentum, we consider the response to this recommendation to be adequate.

**Recommendation 6: The UK government should consider what can be learned from other countries when balancing travel risks in conflict-affected settings with the aim that UK government representatives have more access to regions for which they design and manage programmes.**

4.63 The country visit to Nigeria for this review showed that the UK was relatively risk-averse compared to other donors, and that UK staff were often unable to visit the programmes they managed. This can be a particular problem for peacebuilding programmes, since it affects programme managers’ ability to monitor conflict situations and contextual changes in real time, engage with conflict-affected people and assess the quality of plans and implementation. FCDO accepted the recommendation and noted that “learning from donors and international partners with differing security protocols can contribute to our risk-assessment”. It also qualified this statement by pointing to the different risk appetites and legal obligations of different donors, as well as differences in the threat levels that representatives of different countries may face.

4.64 We were told that in Nigeria, staff are now able to make trips to some areas where they were not able to go when ICAI visited for its review. We also heard about the efforts to manage major travel risks in the case of the CSSF-funded Borderlands project in Kenya. However, this does not seem to be a general change in approach or based on deliberate learning. Without any evidence provided of such a change, the response to this recommendation is inadequate, and we would like to return to this recommendation next year.

**Conclusion**

4.65 There has been good progress in addressing some key areas of concern underpinning ICAI’s recommendations and weak engagement with others. Overall, we are pleased to see some improvements in cross-FCDO and cross-government joint work on peacebuilding, more attention to learning and use of expertise, and strengthened strategic direction through the white paper. However, we recommend returning to recommendations 2, 3, 4 and 6 next year, as responses to these four recommendations were considered to be inadequate.

**The UK’s approach to democracy and human rights**

FCDO’s responses to ICAI’s review have on the whole been positive, with many relevant actions. The department has created a democratic governance centre of expertise, developed new procedures to manage small annual projects better, and improved coordination with the Westminster Foundation for Democracy. FCDO is funding new programmes to support individuals or organisations at risk of repression, but remains relatively risk-averse when it comes to willingness to consider trade-offs between diplomatic relations or fiduciary risks and protection of human rights defenders, journalists and other civil society actors. ICAI remains concerned that FCDO is not able to retain enough governance advisers at senior levels or in embassies, as these positions are important to assure the impact and value for money of ODA for democracy and human rights, as well as to maintain FCDO’s international reputation of thought leadership in this area. With the Open Societies and Human Rights Strategy still in draft form, the government has not yet published a statement on its approach to democracy and human rights.



4.66 ICAI's review of *The UK's approach to democracy and human rights* was published in January 2023. The review concluded that the UK's democracy and human rights programming since 2015 had delivered useful results in often difficult political contexts, but was significantly affected by budget reductions and the lack of a clear policy framework since the merger of DFID and FCO to become FCDO in 2020. ICAI awarded a green-amber score, recognising the strong results over the review period while noting that programmes had become less effective since 2020. It made five recommendations.

Subject of recommendation	Government response
FCDO should set out publicly its approach to democracy and human rights.	Accepted
FCDO should ensure it retains sufficient expertise, in particular in governance, to design and monitor its democracy and human rights interventions.	Accepted
FCDO should introduce a leaner process to design and approve smaller programmes, while ensuring that due diligence is sufficient to allow approval for longer than one year.	Accepted
FCDO should consider whether it can learn from other countries and take more risks to support individuals and organisations facing the most serious threats from repression.	Partially accepted
FCDO should ensure all its central democracy and human rights programmes work closely with its overseas network where democracy and human rights have been prioritised, in particular with better coordination with the Westminster Foundation for Democracy.	Accepted

**Recommendation 1: FCDO should set out publicly its approach to democracy and human rights.**

4.67 ICAI's review noted that the global decline in democracy and human rights was continuing, creating a difficult operating context for UK programming. At the same time, the merged FCDO did not yet have a coherent strategy or consistent approach to pursuing democracy and human rights. FCDO accepted ICAI's recommendation to set out a public account of its approach. FCDO has prepared a draft Open Societies and Human Rights Strategy, which was first intended to be published in December 2023. The strategy is not yet published. ICAI has seen a draft, which already seems to be helping internal coherence between FCDO teams, including across the diplomacy-development divide within the department.

4.68 The Open Societies and Human Rights Strategy has been developed according to a reasonable timetable and we are pleased to see a commitment in the *White Paper on International Development* to "publish and implement" this strategy.<sup>37</sup> But as long as it is not published, the situation remains similar to the one that caused ICAI to make this recommendation in the first place. FCDO had an unpublished strategy during the period of ICAI's review as well, but without a public statement of the department's approach, there was insufficient internal traction and external understanding of the strategic direction of the UK's support for democracy and human rights. We therefore assess the actions to be inadequate and recommend returning to this recommendation next year.

**Recommendation 2: FCDO should ensure it retains sufficient expertise, in particular in governance, to design and monitor its democracy and human rights interventions.**

4.69 ICAI's review found that FCDO was losing or not using its technical expertise on democracy and human rights interventions, and that FCDO senior management were not seen by staff to value technical expertise to the same extent as DFID had done. It also noted that the UK's thought leadership and international reputation on democracy and human rights policy and programmes had declined, in part because its experts were less visible. FCDO accepted the recommendation to ensure it retains sufficient expertise, in particular in governance, to design and monitor its democracy and human rights interventions.

<sup>37</sup> *International development in a contested world: ending extreme poverty and tackling climate change: a white paper on international development*, Foreign, Commonwealth and Development Office, November 2023, p. 85, [link](#).

A March 2024 report by the National Audit Office noted that “FCDO’s development capability has reduced since the merger” and that “FCDO rates this risk as ‘severe’ and is working to mitigate it”.<sup>38</sup>

4.70 FCDO has addressed the concerns underpinning ICAI’s recommendation through initiating a range of credible actions, including:

- Based on a Development Capability Review to ensure that FCDO has the right development capabilities, including technical expertise, to deliver against the *White Paper on International Development*, the department’s Executive Committee (ExCo) decided in January 2024 to pilot central strategic oversight of the advisory cadres with centralised funding. This will start in two cadres, but not yet the governance cadre.
- Internal accreditation rounds among both the governance and the social development cadres.
- Training and learning events and products, including a guide on understanding political economy analysis and thinking and working politically,<sup>39</sup> and two professional development conferences for the governance and social development cadres for the first time since the merger.
- An external recruitment drive for the governance and social development technical advisory cadres was planned for early 2024 but was still delayed at the time of writing.

4.71 These actions appear to show that FCDO management and ExCo have deemed this recommendation to be important. However, implementation is lagging. Data prepared by the heads of profession and shared with ICAI show that while the social development cadre is growing (by eight advisers, from 75 to 83), the governance cadre faces major challenges: overall the governance cadre has lost nearly a quarter of its advisers (25 fewer advisers, from 102 to 77), including 11 senior governance advisers and 26 advisers in embassies who are most able to influence policy dialogues and programmes on priority issues. The external recruitment drive has also been delayed.

4.72 The decline in governance expertise, at senior level and in embassies, will continue to impair the quality of ODA policy dialogue and programming, as well as FCDO’s external influencing on democracy and human rights. FCDO management have not yet demonstrated that they are willing to reverse the decline in the use of expertise by FCDO, which is the structural change needed to implement this recommendation. We therefore consider, despite many useful actions, that the response to this recommendation is inadequate.

**Recommendation 3: FCDO should introduce a leaner process to design and approve smaller programmes, while ensuring that due diligence is sufficient to allow approval for longer than one year.**

4.73 FCDO requires the ability to design and implement programmes that respond to the global rollback in democracy and human rights and are adapted to the different country contexts in which it operates. The review found that the CSSF and Magna Carta Fund (MCF) annual projects were less effective at supporting ongoing partnerships and longer-term change, with repeated annual projects and heavy reporting loads. On the other hand, large multi-year (often former DFID) programmes could be slow to get started and miss opportunities, and did not provide the right template for smaller projects. ICAI therefore recommended that FCDO should introduce a leaner process to design and approve smaller programmes, while ensuring that due diligence is sufficient to allow approval beyond one year.

4.74 FCDO accepted the recommendation and agreed with the need to improve the management of small, shorter projects, which are the main modality under the CSSF and MCF. FCDO’s centre for delivery has been driving changes to guidance and templates, creating a new smaller projects category with simplified rules and lighter procedures which still allows for approval for up to three years. In addition to this more proportionate approach, updated guidance also emphasises the importance of adaptive management to allow projects to respond better to country contexts, including to rapidly evolving democracy and human rights needs. We find this to be an adequate response to ICAI’s recommendation.

38 *Progress with the merger of the Foreign & Commonwealth Office (FCO) and the Department for International Development (DFID)*, National Audit Office, March 2024, p. 9, [link](#).

39 *Understanding political economy analysis and thinking and working politically*, Foreign, Commonwealth and Development Office, 27 February 2023, [link](#).

