

The Newton Fund

A performance review

June 2019

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Overall review scores and what they mean

GREEN

Strong achievement across the board. Stands out as an area of good practice where UK aid is making a significant positive contribution.

**AMBER/
RED**

Unsatisfactory achievement in most areas, with some positive elements. An area where improvements are required for UK aid to make a positive contribution.

**GREEN/
AMBER**

Satisfactory achievement in most areas, but partial achievement in others. An area where UK aid is making a positive contribution, but could do more.

RED

Poor achievement across most areas, with urgent remedial action required in some. An area where UK aid is failing to make a positive contribution.

OGL

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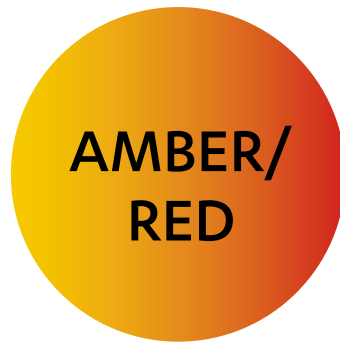
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The Newton Fund is promoting some strong research and innovation partnerships with 17 middle-income countries, but it does not have sufficient strategies and mechanisms in place to ensure that its spending is a good use of UK aid.

The Newton Fund, managed by the Department for Business, Energy and Industrial Strategy (BEIS), promotes research and innovation partnerships with a selection of middle-income countries. The Fund has a budget of £735 million between 2014 and 2021, fully funded by official development assistance (ODA). It operates on the basis of matched funding, with partner countries contributing similar resources to support the partnership. It is a dual-purpose fund, with a primary objective to deliver development impact and a secondary purpose to strengthen the international standing of UK research institutions and increase UK 'soft power'. With little strategic management from BEIS, the pursuit of secondary benefits has been prominent, while the approach to allocating funds has been poorly suited to the primary objective of promoting development impact.

With very little time to 'get money out of the door' in Year 1 of the Fund and no alternative guidance from BEIS, UK delivery partners used existing fund allocation processes and partnerships, mostly concentrated in countries with high levels of research and innovation capacity. China, India, Brazil and South Africa are by far the largest Newton Fund partnerships. Some improvements were made during the second round of funding, beginning in early 2016, and the Fund has adopted a more country-led approach over time. The Fund's approach to capacity building is poorly articulated and largely focused on fellowships and travel grants for individuals, with limited funding or attention given to other critical capacity building activities at organisational and institutional levels.

The Newton Fund does not have a coherent approach to value for money or how to achieve development impact commensurate with an ODA fund of this size. BEIS has entirely devolved the monitoring of ODA eligibility to its UK delivery partners and does not verify that their criteria and processes are sufficient or applied rigorously enough. The UK delivery partners we looked at had procedures in place but varied in their experience with ODA funding and capacity to make this assessment. We were also concerned to find that the matched funding model used for the Newton Fund means that UK ODA stays almost entirely within UK institutions – with partner countries paying for their own research efforts. This raises questions of whether the Newton Fund operates in accordance with the spirit of the UK government's commitment to untie all its aid. BEIS maintains that the Fund adheres to the letter of this commitment.

The Newton Fund lacks a coherent system for monitoring or capturing development outcomes. It therefore has limited evidence on the results of its work so far, hampering cross-Fund learning.

Individual question scores

Question 1

Relevance: How well do the Newton Fund's portfolio and approach support its strategic aims?

AMBER/
RED

Question 2

Effectiveness: How well does the Newton Fund build partnerships for achieving development results?

AMBER/
RED

Question 3

Learning: How well does the Newton Fund learn and adapt?

RED

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Executive Summary

The Newton Fund is a research and innovation partnership fund managed by the Department for Business, Energy and Industrial Strategy (BEIS). It supports UK research funders and institutions to collaborate with partners in selected middle-income countries. The Fund operates on a 'matched basis', where the UK and the partner country each fund their own contribution to the partnership. The UK government has allocated £735 million between 2014 and 2021 to UK delivery partners (mainly research councils and academies), which is then matched in cash or in kind by Newton Fund partner countries. The Fund works in 17 middle-income countries, with half of the budget allocated for China, India, Brazil and South Africa.

The Newton Fund is one of several 'dual-purpose' ODA funds, designed both to promote international development and to support UK national interests. Its development objectives include promoting research that is relevant to the needs of developing countries and helping to build their research and innovation capacity. The national interest objective is to promote UK 'soft power' by positioning the UK as a global leader on research and innovation and to build ties between UK institutions and their counterparts in emerging markets.

This review assesses how effective the Newton Fund is at promoting international research and innovation partnerships to achieve development results. We assess both whether there is sufficient assurance that the use of funds passes the eligibility criteria for official development assistance (ODA) and whether it represents good use of the UK aid budget. The review follows on from a September 2017 ICAI rapid review of the Global Challenges Research Fund, which also falls under the responsibility of BEIS.

Relevance: How well do the Newton Fund's portfolio and approach support its strategic aims?

The Newton Fund was originally conceived as the Emerging Powers Opportunities Fund. It was not designed as an ODA fund, and its focus was on promoting the benefits to the UK from collaborating on research and innovation with middle-income countries, as emerging research nations, economic powers and trading partners of the future. By late 2013, it was decided that the Fund should be 100% ODA-funded, and in January 2014 it was renamed the Newton Fund.

This repurposing was not accompanied by any significant change to the Fund's design to reflect its new primary purpose of promoting international development. We find that the Fund is poorly designed to deliver development goals, and that in reality its secondary objectives have often been the main driver of its choice of partnerships, research themes and approach.

This lack of clarity of purpose has been compounded by poor governance of the Fund by BEIS, with no overarching strategy or strategic management of the portfolio. The Newton Fund's theory of change was only developed some two years after the Fund's launch and was only recently published. There is limited and partial tracking of outcomes, with some delivery partners, such as the Met Office, tracking at their level. There is no consistent Fund-level tracking of outcomes. Faced with time pressure to begin allocating funds, and in the absence of alternative guidance from BEIS, the UK delivery partners mainly made use of their existing fund allocation processes and partnerships, which were mostly with middle-income countries that already had considerable research and innovation capacity – notably China, India, Brazil and South Africa. This raises the question of whether the funds are used where most needed for capacity building.

Some improvements were made for the second round of funding, beginning in early 2016. There is now a more country-based approach, with UK delivery partners working more collaboratively to jointly identify their shared priorities with a wider number of partner countries. This has led the Newton Fund to begin operating more as a fund, rather than parallel initiatives delivered by 15 UK delivery partners.

While the grant award processes used by the UK delivery partners follow sound research excellence allocation criteria, we find that the various requirements and processes introduced for checking the ODA eligibility of their activities are not adequate to guarantee that projects remain ODA-eligible throughout their lifespan. BEIS does not audit or conduct spot checks of UK delivery partner decisions.

