



HM Government

# HM Government Response

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July 19<sup>th</sup> 2019

## HM Government response to the Independent Commission for Aid Impact recommendations in the performance review of the Newton Fund: June 2019

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Her Majesty's government welcomes the constructive recommendations of the ICAI performance review of the Newton Fund. The government is committed to learning and improving, and these recommendations provide valuable input as we work with our partner countries and delivery partners to continually improve the Fund.

Over just five years of operation, the Newton Fund has established itself as a respected and valued mechanism by which the best UK researchers and innovators collaborate with those across a spectrum of developing countries to improve lives and tackle development challenges. We have been growing the capacity of developing country partners and further developed the UK's capacity to support them in the future.

We welcome ICAI's recognition of the excellent research and innovation being carried out through the Newton Fund and the high esteem with which it is viewed by partner countries.

In more recent years, to reflect the growing scale and complexity of the Newton Fund, we have put in place new systems and processes to ensure we build our capability in order to deliver the Fund effectively. Work is already underway to incorporate learning from the early phases of the Fund and strengthen governance, monitoring and learning across BEIS's research and innovation ODA portfolio. This will support actions to follow up on the recommendations made by ICAI.

# Recommendation 1

As the Newton Fund is 100% ODA, BEIS should ensure that the Fund increases its focus on achieving its primary purpose, which is to meet the development needs and priorities of its partner countries. It should require improved ODA compliance and assurance processes across delivery partners.

## **Accept – already implementing**

### **Primary Purpose**

The Newton Fund was designed, and has been operated throughout its lifetime, with the promotion of economic development and poverty reduction in ODA-eligible countries firmly as its main objective. The independent mid-term evaluation of the Newton Fund, December 2018, concluded that the Fund is on track to achieve its intended impacts.

Since the outset in 2014, all funding has been allocated under country strategies which were developed with partner countries to ensure their development priorities are the primary determining factor. Those country strategies were updated in 2016 to reflect emerging priorities and lessons from the fund's early years. In order to further maximise impacts in March 2019, £25m was allocated to a new 'Impacts Accelerator Scheme' which is focused on maximising the development benefits to partner countries from the portfolio of projects funded to date.

Actions ongoing:

- A third phase of country strategy reviews began in 2018 and is building on the learning from previous years.

### **ODA Compliance**

Ensuring ODA compliance is of the highest importance to BEIS and its delivery partners and all parties take their obligations extremely seriously.

There are clear roles and responsibilities for ODA compliance, with requirements set out at the allocation and grant stages. All delivery partners have provided BEIS with evidence detailing their ODA compliance procedures, which BEIS officials have scrutinised. Our independent evaluators have reviewed the operation of the fund and concluded that the model for managing ODA compliance functions well and is efficient.

Actions ongoing:

- Following a series of workshops with delivery partners, BEIS will be issuing new guidance on ODA compliance to ensure best practice across delivery partners in the Autumn, and require these partners to report on their processes for adhering to this guidance.

## Recommendation 2

The Newton Fund should ensure it meaningfully considers options for reducing gender inequality and reports against its progress.

### **Accept – already implementing**

Like ICAI, BEIS and its delivery partners recognise the important role that research and innovation can play in supporting improved gender equality in partner countries.

Best practice on gender has been shared by DfID specialists with UK Newton Fund delivery partners at tailored forums. Specific Newton projects have had gender equality as a key focus. For example, ESRC undertook a programme to assess the impact of historic military occupation of favelas in Brazil upon women and other vulnerable groups in 2017.

Actions ongoing:

- As part of developing a formal Newton Fund overarching strategy we will review DfID best practice and guidance and develop an ambitious plan to maximise the positive impact on gender equality. We will also reflect this in our approach to the Global Challenges Research Fund – sharing best practice across the two funds.

## Recommendation 3

Given that the UK is committed to untying 100% of its aid and reports its aid as fully untied, BEIS should ensure that the funding practices of the Newton Fund comply with both the letter and the spirit of the untying commitment.

### **Accept – already implemented**

BEIS welcomes the recognition from ICAI that the Newton Fund is already compliant with the rules regarding the untying of all UK aid.

The nature of the Newton Fund partnership model is of bilateral technical assistance which allows the best researchers in the UK to collaborate with top researchers from our partner countries to work on their most pressing development challenges. This meets the OECD-DAC<sup>1</sup> requirements for untied aid.