#### **Recommendation 4: FCDO should consider whether it can learn from other countries and take more risks to support individuals and organisations facing the most serious threats from repression.**

- 4.75 ICAI's review found that FCDO programmes were not always able to support democracy and human rights defenders or organisations facing political repression. One of the barriers was the UK's relatively lower risk appetite compared to other development partners. Another barrier was the limited use of core or programmatic funding for CSOs. FCDO only partially accepted the recommendation to consider learning from other countries and take more risks to support individuals and organisations facing the most serious threats from repression. In its update on progress on this recommendation provided to ICAI in November 2023, FCDO noted that it "remains committed to a 'do no harm' approach and therefore does not believe that taking more risks is appropriate framing for working with vulnerable organisations and individuals". ICAI does not agree with the department on this interpretation of our recommendation. ICAI did of course not suggest that FCDO should increase the risks for vulnerable organisations and individuals, but recommended that the UK could take more risks to its other interests in order to help support and protect vulnerable groups.
- 4.76 FCDO remains an organisation which is relatively risk-averse when it comes to willingness to consider trade-offs between diplomatic relations or fiduciary risks and protection of human rights defenders, journalists and other civil society actors. It does not make regular use of core funding for CSOs. A new civic space diagnostic toolkit and some new central funding for emergency support for individuals and organisations at risk could help the overseas network respond to situations of repression and deteriorating civic space, but it is too early to judge their implementation. FCDO also plans to update the human rights defenders guidance, but explained that it is waiting until the Open Societies and Human Rights Strategy (see recommendation 1) is published. ICAI is not convinced of the logic behind this sequencing.
- 4.77 Overall, the response is therefore inadequate and ICAI will come back to this recommendation next year.

#### **Recommendation 5: FCDO should ensure all its central democracy and human rights programmes work closely with its overseas network where democracy and human rights have been prioritised, in particular with better coordination with the Westminster Foundation for Democracy.**

- 4.78 The rationale behind this recommendation was that central programmes responding to ministerial priorities were not always well aligned with country priorities. In a context of continued budget reductions, ICAI found that FCDO could make better use of central programmes to support country priorities and improve value for money. In particular, the review found that FCDO's relationship with the Westminster Foundation for Democracy (WFD), which is one of FCDO's main instruments in the area of democracy and human rights, could be improved at both central and country level.
- 4.79 FCDO accepted this recommendation and agreed that its central democracy and human rights programmes needed to work closely with the department's overseas network. It has established a democratic governance centre of expertise, implemented with WFD, and is proactively using this new central resource to better support country programming. It has also improved the management of MCF and strengthened the relationship with WFD, including through more regular engagement and positive negotiations on the next round of core funding for WFD.
- 4.80 As FCDO does not have a single list of priority human rights and democracy issues in priority countries, we cannot assess if overall central resources are better targeted. We continue to be concerned that dispersal of efforts across most of the FCDO network leads to insufficient attention to priority issues and contexts. Nevertheless, we find the government response to this recommendation to be adequate.

#### **Conclusion**

- 4.81 FCDO's responses to ICAI's review have on the whole been positive, with many relevant actions. The department has made good progress in implementing some of its most important commitments, in particular the creation of a democratic governance centre of expertise, new procedures to manage small annual projects better, and improved coordination with WFD. FCDO is funding new central programmes to support individuals or organisations at risk of repression, but has not provided evidence



of the reasons why it is not willing to review its diplomatic or fiduciary risk appetite in relation to these groups. ICAI remains concerned that FCDO is not able to retain sufficient numbers of governance advisers at senior levels, including staff in embassies, given that these positions are central to assuring the impact and value for money of ODA for democracy and human rights, as well as to maintaining FCDO's international reputation of thought leadership in this area. Last but not least, with the Open Societies and Human Rights Strategy still in draft form, the government has not yet published a statement on its approach to democracy and human rights.

4.82 For these reasons we find the overall response to be inadequate, and we recommend returning to recommendations 1, 2 and 4 next year.

## UK aid to India

FCDO has taken steps to direct its aid portfolio towards poverty reduction through developing a theory of change. The department recognises the need for further work on its draft theory of change, and ICAI would like to see stronger evidence on how interventions funded by ODA will contribute to inclusive growth and address persistent 'pockets of poverty' in India. Some modest FCDO projects in support of civil society groups are well designed and impactful. There are some stronger links between UK-funded research and investments made by British International Investment (BII), the UK government's development finance institution, and significant steps forward in BII's interventions to mobilise private finance.

BII published a new India country strategy in July 2023 with convincing links to poverty reduction and a greater focus on inclusion, including attention to regional inequalities within India. However, the new strategy does not yet seem to be shaping investments sufficiently, and additionality is still not a consistent focus. We found recent BII investments in Indian funds that pose significant reputational risks to BII and have questionable links to poverty reduction. These include investments in the cosmetics industry as well as social media platforms featuring hate speech, abuse of women and offers of sexual services.

We found that such investments were made two months after BII's CEO, in April 2023, had reassured Parliament's International Development Committee (IDC) that, following concerns about an investment in a cosmetic surgery clinic, future investments in India would only be made if there was a 'compelling argument' relating to inclusion and sustainability, which was not the case in these subsequent investments. These recent BII investments in India raise material concerns about the governance of BII as well as about its responsiveness to the IDC and ICAI.



4.83 ICAI's review of *UK aid to India* was published in March 2023 with an amber-red score. The review found that the UK had transitioned from funding traditional poverty-focused aid projects in India towards a fragmented portfolio using a mix of investment, technical assistance and research. FCDO had moved towards providing technical assistance and its own investment programme, in parallel with the investments of the UK's development finance institution, BII. Additionally, ODA-funded research partnerships between UK and Indian research institutions had been developed, funded by the Department of Science, Innovation and Technology<sup>40</sup> and the Department of Health and Social Care.

4.84 The follow-up assessment of the government's response to ICAI's five recommendations (see the table below) on the *UK aid to India* review was published as a separate report in April 2024. Its findings and score are summarised in the box above, and the full report can be accessed from the 2022-23 follow-up review page on the ICAI website.<sup>41</sup>

40 The research portfolio was first under the former Department for Business, Energy and Industrial Strategy, and then from February 2023 under the newly formed Department of Science, Innovation and Technology.

41 *ICAI follow-up: UK aid to India*, Independent Commission for Aid Impact, April 2024, accessed from the *ICAI follow-up review of 2022-23 reports* page on the ICAI website, [link](#).

Subject of recommendation	Government response
The UK should focus its aid portfolio to India on a limited number of areas where UK aid can help make India's economic growth more inclusive and pro-poor, with clear theories of change to guide the design of aid programming and development diplomacy.	Partially accepted
The UK should build on its emerging success story in climate finance and green infrastructure, looking for opportunities to combine technical assistance, research partnerships, development investments and multilateral partnerships for greater impact and value for money.	Accepted
UK development investments should have a greater focus on mobilising private finance at scale to address climate change, particularly from large institutional investors based in the City of London.	Accepted
British International Investment should reassess its approach to ensuring additionality in its India portfolio.	Partially accepted
The UK should look for opportunities to support coalitions of Indian research institutions and non-governmental organisations working on social issues, in support of the UK India Country Plan goal of championing open societies and democratic standards.	Accepted

## UK aid to refugees in the UK

In-donor refugee costs have continued to increase, from £3.7 billion in 2022 to £4.3 billion in 2023. Hotel costs are the main drivers of the increase. Value for money concerns have not diminished and standards of support do not seem to have tangibly improved.



The introduction of some flexibility into the 0.5% aid commitment, better communication from the Home Office to FCDO, and improved planning and risk management by FCDO have played some role in helping FCDO cope better with the stresses created by in-donor refugee costs but have not dealt with their underlying factors. The fact that gross national income for 2023 was considerably higher than forecast is one of two significant factors in smoothing out the impact on FCDO, the other being an additional £2.5 billion of ODA resources over 2022 and 2023 provided by the Treasury in response to the unprecedented spend by the Home Office.

The UK government has not revisited its methodology for reporting in-donor refugee costs and appears to be taking a maximalist approach to reporting these costs compared to most, if not all, large donors.

While we saw some improvements in how the Home Office manages its large-value asylum accommodation and support contracts, value for money and safeguarding concerns continue, and the Home Office has not found a route out of short-term crisis management towards longer-term solutions for asylum accommodation. The Illegal Migration Act (IMA) is an important unknown piece in this puzzle: if it is fully implemented, in-donor refugee costs will drop dramatically. Meanwhile, the Home Office is reporting accommodation costs as ODA for the cohorts of asylum seekers who arrived by irregular routes (and therefore would fall under the IMA) after 8 March 2023, when the Illegal Migration Bill was introduced to Parliament, and after 20 July 2023, when it received royal assent and became an Act, but it is not progressing their asylum applications as it is assumed that they will be deported. This approach is untenable as a new backlog of cases in limbo is building up fast, at considerable human and financial cost.



- 4.85 ICAI's rapid review of *UK aid to refugees in the UK* was published in March 2023 and looked at the UK's spending on 'in-donor refugee costs'. These are particular costs associated with supporting refugees and asylum seekers who arrive in a donor country which can be counted as ODA under international aid rules as established by the Development Assistance Committee of the Organisation for Economic Cooperation and Development (OECD-DAC). The rationale is that supporting refugees with basic services and accommodation is a form of humanitarian assistance, wherever they are located, and can therefore be reported as aid.
- 4.86 The follow-up assessment of the government's response to ICAI's six recommendations (see the table below) was published as a separate report in April 2024. Its findings and score are summarised in the box above, and the full report can be accessed from the 2022-23 follow-up review page on the ICAI website.<sup>42</sup>

Subject of recommendation	Government response
The government should consider introducing a cap on the proportion of the aid budget that can be spent on in-donor refugee costs (as Sweden has proposed to do for 2023-24) or, alternatively, introduce a floor to FCDO's aid spending, to avoid damage to the UK's aid objectives and reputation.	Rejected
The UK should revisit its methodology for reporting in-donor refugee costs, as Iceland did, with the aim of producing a more conservative approach to calculating and reporting costs.	Rejected
The Home Office should strengthen its strategic and commercial management of the asylum accommodation and support contracts, both individually and as a group, to drive greater value for money.	Accepted
The Home Office should consider resourcing activities by community-led organisations and charities as sub-contractors in the asylum accommodation and support contracts for dedicated activities to support newly arrived asylum seekers and refugees.	Accepted
The government should ensure that ODA-funded in-donor refugee support is more informed by humanitarian standards, and in particular that gender equality and safeguarding principles are integral to all support services for refugees and asylum seekers.	Partially accepted
The Home Office should strengthen its learning and be more deliberate, urgent and transparent in how it addresses findings and recommendations from scrutiny reports.	Partially accepted

## The FCDO's Programme Operating Framework

FCDO has made positive progress in promoting the Programme Operating Framework (PrOF) at all levels, including an enhanced learning offering and continuously improving support for programme staff. FCDO has now mandated PrOF training for heads of mission with programme budgets over £1 million. ICAI strongly supports this as an important part of ensuring change at this level, which remains the key challenge. ICAI remains concerned, however, that the compliance and audit functions of the Aid Management Platform are not fully used. Work on increasing the reliability of data published to DevTracker needs to continue. FCDO has made a commitment to establish a comprehensive three-to-five-yearly consultation process to strengthen the PrOF's clarity, relevance and accessibility, but has not yet planned this in detail. In the meantime, the department has made incremental but important improvements to the PrOF through a range of mechanisms.