The approach to matched funding has evolved but this has not been well communicated across the Fund.

Matched funding or effort works well in equal partnerships with strong research and science institutions, as it helps to ensure their commitment to the partnership. It is less convincing in countries with fewer resources for research and innovation – some of which have lost access to Newton Fund resources because they could not meet the requirement to match UK contributions.

Overall, we find the approach to allocating funds to be poorly suited to the primary objective of promoting development impact, though with some limited improvements made in the second round of funding. We have therefore given the Newton Fund an **amber-red** score for relevance.

Effectiveness: How well does the Newton Fund build partnerships for achieving development results?

BEIS has provided little effective oversight or management of the Newton Fund, resulting in a number of weaknesses, including a lack of transparency and accountability, weak coordination within and across country partnerships, and the lack of a coherent approach to securing value for money.

Newton Fund partnerships are producing some excellent research outcomes and are succeeding in strengthening partnerships between UK research and innovation institutions and their counterparts in a number of countries. However, we found that the Newton Fund does not have a strong approach to ensuring that it maximises opportunities for development impact. This is particularly the case for the capacity building element of the Fund. Just over a quarter of the Newton Fund's expenditure to date falls under the Fund's 'people' pillar. This involves academies providing fellowships to individual researchers from partner countries. Under rules set by BEIS, fellowship awards can be used to support research on any topic, whether related to development or not. The basis of their claim to ODA eligibility is therefore that they are helping to build research capacity in developing countries.

However, we found that the Newton Fund's approach to capacity building focuses predominantly on creating opportunities for individuals to build their skills. This was confirmed when we did a spot check of the assessment of a sample of successful Newton Fund fellowship applications on topics that were not related to development challenges. For all but one of this sample, the claim to capacity building focused only, or mostly, on the individual grantee. The literature suggests that, to build sustainable research capacity, this should be part of systematic, longer-term efforts to build the capacity of research institutions and wider research funding systems. Furthermore, the Newton Fund prioritises working with prominent research institutions in middle-income countries, which already have relatively high capacity. There is therefore reason to doubt that this form of support meets the poverty reduction test in the International Development Act.

Furthermore, a survey ICAI conducted for this review concluded that almost 90% of UK aid spent through the Newton Fund stayed in the UK with UK institutions. We find this to be contrary, at least in spirit, to the UK government's commitment to untying all UK aid. ('Tied aid' is aid that is subject to the condition that it be spent on goods or services from the donor country.)

We find that the Newton Fund has been used as a means of meeting the UK government's commitment to spending 2.4% of GDP on research and innovation by 2027.¹ While capacity building of universities and research institutes in developing countries is a legitimate objective, we find the Newton Fund's approach to capacity building to be unconvincing. We therefore award an **amber-red** score for effectiveness.

Learning: How well does the Newton Fund learn and adapt?

Five years after its launch, the Newton Fund lacks a coherent system for monitoring or capturing development outcomes and therefore has very limited evidence on the results of its work so far, hampering efforts at cross-Fund learning. There are no key performance indicators or other monitoring mechanisms at Fund level. Although these are now belatedly under development, they will not be in place until the final year of the Fund's operation, making it impossible to conclude that the Newton Fund has operated in a way conducive to learning. While we saw a number of learning exchange mechanisms within individual partnerships and some informal sharing of lessons, it remains largely ad hoc. We therefore award the Newton Fund a **red** score for learning.

1. *Industrial Strategy - Building a Britain Fit for the Future*, November 2017, [link](#), and *UKRI Strategic Prospectus: Building on the UKRI Strategy*, May 2018, [link](#).

Recommendations

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.

Recommendation 2

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

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.

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.