The government commitment to untying all UK aid ensures that aid is focused on the benefit of developing country partners, and not the needs of suppliers. Research and innovation challenges addressed by the Fund focus on the development priorities of our developing country partners and are co-funded by them.

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<sup>1</sup> Organisation for Economic Cooperation and Development, Development Assistance Committee

## Recommendation 4

BEIS should improve the governance and accountability of the Newton Fund and put in place a strategy setting out how it will maximise development impact as its primary purpose.

### **Accept – already implementing**

#### **Governance and Accountability**

BEIS has a clear formal governance mechanism for the Newton Fund, including ministerial oversight. This has been in place since the fund's inception but has evolved over time in response to the increased scale and complexity of the Fund, as well as lessons learnt from our own and other government ODA funds.

BEIS is fully accountable for the Newton Fund, but devolves responsibility for project delivery to a range of expert delivery partners who are best placed to ensure that activities remain at the very cutting edge of research and innovation and are therefore able to deliver maximum benefit for the development of partner countries.

Allocations have been approved by boards and panels with sector experts and DfID representation to ensure the most effective allocation of resources. A further senior official chaired Portfolio and Operations Management Board was constituted in 2017 to provide additional coherence and strengthen governance at working level for both the Newton Fund and Global Challenges Research Fund. Most recently a Programme Management Office was established earlier this year to enable greater operational oversight for BEIS across the portfolio of country partnerships and all 7 delivery partners.

#### **Actions ongoing:**

- BEIS will review Newton Fund governance and the mechanisms which underpin accountability to ensure they remain fit for purpose.

#### **Strategy**

The Newton Fund's focus on partner country needs has led BEIS to prioritise the development and maintenance of the 17 individual country strategies which specify how we will achieve our primary purpose in each specific national context.

#### **Actions ongoing:**

- A third phase of country strategy reviews began in 2018 and is building on the learning from previous years – including setting out the primary purpose in each country context.
- To supplement the existing strategies, BEIS will develop an overarching strategy at fund level which will provide greater visibility of how the Newton Fund as a whole will achieve development impact, whilst allowing for flexibility to enable each bespoke partnership to flourish.

## Recommendation 5

BEIS should improve the Newton Fund's approach to and measurement of value for money.

### **Accept – already implementing**

BEIS believes that the assessment of Value-for-Money is an inherent feature of an effective evaluation framework. As noted by ICAI and our evaluation contractors, effective impact evaluation for ODA is challenging, particularly on research and innovation.

BEIS has put in place a Monitoring, Evaluation and Learning programme to ensure an effective and proportionate approach to gathering and analysing the data to assess the Value-for-Money of the programme.

Actions ongoing:

- BEIS is in the process of combining extensive internal and external expertise to deliver a revised evaluation strategy that includes a coherent Value-for-Money framework and data collection options to enable us to determine the effectiveness of Newton activity at fund level, based on project impacts (cost/benefit). This is being led by external independent contractors, Coffey International. They are currently scoping the feasibility and design of the approach against DfID's "Economy, Efficiency, Effectiveness and Equity" standards on Value-for-Money.

## Recommendation 6

The Newton Fund should improve its approach to monitoring, evaluation and learning at the Fund level.

### **Accept - already implementing**

Monitoring, Evaluation and Learning (MEL) are central to the development of the Newton Fund to date and its future direction, and a proportion of our budget has been ring-fenced for this purpose.

In 2015, BEIS (BIS, at the time) appointed an evaluation service provider to design and implement an evaluation of the Newton Fund.

The mid-term evaluation stage of this reported in 2018, and included a process evaluation as well as results from the mid-term evaluation of the Fund. The latter found that the Fund was delivering results consistent with achieving its goals, had reached target recipients, and had improved the capacity of individuals and institutions to deliver high quality research. In response to issues highlighted in this evaluation we have taken steps to strengthen our approach to monitoring and evaluation.

Actions ongoing:

- The final stage of the evaluation will begin later in 2019, but the learning from the mid-term report made suggestions that we are already implementing.

- In 2018 BEIS began a Data Reporting Transformation programme to enable more consistent collection of monitoring data, support more efficient portfolio management, and aid transparency. This new tool is expected to roll out from later this year and will also support the reporting of new Key Performance Indicators for the Fund.