<sup>42</sup> ICAI follow-up: *UK aid to refugees in the UK*, Independent Commission for Aid Impact, April 2024, accessed from the ICAI follow-up review of 2022-23 reports page on the ICAI website, [link](#).

- 4.87 ICAI’s rapid review of *The FCDO’s Programme Operating Framework* (PrOF) was published in April 2023. The PrOF sets out how FCDO aims to deliver its strategic objectives in a way that promotes its corporate culture. The PrOF came into force in April 2021, shortly after the 2020 merger of the former DFID and FCO into FCDO. The aim was to embed through the PrOF a common approach to programme management across the new department, covering both aid and non-aid programming.
- 4.88 The review found that the PrOF had been developed in a period of both internal and external volatility, with high staff turnover and several rounds of budget reductions as well as external demands on FCDO from global events such as the COVID-19 pandemic and Russia’s full-scale invasion of Ukraine. In this challenging context, ICAI’s review found that the PrOF was the right approach to support agile, impact-focused programme delivery across FCDO. We found the overall approach credible and the principles and rules that form the centre of the PrOF to be relatively concise. However, the review noted that much of the remainder of the document was not clearly written and the PrOF implementation had not been efficient – with senior staff often lacking clarity of what the PrOF meant to them. Systems integration following the merger was also not completed and central monitoring of compliance with the PrOF was limited. ICAI made three recommendations, all of which were accepted by FCDO.

Subject of recommendation	Government response
FCDO should set clear targets and timeframes for PrOF awareness and implementation at all levels of FCDO staff within the scope of the PrOF, especially among heads of mission and directors who have portfolio-level responsibility.	Accepted
FCDO should prioritise developing its programme management software’s capability to provide timely management data on programme compliance, overall portfolio risk profile and performance to programme staff and Portfolio Senior Responsible Owners, which Centre for Delivery can monitor and Internal Audit can assess.	Accepted
FCDO should establish a comprehensive three- to-five-yearly internal and external consultation process to focus on the PrOF’s clarity, relevance and accessibility, and to incorporate new learning and international good practice in delivering agile, accountable and impact-focused programmes that support the UK’s strategic objectives.	Accepted

**Recommendation 1: FCDO should set clear targets and timeframes for PrOF awareness and implementation at all levels of FCDO staff within the scope of the PrOF, especially among heads of mission and directors who have portfolio-level responsibility.**

- 4.89 ICAI’S review found that the strategic potential of the PrOF was not being realised, as roles and responsibilities under the PrOF were unclear, the proportion of programme staff undertaking training on the PrOF was low, and compliance with PrOF programme management standards was insufficient. Programme staff were concerned that senior staff saw the rules as a ‘tick box exercise’ and that their roles were undervalued.
- 4.90 FCDO’s actions following ICAI’s review have directly targeted ICAI’s concerns. The department has made impressive progress in promoting the PrOF at all levels, including using management information and targeted engagement at the director level, and an enhanced learning offer and continuously improving support for programme staff. There are already indications of improved compliance such as the percentage of risk registers updated in the last three months up from 45% in August 2022 to 81% in August 2023, and a reduction in overdue annual reviews by over 50% since December 2022.
- 4.91 FCDO’s centre for delivery is mapping responsibilities and accountabilities for different roles, which should help address any remaining misunderstandings about the senior responsible officer (SRO) and programme responsible officer (PRO) roles. However, traction at the director or head of mission level remains a challenge. The centre for delivery aims to show directors or heads of mission how the PrOF can help them. This is a sensible approach, and has made some progress with individuals, but until this challenge can be solved the PrOF will not be fully embedded.

- 4.92 The centre for delivery recommended to the FCDO Executive Committee (ExCo) that PrOF training should be made mandatory for heads of missions with a programme budget over £1 million and advisory for others. This has now been approved by ExCo but the mandatory training has not yet been rolled out.
- 4.93 PrOF awareness needs to be increased among heads of mission and directors who have portfolio-level responsibility to ensure the PrOF is embedded across FCDO's work. The plans for mandatory training on PrOF for heads of mission will be an important part of this. Culture change takes time, and the level of progress is commendable within the timeframe. We therefore consider the response to this recommendation to be adequate.

**Recommendation 2: FCDO should prioritise developing its programme management software's capability to provide timely management data on programme compliance, overall portfolio risk profile and performance to programme staff and Portfolio Senior Responsible Owners, which Centre for Delivery can monitor and Internal Audit can assess.**

- 4.94 In our original review, ICAI found that delays to the integration of former DFID and former FCO financial systems had hampered the development of FCDO's programme management software. We were also concerned that heads of mission and directors did not have easy access to the compliance and performance data required to manage programmes effectively, and that compliance with the PrOF was not systematically monitored or enforced.
- 4.95 The implementation of the delayed finance management system, Hera, is now complete, and meaningful improvements have been made to the Aid Management Platform (AMP). The two systems are now mainly integrated, and – as described in more detail in the follow-up to ICAI's review of *Transparency in UK aid* (see **paragraphs 4.5 and 4.6**) – publication of transparency data on DevTracker and to the International Aid Transparency Initiative with data from AMP and Hera resumed in June 2023.
- 4.96 Management information is now more easily available to heads of missions and directors, allowing them to monitor compliance with PrOF rules and other key performance indicators (KPIs), and enabling them to use these data to drive improvements and inform internal audit. User-friendly tools have been implemented, and others are being developed, to assist in key processes, such as annual reviews. The centre for delivery's work to map PrOF rules to AMP functionality to inform how well the system and rules reinforce each other is an important positive step.
- 4.97 Some challenges remain, including delays in the rollout of hardware to enable many former FCO staff to access AMP. While the capturing and reporting of transparency data to DevTracker is much improved, there are still software-related and human errors leading to anomalies in DevTracker, but the centre for delivery is aware and working to fix problems as they arise. The decision in the name of aid transparency to resume regular publication of aid data to DevTracker before all issues were ironed out was commendable. As noted in our original report, "we found the AMP information management system to be well-structured and easy to navigate, and aligned to PrOF requirements",<sup>43</sup> and we welcome its continuous improvement.
- 4.98 While progress is commendable within the timeframe, ICAI recommends returning to this issue next year to ensure all programme staff and those with oversight roles have full access to AMP. Despite progress in many aspects, we are concerned that the compliance and audit functions of AMP are not fully used. Other issues include how to package very small programmes on AMP, and the strengthening of the reliability of data published to DevTracker. We therefore consider the overall response to this recommendation to be inadequate.

**Recommendation 3: FCDO should establish a comprehensive three- to-five-yearly internal and external consultation process to focus on the PrOF's clarity, relevance and accessibility, and to incorporate new learning and international good practice in delivering agile, accountable and impact-focused programmes that support the UK's strategic objectives.**

- 4.99 ICAI'S review found that the PrOF was too long and repetitive, and not always clear on what is mandatory. It recommended establishing a comprehensive three- to-five-yearly consultation process to strengthen

43 *The FCDO's Programme Operating Framework*, Independent Commission for Aid Impact, April 2023, p. 16, [link](#).

the PrOF's clarity, relevance and accessibility – including for non-FCDO aid-spending departments.

- 4.100 FCDO has made a commitment to address this recommendation but has not yet planned this in detail. In the meantime, the department has made incremental but important improvements to the PrOF through a range of mechanisms, including implementing learning from ICAI's review. The most recent update in December 2023 clarified, for instance, roles and responsibilities for ensuring that aid transparency standards are upheld (see the follow-up of the review of *Transparency in UK aid*, **paragraph 4.5**). There has also been some removal of repetition from the document and increased efforts to gain feedback from a wider range of staff.
- 4.101 Although there has been some internal consultation through the cross-government community of practice, there are currently no examples of engagement with external parties to consult on the PrOF, but the actions that have been implemented are evidence of FCDO's continued commitment in this area. We therefore consider the response to this recommendation to be adequate, although we would expect a concrete plan to be in place by next year for a comprehensive internal and external consultation on the PrOF to take place within three to five years.

## Conclusion

- 4.102 FCDO has made good progress in addressing all three of ICAI's recommendations, even if action is at an early stage in some cases. The department's practical actions respond well to ICAI's concerns as well as to its own learning about what is needed as the PrOF is embedded. Recommendation 3 has a longer timescale, but FCDO maintains its commitment to addressing it.
- 4.103 There is still work to be done, especially to ensure the full use of AMP as a compliance tool. While we consider FCDO's actions in response to ICAI's findings to be adequate overall, we recommend returning to recommendation 2 next year. FCDO has now mandated PrOF training for heads of mission with programme budgets over £1 million, and will pilot this training from 1 May 2024. ICAI strongly supports this as an important part of gaining traction at this level, which remains the key challenge.