Recommendation 5

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

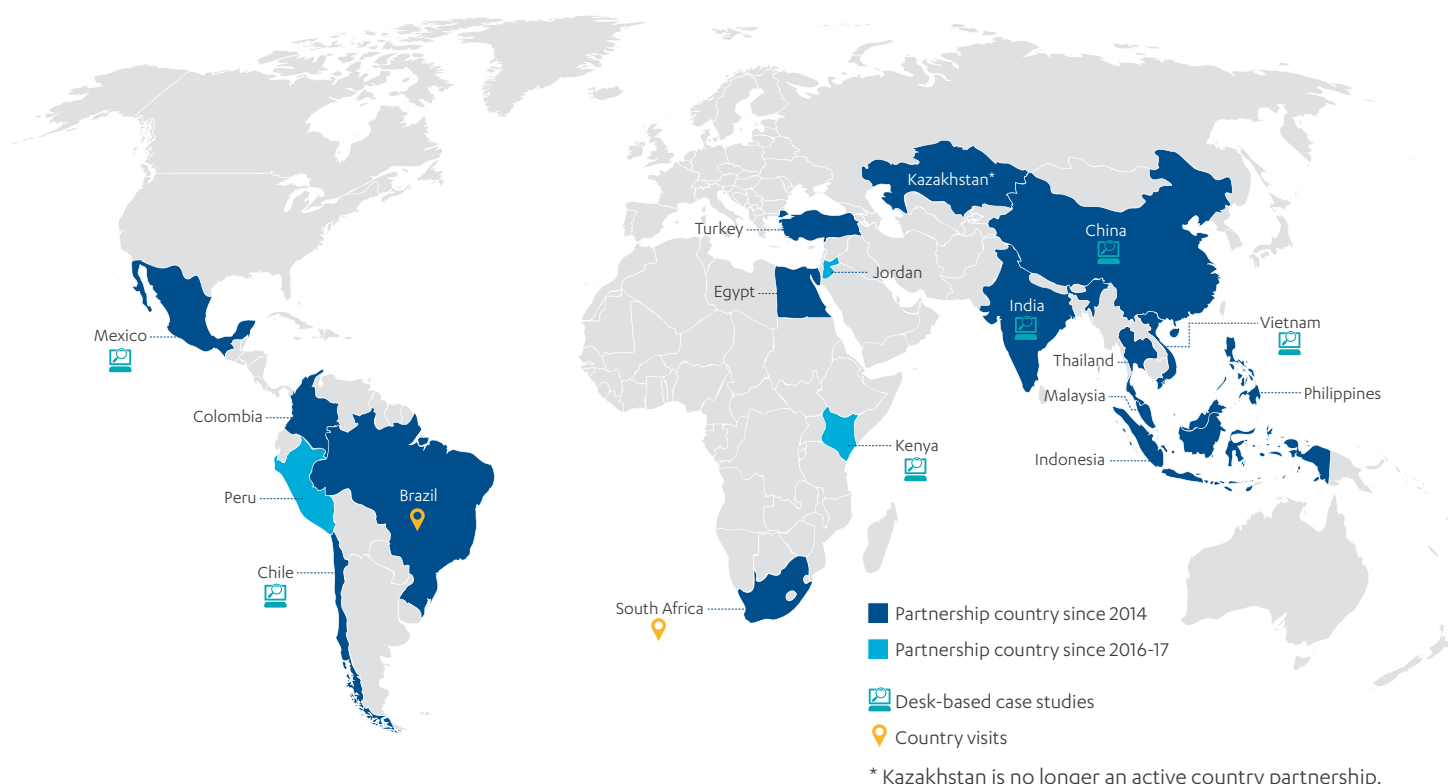
Recommendation 6

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

1 Introduction

- 1.1 The Newton Fund was launched in April 2014 with the aim of developing intergovernmental research and innovation partnerships. The Fund describes its purpose as follows: “Our primary objective is to reduce poverty by generating and putting into use knowledge and technology to address development challenges and advance development for the poorest people and countries. We will seek to maximise the practical impact of research and innovation to improve the lives and opportunities of the global poor. In achieving this we will grow the research and innovation capacity of developing countries, as well as contributing to the continued strength of the UK’s research and innovation system, and support our wider prosperity and global influence.”²
- 1.2 The Fund is administered by the Department for Business, Energy and Industrial Strategy (BEIS) and is wholly funded by UK official development assistance (ODA). As its spending authority comes from the UK’s International Development Act, the activities of the Fund should be likely to contribute to poverty reduction and should consider options for reducing gender inequality.³
- 1.3 The Newton Fund has active country partnerships in 17 middle-income countries (see the map in Figure 1). Most are between the UK and a single country, but the Newton Fund also has a regional South East Asia hub that works with multiple countries. All the partner countries are ODA-eligible except for Chile, which graduated from the list on 1 January 2018 and whose Newton Fund partnership is now focused on addressing development challenges across Latin America, such as biodiversity.⁴

Figure 1: Map of Newton Fund partnership countries and countries in our sample



2. Newton Fund website, [link](#).
3. International Development Act 2002, [link](#).
4. The Newton Fund partnership in Chile now has as a condition that projects must address wider global development challenges and that outputs from the research must be transferable to other DAC-listed countries. *Newton Fund page on Chile*, 2017, [link](#). We understand that two additional countries are under consideration.

- 1.4 This review assesses how well the Newton Fund delivers on its ambition “to develop research and innovation partnerships that promote the economic development and social welfare of partner countries”.⁵ Given its scale, maturity and strategic importance, ICAI has opted to conduct a performance review of the Newton Fund, covering activities since its inception in 2014 in a sample of partner countries.

Box 1: What is an ICAI performance review?

ICAI **performance reviews** take a rigorous look at the efficiency and effectiveness of UK aid delivery, with a strong focus on accountability. They also examine core business processes and explore whether systems, capacities and practices are robust enough to deliver effective assistance with good value for money.

Other types of ICAI reviews include **impact reviews**, which examine results claims made for UK aid to assess their credibility and their significance for the intended beneficiaries, **learning reviews**, which explore how knowledge is generated on new or recent challenges for the UK aid programme and translated into credible programming, and **rapid reviews**, which are short, real-time reviews examining an emerging issue or area of UK aid spending.

- 1.5 We investigate the Fund’s governance and whether its processes for allocating funds and managing its portfolio are effective in supporting its objectives. We assess the quality of its country partnerships and their likelihood of contributing to better development outcomes for partner countries.
- 1.6 The Newton Fund is one of several UK government ‘dual-purpose’ ODA funds, encompassing both primary development objectives and secondary UK national interest objectives. Others include the Prosperity Fund, the Conflict, Stability and Security Fund and the UK’s International Climate Finance. The Newton Fund’s secondary purpose is to strengthen UK ‘soft power’ by building ties with partner countries, promoting the UK as a global leader in development research and unlocking opportunities for collaboration and trade. ICAI’s concern is with the Fund achieving its primary objective of promoting poverty reduction: to what extent this objective has shaped the Newton Fund’s partnerships and whether the pursuit of secondary benefits has detracted from it.
- 1.7 This is one of a series of ICAI reviews of aid spent by departments other than the Department for International Development (DFID),⁶ undertaken to ensure robust scrutiny of the most important non-DFID aid instruments. It follows on from a September 2017 rapid review of the Global Challenges Research Fund,⁷ which also falls under the responsibility of the Minister of State for Universities, Science, Research and Innovation in BEIS and works with largely the same UK delivery partners. Together, the two funds have led to a significant scale-up of the UK’s investment in research and innovation for development.

5. *Newton Fund: building science and innovation capacity in partner countries*, policy paper, BEIS, 24 August 2016, [link](#).

6. These have included reviews of the Prosperity Fund, the Global Challenges Research Fund, the Conflict, Stability and Security Fund, and the UK’s International Climate Finance. ICAI reviews can be found at [link](#).

7. *Global Challenges Research Fund, A Rapid Review*, ICAI, September 2017, [link](#).

Table 1: Our review questions

Review criteria and questions	Sub-questions
1. Relevance: How well do the Newton Fund's portfolio and approach support its strategic aims?	<ul style="list-style-type: none"> • How well does the Newton Fund seek to meet the development research and innovation needs and priorities of its country partners at the strategic and country level? • Does the Newton Fund's approach to allocating funds reflect an appropriate strategy for delivering its primary and secondary objectives?
2. Effectiveness: How well does the Newton Fund build partnerships for achieving development results?	<ul style="list-style-type: none"> • How effective are the Newton Fund country partnerships at building sustainable capacity for generating and using research and innovation? • Are there suitable processes in place to ensure that research and innovation outputs contribute to better development outcomes? • How well is the Newton Fund managing and implementing its work to ensure value for money?
3. Learning: How well does the Newton Fund learn and adapt?	<ul style="list-style-type: none"> • How well has the Newton Fund learned from other ODA programmes that aim to build research and innovation capacity? • Is learning on how to build sustainable research and innovation capacity taking place within country partnerships and being shared across countries? • How well do the Newton Fund and its implementers assess results at project and portfolio levels and adapt in response to lessons learned?

2 Methodology

2.1 The review methodology was designed to ensure that findings are representative of the performance of the Newton Fund as a whole, and takes account of the Fund's use of multiple delivery partners across 17 countries, each with its own partnership arrangement. It comprises four interlocking components (see also Figure 2):

- **Literature review:** The literature review covered three themes: 1) best practice on achieving capacity building, research outcomes and development impact through North-South research and innovation partnerships,⁸ 2) how other donors use official development assistance (ODA) funds in research and innovation, including a desk study of how Germany, the Netherlands and Norway pursue research partnerships with developing countries, to inform the standards against which we measured the Newton Fund's performance, 3) the UK's Global Britain foreign policy agenda, 'soft power' and dual-purpose ODA spending.
- **Strategy review:** We assessed the Newton Fund's strategy and policies at global and country levels, including on aligning primary and secondary aims in a dual-purpose ODA fund. In addition, we reviewed the Fund's governance arrangements and core business processes, including its fund allocation, portfolio management, and monitoring, evaluation and learning procedures.
- **Country partnership reviews:** We conducted eight case studies (see below) to explore the desired outcomes of the country partnerships at three levels, focusing primarily on the first two: 1) intergovernmental level between BEIS and its national counterparts, 2) between UK delivery partners and the national funding partners, and 3) between award-holders – research and innovation bodies in the UK and partner countries that are collaborating on Newton-funded projects.
- **Surveys:** We conducted a survey of country-based funding partners in all 17 active partner countries, as well as a survey of all 15 UK delivery partners, in order to hear directly from beneficiaries of the funding, to consult them on key elements of the Newton Fund and to triangulate findings from the case studies and assess the extent to which they are representative across all partner countries. Respondents answered a series of closed questions by ranking them 1-5 and were also able to offer any free text response at the end of the survey.