## UK aid for trade

Although still in the early stages, FCDO has made some notable progress, and is moving back to closer alignment of its support to the multilateral organisations underpinning the rules-based system governing trade. The department has plans to strengthen the evidence base on how to deliver pro-poor and inclusive trade policy and programming and to improve coordination and complementarity under the Trade Centres of Expertise. FCDO has strengthened the focus on primary purpose in its programme guidance, reducing albeit not eliminating the risk that officials may select interventions with relatively lower potential for poverty reduction to secure benefits for the UK.



Most of the reported progress focuses on the Trade for Development team and its programmes, with limited evidence provided for this follow-up on aid for trade programmes managed from embassies and high commissions. However, ICAI notes that FCDO has taken concrete actions to strengthen transparency and predictability, which are key to its ongoing work to rebuild its reputation as a trusted development partner after the aid reductions, even if there is more to be done.

- 4.104 ICAI's review of *UK aid for trade* was published in June 2023 and awarded the UK aid portfolio an amber-red score. The review assessed the relevance of the UK's support and its effectiveness in tackling constraints on trade and promoting inclusive economic growth. It also examined how well the UK had assessed the impact of aid for trade on poverty reduction and the poor.
- 4.105 The review found that the UK's approach to aid for trade broadly reflected the priorities of partner countries and the evidence on 'what works' in increasing trade and promoting economic growth. It found that UK interventions were helping reduce the time and cost to trade, and supporting increased trade, but were

not paying sufficient attention to ensuring that trade contributes to poverty reduction and providing benefits to the poor. It also noted that the aid budget reductions had detrimental effects on the UK's reputation and influence among partners.

Subject of recommendation	Government response
The UK government should develop and publish a set of detailed guiding principles for aid programmes to ensure that the pursuit of secondary benefits to the UK does not detract from its primary poverty reduction objective.	Accepted
FCDO should increase its focus on the international institutions underpinning the rules-based trading system to improve the alignment of the aid for trade portfolio with the UK's commitment to the rules-based international system.	Accepted
The UK should ensure that future aid for trade programmes are based on clear theories of change linking them to poverty reduction and impacts on the poor, and that the links and assumptions are tested through research, monitoring and evaluation.	Accepted
The UK government should improve coordination and collaboration between programmes that have the potential to complement each other to achieve greater impact and value for money.	Accepted
The UK government should inform its partners in a timely and transparent manner when its budgets increase or reduce significantly, and the pace of change should allow partners sufficient time to adjust.	Accepted

**Recommendation 1: The UK government should develop and publish a set of detailed guiding principles for aid programmes to ensure that the pursuit of secondary benefits to the UK does not detract from its primary poverty reduction objective.**

4.106 The original review found that the recent shift in UK government support away from poorer countries towards countries where UK interests and potential benefits are greater may compromise the government's objective to reduce poverty. It also noted that the increased attention given to seeking secondary benefits to UK interests in the design of recent programmes may undermine the government's objectives to reduce poverty, and that there is no detailed guidance in place. ICAI therefore recommended that the government should develop and publish a set of detailed guiding principles for aid programmes to ensure that the pursuit of secondary benefits to the UK does not detract from its primary poverty reduction objective. FCDO accepted this recommendation and noted that it would be more effective to strengthen existing guidance (such as FCDO's ProOF business case guidance), rather than developing a new guidance document.

4.107 The government has made efforts to strengthen the focus on primary purpose in existing key guidance, re-emphasising the need to pass the primary purpose test. FCDO's business case guide and template have been changed with the aim of strengthening the prominence of the primary purpose. The guidance requires that "all ODA spending programmes must include poverty reduction as an assessed benefit, to ensure the primary purpose test is fulfilled for each option". It now prompts the decision maker to "[e]xplain how the proposed programme would contribute to reducing poverty". The guidance requires decision makers to directly assess the relative poverty reduction of different options and make a clear choice of whether to select the option that reduces poverty to the greatest degree, or the option that would be less effective at reducing poverty but could deliver other benefits. This is a strengthening of the guidance, but it should be noted that there is no requirement for the decision maker to choose the option with the highest poverty reduction potential. Hence, the risk remains that officials may select interventions with relatively lower potential for poverty reduction to secure other benefits, and those other benefits could include secondary benefits for the UK.

4.108 Overall, there is commitment to address this recommendation within FCDO, and poverty reduction is central to the November 2023 *White Paper on International Development*. Work on the programme guidance undertaken so far has re-emphasised the importance of poverty reduction and strengthened requirements to assess the poverty reduction potential of different options, although it does not require the outcome of this assessment to override options that focus on delivering other benefits, including secondary benefits. Considering the positive direction of travel, ICAI judges the response to this recommendation to be adequate despite some continued concerns on how the guidance will be employed in practice.

**Recommendation 2: FCDO should increase its focus on the international institutions underpinning the rules-based trading system to improve the alignment of the aid for trade portfolio with the UK's commitment to the rules-based international system.**

4.109 The original review found that the UK had moved away from funding some of the key organisations that underpin the international trade architecture which supports the rules-based system governing trade, potentially undermining the UK's own policy objectives and commitments. It also noted that by increasingly working alone, the UK would no longer benefit from the economies of scale generated by working with other donors on joint aid for trade programmes. ICAI recommended that the government increase its focus on supporting the rules-based system to improve alignment with its own commitments. FCDO accepted this recommendation and noted its commitment to those organisations that support the rules-based trading system, as well as plans to increase engagement and scale up support once resources allow.

4.110 Although still in the early stages, FCDO's response and actions demonstrate a firm commitment to aligning support, both financial and non-financial, to the multilateral institutions and programmes that underpin the rules-based system. The white paper increases the government's commitment to trade-related multilateral institutions and programmes, and is exploring options for increasing engagement with multilateral institutions once resources become available. The department has managed to extend some of its existing relevant programmes, albeit with limited funds. In addition, the department has increased non-financial resources dedicated to improving its influence at the World Trade Organisation, including staff time and engagements in Geneva. It remains too early to confirm whether policy commitments, ambitions and actions will translate into greater resources.

4.111 The lack of resources has constrained FCDO's ability to make significant progress on implementing this recommendation, but it has taken promising steps to realign its future support. This will require consistent follow-up by the department to ensure commitments translate into resources and action. ICAI judges government action on this recommendation to be adequate.

**Recommendation 3: The UK should ensure that future aid for trade programmes are based on clear theories of change linking them to poverty reduction and impacts on the poor, and that the links and assumptions are tested through research, monitoring and evaluation.**

4.112 The original review found that the UK government and its partners are not doing enough to measure and assess the potential and actual impacts of its programmes on poverty reduction and the poor. ICAI recommended that the government should do more to articulate and test the links between interventions and poverty reduction. FCDO accepted this recommendation.

4.113 The Trade for Development team is developing a more comprehensive understanding of the links between its interventions and poverty reduction. It has, for instance, improved the articulation of these links in the theory of change for the planned Trade Centre of Expertise, while the new Standards Partnership Programme theory of change and logical framework include multiple references to women and poorer and marginalised groups in the indicators and targets. The team also plans to dedicate a pillar in the Trade Centre of Expertise to strengthening the evidence base on how to deliver pro-poor and inclusive trade policy and programming. However, ICAI did not receive evidence that the learning from the ICAI review is being systematically applied to other FCDO aid for trade programmes run from embassies and high commissions.



4.114 Given the complexity and the time needed to address the issues raised, the department has made welcome progress in addressing this recommendation. Overall, ICAI judges government action to be adequate, but it will be important for FCDO to extend improvements to other aid for trade programmes and not only those managed by the Trade for Development team.

**Recommendation 4: The UK government should improve coordination and collaboration between programmes that have the potential to complement each other to achieve greater impact and value for money.**

4.115 The original review found that there was a lack of systematic coordination and collaboration between programmes that had the potential to complement each other, including between centrally managed programmes and those run from embassies and high commissions, between UK aid for trade and wider economic development programmes, and between UK and other donors' programmes. Also, reductions in the UK's aid budget had led to a more fragmented portfolio. ICAI therefore recommended that the government should improve coordination and collaboration between aid for trade programmes. FCDO accepted this recommendation and highlighted plans to address it, namely under the planned Trade Centre of Expertise.

4.116 In its response to the follow-up review, the Trade for Development team highlighted that one of the main objectives of the planned Trade Centre of Expertise is to improve coherence, coordination and collaboration on aid for trade across government and FCDO. The department is designing the centre in collaboration with other government departments such as HM Revenue and Customs and FCDO teams such as British Investment Partnerships. In addition, embassies and high commissions are now able to bid for centrally managed support, which has the potential to increase their engagement in centrally managed programmes. The aim is to improve the relevance of centrally managed interventions in-country and improve collaboration between the centre and the overseas network.

4.117 The Trade Centre of Expertise, if implemented effectively and as planned, will help to improve coherence, coordination and collaboration between centrally managed programmes and the overseas network for those programmes with access to the centre. Although the Trade Centre of Expertise will not be formally in place until 2025, ICAI judges that FCDO's action so far represents an adequate response to the recommendation.

**Recommendation 5: The UK government should inform its partners in a timely and transparent manner when its budgets increase or reduce significantly, and the pace of change should allow partners sufficient time to adjust.**

4.118 The original review found that the UK's management of the aid budget reductions damaged its previously strong reputation as a trusted, reliable, transparent and predictable partner on aid for trade. ICAI therefore recommended that the government should communicate with partners in a more timely and transparent manner when budgets change significantly, allowing partners sufficient time to adjust. FCDO accepted this recommendation and committed to considering any lessons learned from the process of ODA reductions but noted that there are times when FCDO can offer delivery partners only limited notice of budgetary changes.

4.119 As described in the follow-up of ICAI's review of *Transparency in UK aid* (see particularly **paragraph 4.15** above), FCDO has increased its transparency on budgets. The department's July 2023 annual report and accounts included planned ODA allocations for 2023-24 and 2024-25, split by country.<sup>44</sup> FCDO also published country development partnership summaries (CDPSs) for 43 countries, including almost all countries where there is a minimum £5 million UK bilateral ODA spend.<sup>45</sup> The summaries have budgets for 2023-24 and indicative budgets for 2024-25. FCDO has also resumed publishing key ODA programme information to DevTracker on a monthly basis. The November 2023 *White Paper on International Development* has transparency and partnerships as central themes.

4.120 FCDO has made efforts to manage the risks associated with a sudden reduction in ODA by initially committing 75% of future bilateral budgets and holding back 25% for risks that emerge in-year. The percentage held back decreased as FCDO approached the start of the 2024-25 financial year due to

44 Annual report and accounts 2022-23, Foreign, Commonwealth and Development Office, July 2023, [link](#).

45 Country and regional development partnership summaries, FCDO, available at [www.gov.uk](http://www.gov.uk).



the improved outlook for ODA as gross national income increased. There is also strengthened guidance in FCDO's PrOF in the case of early closure of programmes. The guidance sets out expectations on responsible closure, including engaging partners as early as possible and working closely with them to manage risk and minimise any negative impact on outcomes and value for money.

4.121 Together, the proposed and actual actions on managing budget risks and improving transparency and predictability demonstrate a commitment to address some of the concerns raised in ICAI's recommendation. They will help FCDO's partners to plan more effectively and have the potential to improve value for money and impact. While rebuilding trust will take time, and while we find that insufficient planning has been done to prepare for circumstances in which ODA budgets increase significantly, ICAI judges government action on this recommendation to be adequate.

## Conclusion

4.122 Most of the reported progress against ICAI's recommendations focuses on FCDO's Trade for Development team and its programmes, with limited evidence that the learning from the ICAI review is being systematically applied to other aid for trade programmes run from embassies and high commissions. This may improve with the Centre of Expertise, but it is too early to say. While the guidance on primary purpose is strengthened and it is clear that contributions to poverty reduction must always be assessed when making choices between different options, the risk cannot be eliminated that officials may select interventions with relatively lower potential for poverty reduction to secure other benefits, including benefits for the UK. FCDO has taken concrete actions on transparency and predictability, which are key to its ongoing work to rebuild its reputation as a trusted partner after the aid reductions, but there is more to be done.

4.123 Overall, ICAI judges FCDO's action on this review's recommendations to be adequate. The department has taken concrete steps to improve its engagement with the multilateral institutions and programmes that underpin the rules-based trading system. It has taken initial steps to strengthen the evidence base on how to deliver pro-poor and inclusive trade policy and programming, including developing plans to assess potential and actual impact on poverty reduction and the poor. The department has also made efforts to improve coordination and complementarity between aid for trade programmes.

## UK aid to agriculture in a time of climate change

There has been something of a step change in the visibility of the UK's commitment to, and leadership on, agriculture, as seen with its co-hosting of a global food security summit in November 2023, in the run-up to COP28. FCDO has mounted a strong response to ICAI's recommendations to improve the UK's aid to agriculture in a time of climate change. It has developed new guidance on use of international climate finance for agriculture programmes and has made progress in improving the focus on nutrition. A nutrition policy marker has been updated to include FCDO's commitment to monitor nutrition outcomes in commercial agriculture programmes with nutrition objectives, although negative impacts will not be monitored, and British International Investment (BII) will not be monitoring its impacts. Most of the improvements noted in this follow-up have been led by FCDO's central teams covering food security, agriculture and land, and nutrition, its Research and Evidence Directorate and its food and agriculture cadre, while weaknesses remain in cross-government coordination and the work of BII, UK Research and Innovation and the Department for Science, Innovation and Technology.



4.124 ICAI's review of *UK aid to agriculture in a time of climate change* was published in June 2023. The review covered all UK delivery programmes, investments and research funding related to agriculture between 2016 and 2021. We awarded a green-amber score based on the well-targeted and often innovative delivery programme, following a clear approach set out in the 2016 *Conceptual framework on agriculture* developed by the former DFID and still used by FCDO. The review found, however, that budget reductions and strategic drift had reduced the relevance, coherence and effectiveness of UK efforts towards the end of the review period. The review made five recommendations, all of which were accepted by the government.

Subject of recommendation	Government response
The government should ensure that all agriculture programmes and investments have an integral focus on climate change and nature.	Accepted
All commercial agriculture programmes and investments should be monitored for nutritional outcomes.	Accepted
The government should act to secure the UK's influence and thought leadership on agriculture.	Accepted
FCDO, BII and AgDevCo should look for operational synergies and complementarities between programmes and investments to maximise effectiveness, building on their comparative advantages.	Accepted
DSIT and UKRI should integrate learning about development effectiveness, including from previous ICAI reviews, into future ODA-funded agricultural research.	Accepted

**Recommendation 1: The government should ensure that all agriculture programmes and investments have an integral focus on climate change and nature.**

- 4.125 ICAI's original review found that, despite the critical importance of climate change to agricultural development, many of the UK's programmes on agricultural development had a relatively superficial approach to integrating considerations of climate change. Programmes more often focused on short-term economic growth objectives, doing less to strengthen climate resilience, particularly for vulnerable and marginalised populations. Climate gains were often assumed rather than evidenced and indicators to measure climate actions were weak. Considering that more and more of the agriculture portfolio will be counted towards the UK's international climate finance (ICF) commitment, there needs to be a greater understanding of climate throughout programming.
- 4.126 There has been a high level of engagement with this recommendation from FCDO. Taking Paris alignment, nature-positive ODA criteria, reporting against the UK's ICF KPIs and adhering to the government's environmental principles policy statement as minimum standards and a starting point, FCDO's central team hired a full-time climate and agriculture adviser. The adviser's main task has been to develop a guidance note on applying ICF to agriculture programmes. The guidance will mainly be used by FCDO staff in the first instance, but has been made available to all government staff designing and running programmes with an agriculture and climate focus.
- 4.127 The work to develop the ICF guidance included a thorough stocktake exercise, consulting around 40 people at central level and in embassies and high commissions, and including staff from different cadres – food and agriculture, private sector, monitoring and evaluation, and non-specialists. ICAI has seen a draft of the guidance, which is easy to use and practical in nature. The draft was finalised in February 2024 and is being rolled out internally as a working tool for staff involved in programme design, delivery, and monitoring, evaluation and learning (MEL).
- 4.128 The ICF guidance has been shared with other departments, including the Department for Environment, Food and Rural Affairs (Defra). Officials explained that there was still significant progress to be made on collaboration between the two departments on agriculture programming.
- 4.129 FCDO has also strengthened the climate relevance of its flagship commercial agriculture programme, Commercial Agriculture for Smallholders and Agribusiness (CASA). The latest CASA annual review, published in July 2023, recommended that FCDO and CASA partners should further prioritise climate change objectives, better monitor climate results and learn lessons. These recommendations are fully in line with ICAI's recommendation.

- 4.130 Progress beyond FCDO is much weaker. Although ICAI's recommendation referred to both climate programmes and investments, British International Investment (BII) did not provide a written update on progress against this recommendation. BII has a separate climate strategy from FCDO, which applies to all its investments including those in the agriculture sector. While FCDO is responsible for holding BII to account for ensuring it integrates climate considerations into its investments and delivers its climate strategy, the department does so at a strategic rather than a sectoral level. It is therefore difficult for ICAI to comment on BII's progress against this recommendation, or FCDO's ability to ensure that BII is integrating climate considerations into its agricultural investments.
- 4.131 Despite the challenges beyond FCDO, the strong response to the main aspect of ICAI's recommendation from FCDO's central teams means that the overall response to this recommendation can be judged as adequate.

**Recommendation 2: All commercial agriculture programmes and investments should be monitored for nutritional outcomes.**

- 4.132 ICAI's review found that the commercial agriculture portfolio in FCDO and agriculture investments made by BII and AgDevCo did not focus enough on demonstrating beneficial or avoiding potentially harmful nutritional outcomes. This was particularly the case with some BII investments in Africa.
- 4.133 Since then, FCDO has undertaken a range of relevant actions. The Nutrition Policy Marker (NPM) on FCDO's Aid Management Platform (AMP), which can be applied to all FCDO programmes, was updated in early 2024 to include language on FCDO's commitment to monitor nutrition outcomes in relevant commercial agriculture programmes. The guidance in the ProF, available to all staff, has also been updated to include commercial programmes with nutrition objectives. This allows the nutrition team to engage with commercial agriculture programmes considered to be relevant (those with a positive NPM score) on their monitoring of nutrition outcomes. Obviously the problem with this is that there is no monitoring of negative nutrition outcomes, which is a risk with commercial investments.
- 4.134 FCDO has procured external technical assistance to support nutrition integration, including to review all programmes to check their nutrition relevance. This includes conducting a baseline analysis of all commercial agriculture programmes to determine the extent to which they already integrate nutrition and monitor nutrition outcomes, and providing technical assistance to strengthen programmes in these areas. The nutrition team in FCDO told ICAI that they have already seen a positive impact in the level of engagement they are getting both with agriculture teams and more broadly across FCDO.
- 4.135 Commercial agriculture programmes are receiving support from the nutrition team. We found that the CASA programme's commercial agriculture portfolio review contained a section on nutrition in 2023 and is planning to repeat this exercise in 2024.
- 4.136 BII did not respond directly to ICAI on this recommendation. Some BII investments have an impact on nutrition, and the nutrition team in FCDO has encouraged teams managing BII agriculture investments to consider using the NPM. However, BII continues to score '0' on the NPM, which means that it is not formally required to monitor nutrition outcomes and therefore negative outcomes are unlikely to be noticed. By contrast, FCDO's overall response to the concerns underpinning ICAI's recommendation has been strong, and we consider the resulting actions to be adequate.