2.2 To ensure our review covers a variety of contexts and partnership approaches, we selected eight out of the 17 active country partnerships for review: six desk-based reviews of Chile, China, India, Kenya, Mexico and Vietnam, and two detailed case studies with country visits to Brazil and South Africa. Our sampling criteria included partnership status (original Newton partners, newer additions and one graduated country), strength of existing research and innovation ties to the UK, and the level of the country's existing research capacity. For the two country visits, we added two further criteria: a high proportion of the total Newton Fund spending and strong relevance to the Fund's secondary objectives.

2.3 We also applied sampling criteria at the research programme level in each country. We mainly reviewed programmes with a total budget of over £1 million, but included some smaller programmes from the 'people' pillar of the Fund's activity in order to capture capacity building activities. The sample was made with the aim of ensuring coverage of a wide range of Newton Fund spending and a variety of UK delivery partners, in-country delivery partners, disciplines and thematic areas, and grantee institutions.

2.4 Our methodology and approach are fully described in the Newton Fund Approach Paper.⁹ Both the approach paper and this review were independently peer-reviewed before publication.

8. ICAI adopts the term 'North-South', used by the UK Collaborative on Development Research, [link](#), to describe research collaboration and partnerships similar to the Newton Fund. Other terminology used by BEIS includes developed economy-emerging economy research collaboration and partnerships.

9. *Newton Fund, Performance Review Approach Paper*, August 2018, [link](#).

Box 2: Limitations to the methodology

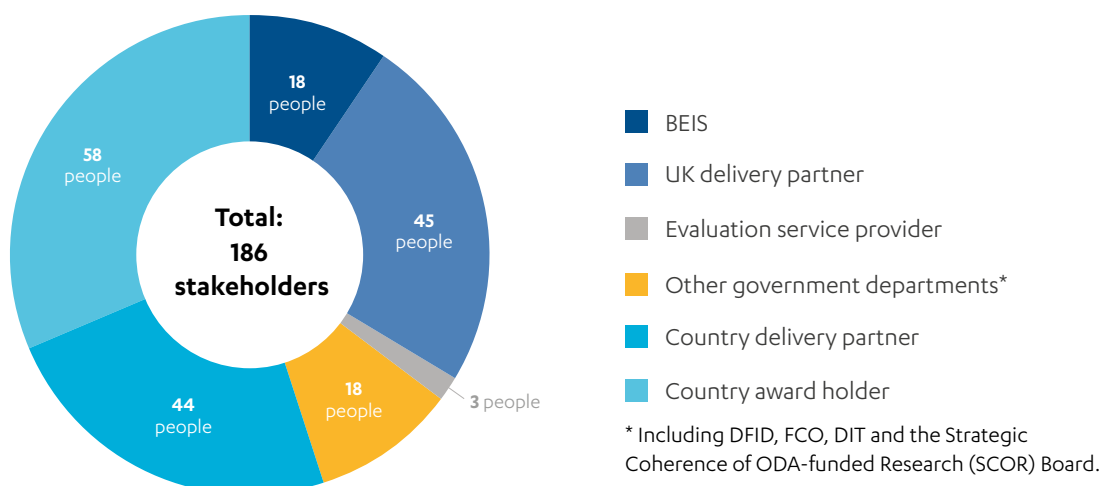
Results data: Investment in research and innovation can take a long time to produce development outcomes, and it is not possible at the outset of a research project to determine what findings – and thus what impact – it will lead to. We will instead assess the likelihood of effectiveness – or the plausibility of what UK Research and Innovation calls 'pathways to impact'.

Representativeness of findings: Each country partnership has different objectives, which makes it challenging to generalise our findings. We have therefore opted for a broad sample that will allow us to take account of variations while also identifying similarities and common themes between countries.