**Recommendation 3: The government should act to secure the UK's influence and thought leadership on agriculture.**

- 4.137 Successive years of ODA reductions had led to a loss of expert staff, and changes in ODA delivery had undermined long experience of high-quality programming established under DFID. Other donors had begun to take note, referencing a lack of secure funding and lower engagement internationally and in-country from FCDO staff. International partners still valued the UK's thought leadership and the generation and use of evidence, but the UK was drawing upon a dwindling reputation in this respect.
- 4.138 FCDO accepted ICAI's recommendation to act to secure the UK's influence and thought leadership on agriculture. FCDO led a food security and nutrition campaign, which culminated in a global food security summit co-hosted with Somalia and the United Arab Emirates in November 2023, in the run-up to COP28.

The event was attended by the prime minister, the foreign secretary and the minister for international development. It was also timetabled to coincide with the launch of the UK's *White Paper on International Development*; a very visible signal of the UK committing to food security issues, including within agriculture programming, in a high-profile policy announcement.

- 4.139 FCDO is also undertaking a recruitment drive to rebuild its technical food and agriculture capability, as well as a learning and development exercise to build up the base of accredited advisers in embassies. External recruitment has once again stalled due to civil service staff reductions and it remains to be seen whether FCDO's work on capability gives priority to development expertise, but the internal accreditation exercise combined with learning and development sessions have constituted a small start towards rebuilding capability. Some central teams are currently almost fully staffed, but many technical positions overseas struggle to find experienced candidates. The level of experience and skill within the department is not back to the level prior to the merger and ODA reductions, but the investment in staff will help to build a foundation in food and agriculture capability as those staff become more skilled and gain experience. There is currently more capacity to manage programme activities, engage and oversee evaluation processes, and support wider strategic thinking and outreach activities on agriculture programming.
- 4.140 Other visible aspects of FCDO's renewed commitment to thought leadership include a proactive role supporting the design of the G20 Global Alliance against Hunger and Poverty proposed by the Brazil G20 presidency, continued involvement in the Global Donor Platform on Rural Development as a board member, and proactive engagement in the governance of the Global Agriculture and Food Security Programme (GAFSP). GAFSP is collectively governed by donors, recipient countries, CSOs, and multilateral development agencies and provides financial and technical resources with the aim of improving food and nutrition security and building sustainable agriculture and food systems.
- 4.141 In conclusion, there has been something of a step change in the visibility of the UK's commitment to, and leadership on, agriculture. This has received strong ministerial support, as seen with the food summit. ICAI therefore finds the response to this recommendation to be adequate.

**Recommendation 4: FCDO, BII and AgDevCo should look for operational synergies and complementarities between programmes and investments to maximise effectiveness, building on their comparative advantages.**

- 4.142 AgDevCo, BII and FCDO staff all told us that cooperation between the organisations has improved since ICAI's review. There were examples of good join-up in Malawi, but less so in Rwanda (two country case studies included in ICAI's review). We heard from both BII and FCDO that there is a regular timetable of FCDO-BII and BII-AgDevCo interactions. BII has now been a shareholder in AgDevCo for over a year, and in this capacity has regular formal and informal meetings with AgDevCo. Meetings occur on a monthly basis, while in some cases contacts speak to each other with greater frequency – even daily in the case of investments that are at an advanced stage.
- 4.143 A new quarterly meeting between FCDO's central team, BII and the FCDO senior responsible officer for AgDevCo offers another opportunity to share information and collaborate, although the depth of cooperation has not yet changed significantly since ICAI's recommendation was made. ICAI agrees with FCDO that adding in more administrative processes is unlikely to be helpful. While we would like to see intensified communication in-country and a stronger focus on building on the two investment institutions' complementarity in terms of risk appetite, we find that the improvements in communication are enough to warrant an adequate score for this recommendation.

**Recommendation 5: DSIT and UKRI should integrate learning about development effectiveness, including from previous ICAI reviews, into future ODA-funded agricultural research.**

- 4.144 ICAI's review found a very uneven record regarding the UK's efforts to fund agricultural research: FCDO-funded translational research was of good quality in terms of development relevance and effectiveness, while research funded through the UK Research and Innovation (UKRI) Global Challenges Research Fund (GCRF) was much more variable. We also found that the delays to the replacement of the GCRF with the ODA part of the International Science Partnership Fund (ISPF), announced in December 2022 and also funded through UKRI, perpetuated a pattern of disruption to UK ODA-funded research

that was unhelpful, not least considering the efforts that had been taken to improve GCRF governance and development impact in the period before it was closed. ICAI's recommendation was drafted with the intention that the UK should learn from past ODA-funded research instruments, and ensure that new ODA funding prioritises development effectiveness from the outset.

- 4.145 Since the review, the government has progressed in its efforts to use the Gilbert Initiative to drive coherence across government on agricultural research for development (AR4D). The Gilbert Initiative was announced by the UK government at COP26 in November 2021 to support global transformations towards pro-poor, climate-resilient food systems by 2030. One of the initiative's tasks was to coordinate investments in agriculture and food systems research and innovation. According to FCDO, it is using the Gilbert Initiative to keep abreast of what other departments are doing, and occasionally for opening up opportunities for collaboration. There have, however, not been any major new advances that have allowed the initiative to be used as a vehicle for improving the development effectiveness of AR4D.
- 4.146 ICAI's recommendation was also partly aimed at UKRI's funding rules, which required in most cases that GCRF-funded projects had to have a UK-based lead institution. This undermined the GCRF's ability to help researchers in the Global South build capacity and achieve impact. Although the GCRF's development impact improved over the period, we found this approach to funding to be working against the spirit of aid effectiveness guidance to avoid tying aid to donor organisations. While there seems to have been some strengthening in cross-government collaboration on AR4D, the disruption to the Department for Science, Information and Technology (DSIT) and UKRI's AR4D has continued. There were extended delays to UKRI's ODA allocation until December 2023, meaning that the ISPF's first new ODA programming has only just started. It is too early to tell whether development effectiveness will be improved under the ISPF, but UKRI has been involved in its design and could pass on some of the lessons from the GCRF. Due to the allocation delays for DSIT, Defra is now likely to be the government's second-largest funder of AR4D after FCDO. Although Defra engages with FCDO's Climate Energy, Environment and Water Research team on its research programme, the agricultural research team in FCDO has little awareness of Defra's AR4D activities. Defra attends the Gilbert Initiative cross-government working group meetings and director-level meetings, but attendance at some meetings has been reported to be ad hoc. Given the delays, which make it too early to tell whether ODA-funded research through the ISPF will deliver on the learning from the GCRF, ICAI considers the response to this recommendation to be inadequate.

## Conclusion

- 4.147 FCDO has led a strong response to ICAI's recommendations to improve the UK's aid to agriculture in a time of climate change. While weaknesses remain, primarily in cross-government coordination and the work of BII, UKRI and DSIT, we find the overall response to this review to be adequate. We recommend, however, returning to recommendation 5 next year, to assess how FCDO and DSIT work together to integrate learning on development effectiveness into the design of future ODA-funded agricultural research programmes.

## Outstanding issues

- 4.148 We covered seven outstanding issues this year, from the following four reviews: *UK aid's alignment with the Paris Agreement*, *The UK's humanitarian response to COVID-19*, *Tackling fraud in UK aid through multilateral organisations*, and *The UK's approach to tackling modern slavery through the aid programme*. In the case of outstanding issues, we do not follow up the whole review again, only the individual recommendations identified in last year's follow-up as in need of further action. We present the findings for each in turn below.

### UK aid's alignment with the Paris Agreement

- 4.149 ICAI published its rapid review of *UK aid's alignment with the Paris Agreement* in October 2021. The review looked at the government's commitment to align all UK aid with the third long-term Paris Agreement goal of "making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development" by the end of 2023.



4.150 Last year's follow-up found that the government was not reporting publicly on its progress in achieving Paris alignment and it was not clear how other government departments than FCDO were planning to align their aid with the Paris Agreement. We also noted a lack of government engagement with developing countries on Paris alignment. We therefore decided to return this year to review progress on recommendations 2, 3 and 4 for a second time.

**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.**



4.151 The original review found poor lines of reporting on Paris alignment across government, and that FCDO embassies as well as other government departments did not have a clear idea of responsibilities for reporting. It was similarly unclear how progress towards the commitment would be measured and monitored, and there was little information on the UK approach in the public domain. The government only partially accepted the recommendation since it objected to the proposal to develop cross-government accountability processes additional to those being applied within each department. It did, however, agree that it could do more to accelerate action on aligning its aid to the Paris Agreement and reporting on the progress it made.

4.152 Although some actions were taken forward, last year's follow-up review found that the lack of clarity persisted. In contrast, this year's follow-up review has found significant improvements in the cross-government effort to report against the Paris alignment commitment. FCDO's permanent under-secretary sent a letter to all the permanent secretaries of ODA-spending departments asking them to confirm and outline their department's internal approaches to align their ODA spending with the Paris Agreement, and support this with evidence. All departments provided their formal responses by February 2024. ICAI has seen the responses, which show that the departments have frameworks in place that are in general proportional to their level and type of ODA expenditure. It should be noted, however, that the approach to assessing and reporting on the Paris alignment of the particular category of ODA known as in-donor refugee costs is less clear across all departments, including the main spender in this category, the Home Office. This is a large proportion of all UK ODA. Departments that spend in this category struggled to evidence the use of, for example, climate and environment risk assessment and shadow carbon pricing. They brought in counterfactual assumptions such as arguing that many of these activities would likely have happened even if not reported as ODA, and therefore that the environmental impact of the ODA spend was minimal.

4.153 FCDO leads a cross-government Paris alignment working group and has supported other government departments in updating their programme guidance to include Paris alignment. FCDO has also run a comprehensive internal Paris alignment compliance check across all its own portfolios and there is a similar process for the CSSF and the UK Integrated Security Fund (UKISF), which replaced the CSSF in January 2024.

4.154 Instead of this approach of individual letters from FCDO, ICAI would have preferred cross-government, aggregated public reporting, to strengthen accountability and transparency across government on its Paris alignment commitment.

4.155 FCDO told us it has plans for the MEL component of its CLEAN helpdesk, currently in its inception phase (see recommendation 3), to help develop metrics for measuring and monitoring Paris alignment. While we welcome this plan, it is too early to say when such metrics will materialise, or the extent to which they will help with ICAI's concern that such a small amount of monitoring data and reporting on progress towards the UK's Paris alignment commitment is in the public domain.

4.156 The lack of public accountability remains a concern, but the main aspect of ICAI's recommendation has nevertheless been addressed through the departments' letters in response to FCDO's request. ICAI therefore considers the response to be adequate but would expect better public visibility of reporting on the government's actions, not least considering that the deadline for the UK government's commitment to align all new bilateral ODA with the Paris Agreement was December 2023.

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



- 4.157 The original review was concerned that FCDO was not mobilising additional capacity to support the significant challenge of achieving Paris alignment. Last year's follow-up review found that there had been notable actions but that further capacity expansion was needed.
- 4.158 Returning to the recommendation this year, FCDO increased its climate and environment cadre through an accreditation campaign in 2022, which took the total number of climate and environmental cadre accredited members to 112 within FCDO and other departments at its peak (now 108). While FCDO's internal accreditation process includes professional development measures that help strengthen capacity, new external expertise has not been brought in, in the context of wider pressures on civil service workforce costs. The Programme Operating Framework's guidance on Paris alignment, known as PrOF rule 5, has been simplified by FCDO for other departments and there has been ongoing engagement on its use. The cross-government Paris alignment group, facilitated by FCDO, has helped departments develop their capacity to establish their own Paris alignment processes and to use FCDO-created tools such as climate and environment risk assessments. We also saw evidence that some other departments are providing their own training to staff on Paris alignment.
- 4.159 While it has taken a long time to establish the CLEAN helpdesk, once launched it will provide a boost to capacity across government. CLEAN is a programme of up to £3.7 million that will run for three years, constituting a significant scale-up of the previous climate mainstreaming facility, which it builds on and succeeds. CLEAN is not dedicated primarily to Paris alignment but responds to broader climate and biodiversity assistance requests, delivering both against PrOF rule 5 and the government's 'nature positive' commitment. The climate mainstreaming facility has now been closed and CLEAN's inception phase was planned to be completed by the end of April 2024.
- 4.160 Actions to address the issue of capacity within FCDO and other government departments to progress towards the commitment to align all UK aid with the Paris Agreement have been significant over the past year, and ICAI considers the response to be adequate.

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



- 4.161 Both the original review and last year's follow-up found that the UK's work with other partners on promoting Paris alignment was generally concentrated on engagement with other donors and multilateral development banks, and not with developing country partners.
- 4.162 Returning to the recommendation this year, there is still little evidence to suggest that the government is intensifying its engagement with developing countries to work together on Paris alignment. We recognise that different levels of support are provided by the UK to developing countries through ICF programmes such as technical assistance on climate policies, nationally determined contributions and COP negotiations. However, these activities are not specifically on promoting a shared model of Paris alignment. The CLEAN helpdesk, once operational, may make a difference by helping UK embassies deepen their engagement with partner governments. We consider progress on this recommendation to be inadequate and recommend returning to review progress next year.

**Conclusion**

- 4.163 Overall, there has been an adequate response to recommendations 2 and 3, apart from the lack of a public account of the government's Paris alignment commitment. We recommend returning next year to assess the UK's engagement with developing country partners on Paris alignment (recommendation 4).

**The UK's humanitarian response to COVID-19**

- 4.164 ICAI published its review of *The UK's humanitarian response to COVID-19* in July 2022. The original review found that the UK's rapid humanitarian response to the pandemic had saved lives and built resilience to future emergencies by strengthening national systems and capacities in partner countries, but could have done more to ensure inclusion of some vulnerable groups. The review was scored green-amber.



4.165 ICAI first followed up on the review last year and concluded that FCDO had yet to address ICAI's recommendation to undertake a formal after-action review of the COVID-19 response to inform its future pandemic responses. It also noted that robust evidence had not yet emerged to show that FCDO was expanding the localisation of its humanitarian support. We therefore decided to return to these two recommendations again this year.

**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.**



4.166 The rationale for this recommendation was that FCDO should ensure lessons were captured in a systematic way. ICAI's review had found that although important lessons had been applied to the COVID-19 response from the Ebola outbreak in West Africa, this was based on knowledge drawn from experienced individuals rather than institutionally captured and shared. The government accepted the recommendation.

4.167 In its update on progress for last year's follow-up exercise, FCDO noted that it had been working to identify common themes across multiple complex crises, including COVID-19, Afghanistan and Ukraine. FCDO's humanitarian team had been feeding into wider lesson-learning exercises from the Ukraine crisis (including on staff welfare, staff agility and crisis doctrine) and FCDO's humanitarian response group was holding quarterly meetings to review lessons for responding to crises. However, since there had not been an after-action review of the COVID-19 response, ICAI was concerned that learning from this might not be captured in a manner readily accessible to current and future response teams.

4.168 Returning to the recommendation this year, the government update focused on a wide range of internal lesson-learning exercises, but these did not include an after-action review. In interviews, this was explained as a conscious decision not to do a 'monolithic' after-action review, since the advice from scientists was not to prepare to "fight the same war again". Instead, the government has broken down learning to look at different aspects of the COVID-19 response, incorporating lessons into different policies to help prepare for a more agile response in the future. This includes consular learning, learning on staff management and deployment, learning on information management, and improved outbreak surveillance, reporting and escalation systems.

4.169 While it differs from ICAI's recommendation, in view of the time elapsed, the government's approach to feeding learning into an agile and better prepared response to future pandemics or other multi-crises is understandable. Since ICAI's original review was published, learning has become more systematic, involving different departments and directorates, and identifying thematic lessons across different types of crises. We were told that learning has also been embedded into new policies and frameworks, such as the Agility Framework and the Epidemic and Pandemic Readiness Framework (PRF). ICAI has seen these and can confirm that they demonstrate genuine effort to incorporate learning into ways of working. The PRF provides improved guidance in areas such as lightening the burden of reporting; human resources and staffing, including staff wellbeing; and providing better clarity of roles and responsibilities between relevant FCDO departments. While noting that this learning now needs to feed into operational approaches and preparedness, we consider ICAI's recommendation to be adequately addressed. We are encouraged that the PRF concludes by emphasising the dissemination of the framework and the need to ensure that it "is built appropriately into wider contingency planning and exercises".

**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.**



4.170 The original review 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. Last year's follow-up found that, in the context of aid reductions, FCDO had focused on protecting existing programmes and ways of working rather than developing new systems and approaches to support localisation. It noted that the department was not well set up to channel its own funding through multiple local actors, given human resource constraints and a limited risk appetite. While FCDO officials told ICAI that the department was on track to deliver 25% of its humanitarian support through local

organisations, in line with its international commitments, it was not able to share robust data to confirm this progress. We were informed that FCDO's systems did not allow it to track all funding channelled directly and indirectly to local actors, which meant it could not track its progress towards the 25% commitment. ICAI therefore judged FCDO's response to be inadequate.

- 4.171 In returning to this recommendation again this year, we have found a renewed and strengthened commitment to locally led development, set out in the November 2023 *White Paper on International Development*. The white paper envisages a systemic approach to promoting locally led processes in all its aid funding for development, climate and nature – not just for its humanitarian support. FCDO has begun to develop a strategy for localisation, including a focus on how to tag and track UK aid to local actors. We were told that the *White Paper on International Development* has paved the way for officials to aim for ambitious changes to the operating model across risk, finance, programming and policy elements, rather than just tweaking the current approach to localisation. While efforts are now driven forward at a faster pace, it is nevertheless far too early to assess progress or results. Efforts to enable systemic change have only just started – and remain for now at the 'thinking stage'. It will require sustained political will to succeed.
- 4.172 While we agree with FCDO that clear definitions on what counts as localisation are needed in advance of developing a reporting system, ICAI was disappointed to see that no further work had been done since our last follow-up to enable FCDO to track how much aid funding is being channelled to local actors. FCDO told us that it has reached the target of delivering 25% of humanitarian support through local organisations, but we have not yet seen evidence underpinning this statement. We therefore deem the response to this recommendation to be inadequate.

## Conclusion

- 4.173 FCDO's approach to ensure that learning from the COVID-19 response feeds into an agile and better prepared response to future crises differs from ICAI's original recommendation of an after-action review, but given the time elapsed, the approach may do something to support delivery of a better response to pandemics in the future. There were also positive developments in the government's commitment to localisation. The white paper promotes an ambitious, systemic approach to ensure locally led development is pursued across aid sectors, but work to achieve this will take time and demands strong and sustained political will. Meanwhile, ICAI is still not able to confirm whether FCDO has reached its target of delivering 25% of humanitarian support through local organisations. We therefore recommend returning to recommendation 2 again next year.