Figure 2: Overview of the methodology



Figure 3: Stakeholder interviews



3 Background

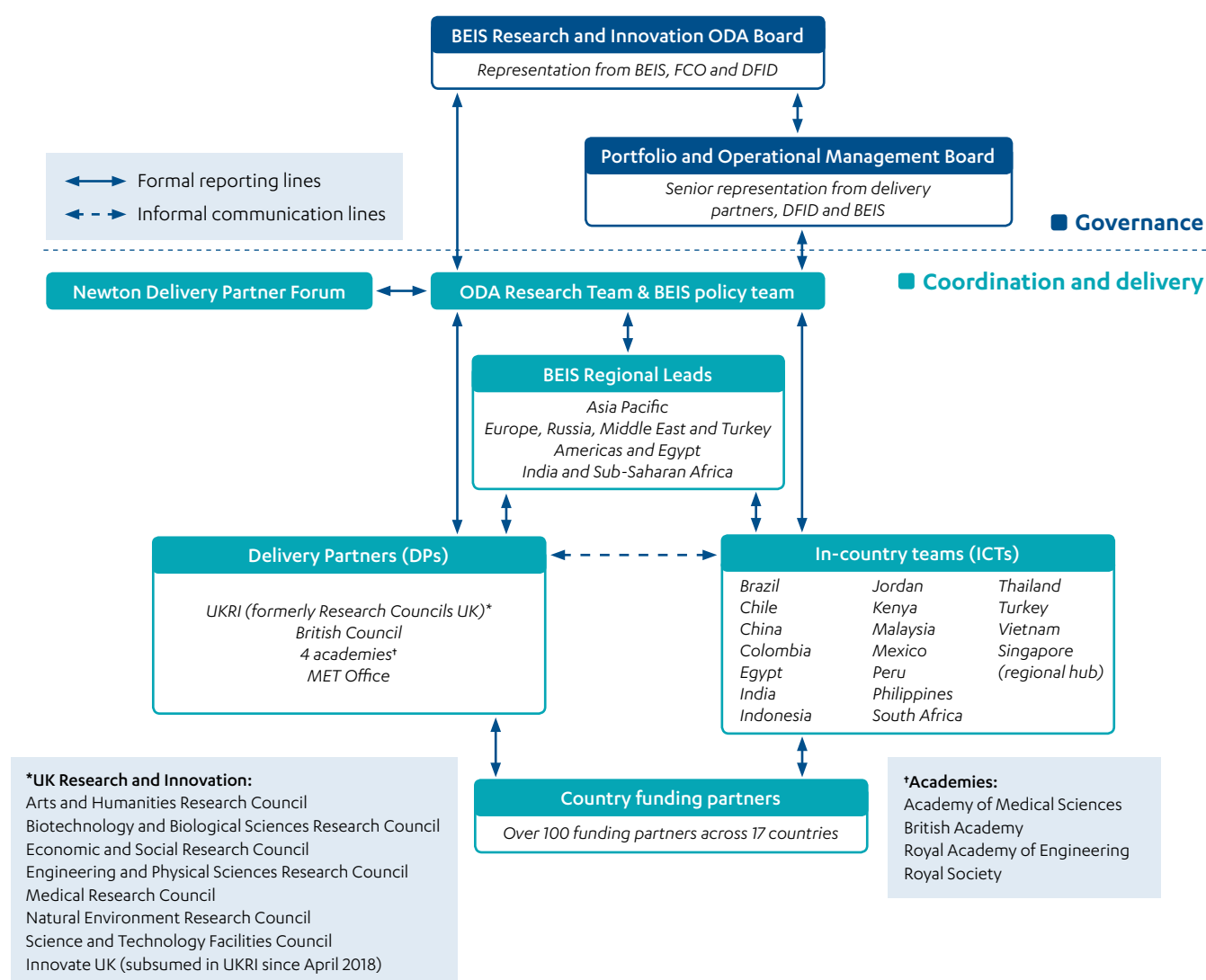
Origins and purpose of the Newton Fund

- 3.1 At the design stage, the Newton Fund was originally called the Emerging Powers Opportunities Fund, and then the Emerging Powers Research and Innovation Fund. The purpose of this Fund, announced as part of the December 2013 Autumn Statement, was to support research collaboration with countries of increasing strategic importance to UK scientific and wider public policy objectives.
- 3.2 Subsequent to the Autumn Statement announcement, the decision was taken to repurpose the Fund as a 100% official development assistance (ODA) instrument, with its primary purpose the economic development and welfare of partner countries. The research and innovation funded under the Newton Fund is also part of the commitment “to reaching the target 2.4% of GDP investment in research and development (R&D) by 2027”.¹⁰

Institutional structure of the Newton Fund

- 3.3 Figure 4 shows the institutional structure of the Newton Fund, divided into two strands: governance and delivery. The former is the responsibility of the Department for Business, Energy and Industrial Strategy (BEIS), while delivery is largely delegated to the UK delivery partners: the research councils and Innovate UK brought together by UK Research and Innovation (UKRI), together with the academies, the Met Office and the British Council.

Figure 4: Newton Fund institutional structure



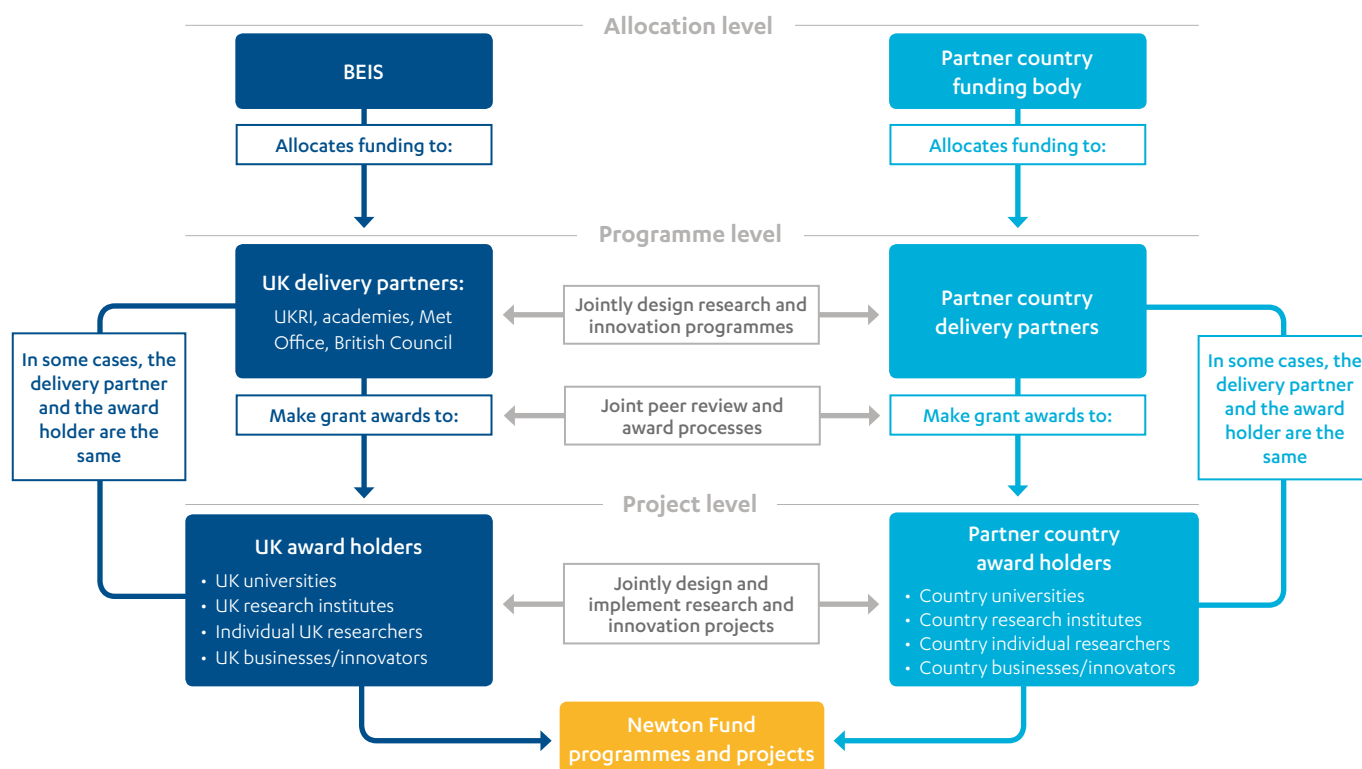
10. The allocation of funding for research and innovation, BEIS, July 2018, [link](#).

3.4 The BEIS Research and Innovation ODA Board oversees all of the department's ODA-funded research spending, including the Newton Fund. In 2017, BEIS introduced a Portfolio and Operational Management Board, to provide more oversight at the Fund level, allowing the Research and Innovation ODA Board to focus on strategic decision-making.

Delivery structure of the Newton Fund at partnership level

3.5 The Newton Fund operates at three levels: government to government, between UK and country delivery partners, and between UK and country award holders. Figure 5 below illustrates how this works.