## Tackling fraud in UK aid through multilateral organisations

**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.**



- 4.174 ICAI published its review on *Tackling fraud in UK aid through multilateral organisations* in March 2022. The first follow-up of this review concluded that while the response was generally good, action was inadequate on updating fraud risk assessments of UK aid spent through the European Commission (recommendation 3). ICAI returns this year for a second time to review progress on its recommendation that FCDO should renew and document its assessment of the European Commission's ODA fraud risk management, in line with its processes for all the multilateral organisations it funds.
- 4.175 The original rapid review highlighted serious concerns that, despite the fact that substantial amounts of UK aid would continue to be channelled through the European Commission until 2029, FCDO had 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 EU's anti-fraud body, OLAF, about fraud risk management since 2018. ICAI therefore recommended that FCDO should 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.

- 4.176 Last year's follow-up review found that no substantive action on oversight of European Commission funding has been taken in response to ICAI's recommendation, noting that the difficult political context around UK-EU relations had posed challenges for addressing this recommendation. Nevertheless, ICAI judged that the government could have done more within these constraints to give priority to engaging the Commission, including OLAF, on fraud oversight and that this issue should be revisited.
- 4.177 This subsequent follow-up review found that modest progress has been made in engaging with the Commission on the issue of fraud and wider fiduciary risk management. In October 2023, a ministerial visit to Brussels marked a step forward in UK-EU discussions on development and humanitarian issues and paved the way for official-level discussion in December 2023. The government told ICAI that this involved the first discussions on the issue of fraud risk since 2018, among many other issues. In the discussion, the UK government referenced the ICAI recommendation and re-confirmed the UK's need for access to information and programme-level due diligence where this is applicable for any future funding.
- 4.178 FCDO monitors the Commission's key fraud risk management structures and reporting, but not through the same detailed and thorough approach it applies to other multilateral organisations. Instead, FCDO relies on publicly available information published by the Commission. The department argues that due to the Commission's high level of transparency, this monitoring is enough to enable FCDO's EU development unit to assess the risk to UK aid as being low.
- 4.179 However, FCDO has still not engaged with the Commission's independent anti-fraud office, OLAF, which is the priority. While FCDO plans to engage with OLAF on issues of mutual interest, there is no plan to use regular talks with OLAF for assurance purposes. ICAI has therefore not seen evidence to ensure that this amounts to sufficient oversight of risk management and counter-fraud practice. FCDO is instead aiming to re-establish expectations about scrutiny in case there might be any new UK funding through the Commission in the future. FCDO expects that discussing expectations would give the department a level of assurance that it has not had in recent years.
- 4.180 Overall, while we recognise modest improvements in FCDO's relationship with the Commission to manage risks, we consider the response to be inadequate and recommend returning to it next year.

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

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.



- 4.181 This is the third follow-up of ICAI's review of *The UK's approach to tackling modern slavery through the aid programme*, published in October 2020. The review was scored amber-red and found that the UK government had "successfully raised awareness of modern slavery globally but [... lacked] a systematic approach to analysing the problem and building evidence on 'what works' to develop an effective set of programmes in the future". One of the five recommendations was that the "UK government should publish a clear statement of its overall objectives and approach to using UK aid to tackle modern slavery internationally".
- 4.182 The government accepted this recommendation, agreeing that "a public statement will help us to explain better our international modern slavery objectives", and stated that it would set out the most appropriate way forward in 2021. In its update on progress to ICAI in January 2022, it stated that a "new modern slavery strategy is planned for publication in Spring 2022". When this did not happen, the next government update in January 2023 noted that: "Given recent changes, Ministers are considering next steps on our strategic approach". In an interview with ICAI in December 2023, the Home Office stated that there were no current plans to publish a Modern Slavery Strategy. This statement was updated in February 2024 by the government's response to the Home Affairs Select Committee on Human Trafficking, which states that "The government will also consider delivering a new Modern Slavery strategy". ICAI hopes that this will be the case and that the government will use this publication to set out a clear statement of its international objectives and approach in line with our recommendation.
- 4.183 The government stated in its progress update in November 2023 that its objectives on modern slavery are made clear in a range of different public statements. We do not find this to be the case, since the

disparate elements on modern slavery in a range of publications do not add up to what ICAI was seeking – a clear public statement of the UK government’s overall objectives and approach to using UK aid to tackle modern slavery internationally.

- 4.184 Of the various publications with references to modern slavery, the December 2023 Serious Organised Crime Strategy has the strongest references, but mainly in the UK context. The section on UK international efforts includes a statement that the Home Office will spend £24 million through the Modern Slavery Fund to reduce modern slavery in the UK and overseas and “drive forward important international leadership, working with Five Country and G7 partners, on a shared priority commitment to building global capacity to tackle the transnational threat from child sexual abuse”. The November 2023 *White Paper on International Development* has only a generic reference to “promoting raised standards overseas, sharing promising practice and reducing human trafficking to the UK”.
- 4.185 The government’s response continues to be inadequate, because there has still been no published statement of its international objectives and approach. ICAI will not follow up this recommendation again, however, since we see limited traction for our efforts to clarify the UK government position on using aid to tackle modern slavery in the current political context.

## 5. Conclusion

5.1 In general, 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 2022-23, as well as outstanding issues from previous reports. Overall, the government response to these recommendations was mixed, with 57% judged as having been adequately addressed, but this is notably higher than the proportion reported in last year's follow-up review (43%), even including the long tail of older recommendations. ICAI is pleased to see this upward trajectory.

5.2 We recommend following up on the following reviews again next year:

- **UK aid to refugees in the UK:** Returning to this review, ICAI found that in-donor refugee costs, far from reducing, actually increased from £3.7 billion in 2022 to £4.3 billion in 2023, constituting 28% of all UK aid. The severe value for money risks of this spend, mainly by the Home Office but also by other government departments, have not been reduced. ICAI will not return to assess the response on the two recommendations that were rejected by the government. However, four other recommendations (recommendations 3-6) were also inadequately addressed, and we recommend returning to these next year.
- **UK aid to India:** There were a number of improvements in response to ICAI's review. FCDO has produced an initial theory of change on how its India portfolio contributes to poverty reduction, but this needs further work. Some modest FCDO projects in support of civil society groups are well designed and impactful. There are some stronger links between UK-funded research and investments made by British International Investment (BII), and significant improvements in BII's interventions to mobilise private finance. However, while BII's new India country strategy in July 2023 has convincing links to poverty reduction and a greater focus on inclusiveness, it does not yet seem to be shaping investments. BII's India Quotient investment in particular has raised significant concerns which clearly warrant follow-up by ICAI. Thus, while the response to three out of five recommendations was adequate, given that ICAI is concerned about recent BII investments in India which raise concerns about the governance of BII as well as about its responsiveness to the International Development Committee and ICAI, and that there is still work to do to integrate considerations of inclusion in the India portfolio, we recommend returning to recommendations 1 and 4 next year.
- **The UK's approach to democracy and human rights:** FCDO made good progress in implementing some of its most important commitments, in particular the creation of a democratic governance centre of expertise to provide guidance and support throughout the department, including the overseas network, new procedures to manage small annual projects better, and improved coordination with the Westminster Foundation for Democracy. FCDO is funding new central programmes to support individuals or organisations at risk of repression, but has not provided evidence of the reasons why it is not willing to review its diplomatic or fiduciary risk appetite in relation to these groups. ICAI remains concerned that FCDO is not able to retain sufficient numbers of governance advisers at senior levels or in embassies. Last but not least, with the Open Societies and Human Rights Strategy still in draft form, the government has not yet published a statement on its approach to democracy and human rights. We therefore recommend returning to recommendations 1, 2 and 4 next year.
- **The UK's approaches to peacebuilding:** There were improvements in cross-FCDO and cross-government joint work on peacebuilding, more attention to learning and use of expertise, and strengthened strategic direction through the *White Paper on International Development*. However, ICAI's recommendations aimed at strengthening long-term peacebuilding efforts, focusing on countries where relationships were strong, and accountability to affected populations did not receive adequate responses. There has also not been a change in the approach to travel risk based on learning from other donors. We therefore recommend returning to recommendations 2, 3, 4 and 6 next year.
- **The FCDO's Programme Operating Framework (PrOF):** While the overall response to this recommendation was adequate, we recommend returning to recommendation 2 to assess if FCDO

has ensured that all programme staff and those with oversight roles have full access to the Aid Management Platform (AMP) and that the compliance and audit functions of AMP are fully used. We also recommend returning to how FCDO packages very small programmes on AMP and is strengthening the reliability of data published to DevTracker.

- **UK aid to agriculture in a time of climate change:** Overall, FCDO has led a strong response to ICAI's recommendations, and we find the overall response to this review to be adequate. We recommend, however, returning to recommendation 5 next year, to assess how FCDO and the Department for Science, Innovation and Technology work together to integrate learning on development effectiveness into the design of future ODA-funded agricultural research programmes.

5.3 We also recommend returning again to the following outstanding issues from earlier years:

- **The UK's humanitarian response to COVID-19:** FCDO has still not been able to provide evidence that allows ICAI to verify whether the department has reached its target of delivering 25% of humanitarian support through local organisations. We therefore recommend returning to recommendation 2 again next year.
- **Tackling fraud in UK aid through multilateral organisations:** FCDO has not yet engaged with the European Commission's independent anti-fraud office, OLAF, and does not plan to use regular talks with OLAF for assurance purposes. ICAI has not seen evidence to ensure sufficient oversight of risk management and counter-fraud practice. We therefore consider the response to recommendation 3 to be inadequate and recommend returning to it next year.
- **UK aid's alignment with the Paris Agreement:** We recommend returning to recommendation 4 next year to assess the UK's engagement with developing country partners on Paris alignment.



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