Figure 5: How the Newton Fund works

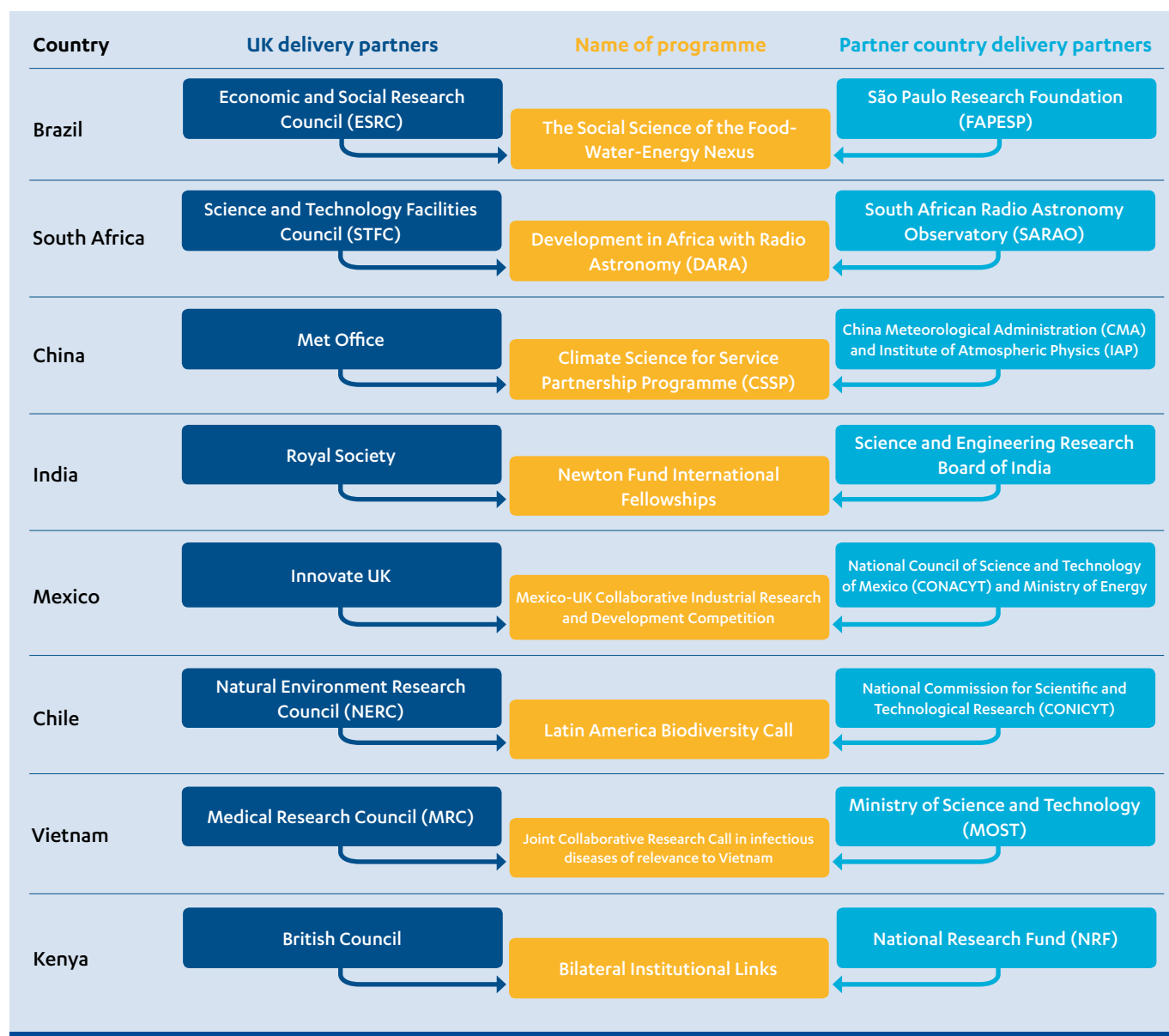


3.6 Once funding allocations have been made by BEIS, UK delivery partners work with their counterparts in the partner country to issue calls for proposals (see Box 3). For instance, the UK's Economic and Social Research Council (ESRC) partnered with the São Paulo Research Foundation (FAPESP) to jointly design a programme addressing the social science of the nexus between food, water and energy. The research call was published on the websites of both delivery partners, with British universities applying to ESRC and Brazilian universities applying to FAPESP.

Box 3: The Newton Fund's UK delivery partners and their in-country counterparts

On the UK side, the Newton Fund is delivered by a total of 15 individual delivery partners, as outlined in Figure 4. There is no fixed set of in-country delivery partners. Instead, UK delivery partners identify the most relevant counterparts on a programme-by-programme basis. These counterparts fund and deliver the partner country's part of the programme in partnership with UK delivery partners.¹¹ The following graphic highlights some programmes sampled by ICAI for this review, including which UK and in-country partners are involved in their funding and management.

11. A list of in-country delivery partners for each Newton Fund partner can be found on the Newton Fund website, [link](#).



3.7 There are Newton Fund in-country teams in all 17 partner countries, made up of one to three people based in one or more cities. Most in-country teams are part of UK Science and Innovation Network (SIN) offices, which sit within the UK embassy or diplomatic post, under the management of the Foreign and Commonwealth Office (FCO) in country. In countries that have SIN offices, in-country teams report to UK leads.

Overview of the Newton Fund portfolio

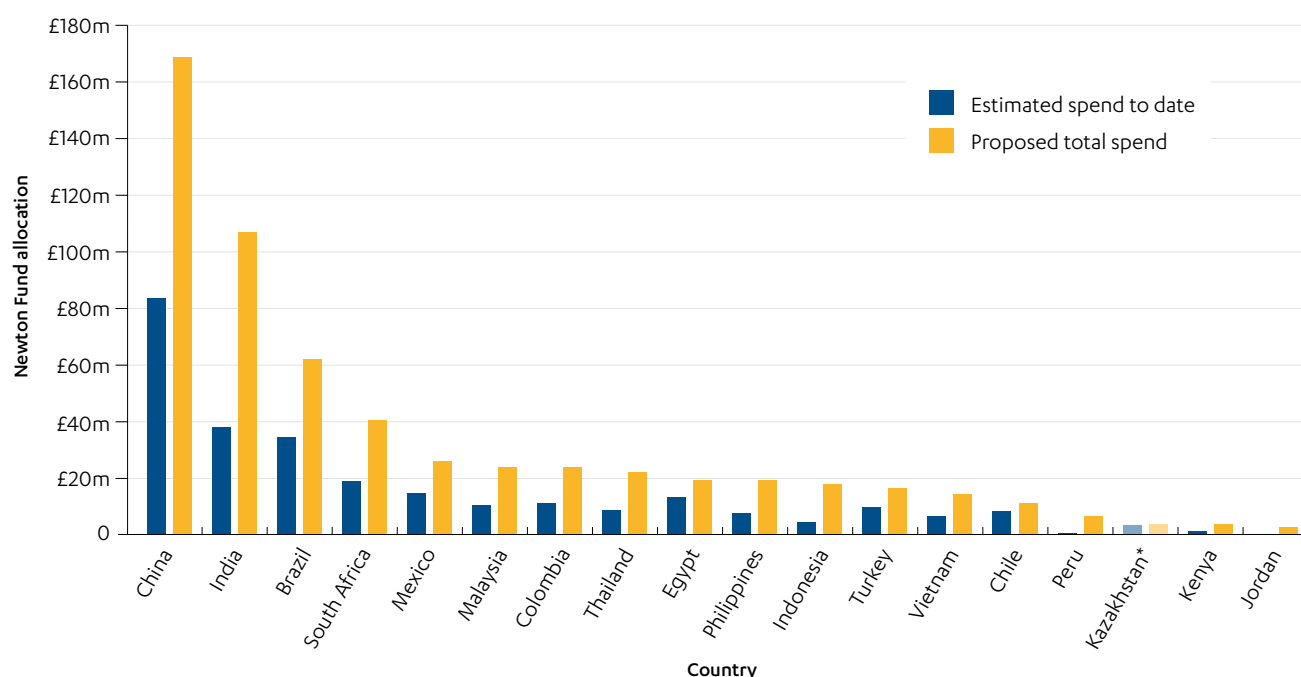
3.8 The Newton Fund had an initial budget of £75 million per year over five years to 2019, with matched contributions (in funding or in kind) required from partner countries. The UK delivery partners only make awards to UK grantees, while in-country funding and delivery partners fund the in-country grantees.

3.9 The November 2015 Spending Review, published the same month as the UK aid strategy,¹² increased the Newton Fund's budget and time span. It now has a total budget until 2021 of £735 million.¹³ Of this, 54% of actual and forecast spending is in four countries: China (the largest by far of the country partnerships, currently capped at £33 million per year), India, Brazil and South Africa (see Figure 6). Only 10% of the funding (less than £70 million) remains available for allocation in the final two financial years of 2019-20 and 2020-21.

12. UK aid: tackling global challenges in the national interest, UK government, 23 November 2015, [link](#).

13. See Newton Fund: building science and innovation capacity in partner countries, policy paper, BEIS, 24 August 2016, [link](#).

Figure 6: Newton Fund allocation by country



Sources: Data provided by BEIS as of August 2018. Note there is also some regional spending in South East Asia.

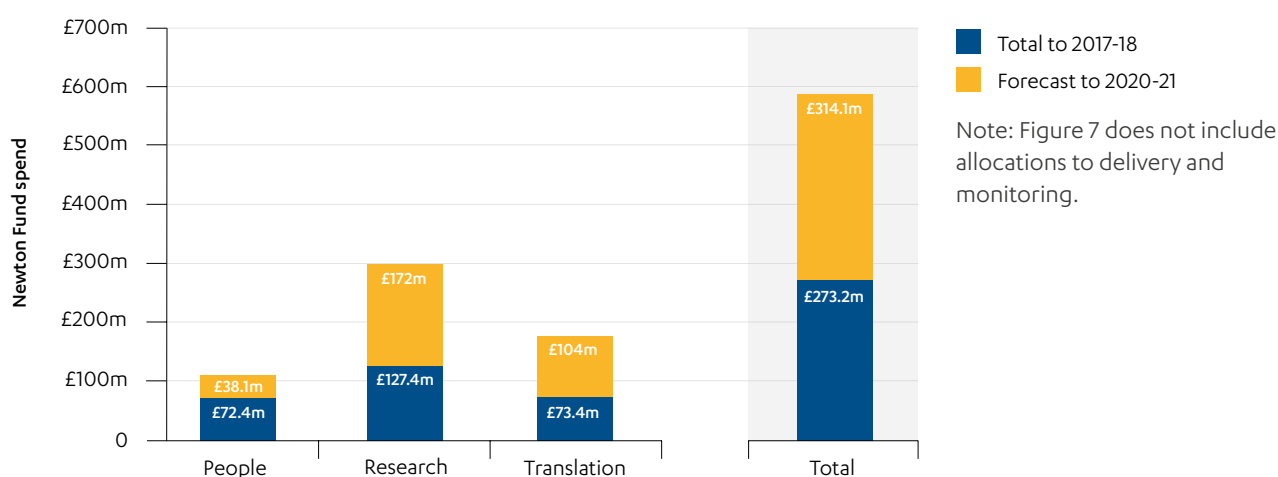
* Kazakhstan is no longer an active country partnership.

3.10 Although BEIS has published an overarching statement of intent covering all of its ODA spending, the Newton Fund does not have a published strategy. However, in 2016, the evaluation service provider for the Newton Fund developed a theory of change, which further developed the three pathways to impact identified by BEIS at the start of the Fund (see Annex 2 for a full theory of change diagram):

- **People:** improving research and innovation expertise (capacity building), student and researcher fellowships, mobility schemes and joint centres.
- **Research:** research collaborations on development topics.
- **Translation:** innovation partnerships and challenge funds to develop innovative solutions on development topics.¹⁴

Most of the Newton Fund spending is channelled through the 'research' pillar (see Figure 7 below).

Figure 7: Newton Fund spend by pillar



14. Newton Fund: building science and innovation capacity in partner countries, policy paper, BEIS, 24 August 2016, [link](#).

4 Findings

- 4.1 In this section, we set out our review findings on whether the Newton Fund's portfolio and approach are **relevant** to supporting its strategic aims, its **effectiveness** in delivering development impact, and how well the Fund is **learning** and adapting.

Relevance: How well do the Newton Fund's portfolio and approach support its strategic aims?

The Newton Fund's design originally centred on the benefits to the UK of collaborating with emerging powers

- 4.2 As its first name (Emerging Powers Opportunities Fund) indicated, the Newton Fund was originally designed to promote the benefits to the UK of collaborating in research and innovation with emerging economic powers. It was intended to position the UK as a global leader on development research, to build strong partnerships between UK research and innovation institutions and counterparts in middle-income countries, and to identify and develop future economic ties.
- 4.3 When it was decided that the Fund should be 100% official development assistance (ODA), it was renamed and the list of partner countries amended to remove a number of countries (including Argentina, Iran and Ukraine) that were not ODA-eligible or otherwise considered unsuitable. However, there was no fundamental redesign of the Fund to reflect its new primary purpose. Senior external stakeholders who were closely involved in developing the Fund from the beginning told us that the failure to redesign the Fund at this stage lies at the heart of many of the weaknesses identified in this review.
- 4.4 We have found no evidence of serious consideration given to the question of how to balance the Fund's primary and secondary purposes. In practice, we find that the Fund's secondary objectives tended to predominate in the choice of partners and approaches to collaboration when the first partnerships were established.

It is not common among donors to use 100% ODA to finance matched funding partnerships with strong national interest components

- 4.5 When we studied the literature on how other donors use ODA to support research and innovation partnerships, we did not find any examples of the pure use of ODA in cases where a significant element of national interest was involved (although the Netherlands, inspired by the Newton Fund example, has plans to do so).¹⁵ We looked in particular at how three donors, Germany, Norway and the Netherlands – all with strong science communities and ambitious research internationalisation strategies – funded research collaboration with developing countries. We found that the choice to use ODA or non-ODA resources – or a combination of the two – varied depending on the topic of the research, the element of capacity building involved and the wishes and interests expressed by the Southern partner institution. For instance, the Research Council of Norway mixes ODA and non-ODA to fund partnerships with emerging research powers such as China and Brazil, where Norway's own economic and foreign policy interests are prominent, although the mix of ODA and non-ODA is not fully transparent.
- 4.6 Germany uses ODA to support research partnerships involving German institutions, but in cases where the focus is clearly on lower-income countries with weaker research capacities. In those cases, unlike the Newton Fund, Germany pays the entire costs of the partnership and places a strong emphasis on individual and institutional capacity building for the partner institutions in lower-income countries. It does not expect lower-income countries to fund their own partnership participation. Where it funds the German contributions to equal research partnerships in emerging economic powers, it does not report the funding as ODA. It has not attempted to combine primary and secondary purpose under ODA funding in the way that the Newton Fund does.

15. The Netherlands research council, NWO, is in the process of setting up the Merian Fund, explicitly inspired by the Newton Fund, but there is little information in the public domain on how this will function or whether it will be fully funded by ODA. If it is, this would be a departure from the earlier practice of using a mix of ODA and non-ODA depending on the aim of the partnership and the research project funded. See *NWO Strategy: Connecting Science and Society*, NWO, April 2018, [link](#).

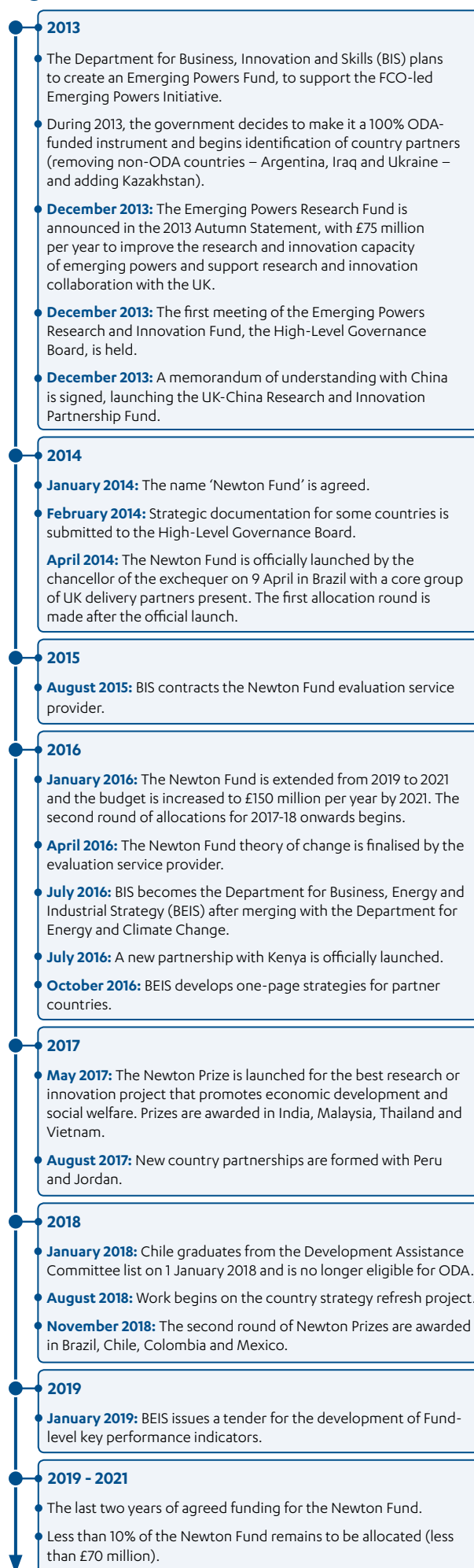
The first round of allocations was determined by the absorptive capacity of UK delivery partners, rather than the needs of the partner countries

4.7 Although we acknowledge that high-level country visits were made to prospective Newton Fund partners, and that high-level plans were prepared in 2014 for some of the country partners, in practice we found that the Newton Fund made its first round of funding allocations to UK delivery partners based on their capacity to spend the funds. Some had well-established partnerships with institutions in developing countries, which could be scaled up to absorb the new funding. As there was no ‘year zero’ in which to prepare for the disbursement of the Fund, the delivery partners had little time to establish new partnerships. The first set of funding calls (representing at least 26% of the Newton Fund’s total budget) therefore tended to make use of these existing partnerships, concentrated in a few countries and institutions with higher existing research capacity. There was limited scope to seek out new partnerships with weaker institutions with more capacity building needs, or to match the thematic topics of the research with the development priorities of the partner countries.

4.8 The haste with which the Newton Fund spending was disbursed in the first phase was at odds with good practice on building equitable research partnerships. Advice commissioned by UK Research and Innovation (UKRI) notes that time and patience are essential to building trust and establishing equal partnerships. There was no guidance at this point on how to go about partnership building using ODA funding.

4.9 From early 2016, the Fund shifted towards a more collaborative and country-based approach (commonly referred to by delivery partners and in-country teams as phase two of the Newton Fund). Basic country strategies were developed (which are currently in the process of being refreshed) and UK delivery partners began to work together to identify priorities for particular partner countries and identify synergies between their activities. By the time of its second funding round, the Newton Fund was operating more as a fund, rather than as parallel activities by 15 UK delivery partners.

Figure 8: Timeline of the Newton Fund



Box 4: Best practice for fostering equitable partnerships

In 2017, the UK Collaborative on Development Science (now the UK Collaborative on Development Research) published the report *Building Partnerships of Equals: The role of funders in equitable and effective international development collaborations*. The report reviews the models and practices across 11 North-South research collaboration programmes and presents the following guidelines on how funders can best support equitable partnerships:

1. inclusive agenda-setting
2. funding new research questions and valuing complementary skills and knowledge
3. setting the tone
4. rewarding skilled project managers and team players
5. looking for equality beyond the leaders
6. equitable budgets, research and financial management
7. providing ongoing institutional capacity strengthening
8. widening participation
9. investing for the long term
10. working closely with other funders and agencies in the North and South.

In 2018, UKRI funded the Rethinking Research Collaborative,¹⁶ a group of research users, facilitators and providers involved in North-South research partnerships for development, to publish *Promoting fair and equitable research partnerships to respond to global challenges*. The report aims to help the Newton Fund and the Global Challenges Research Fund (GCRF) achieve a “deeper understanding of persistent bottlenecks in partnerships that risk undermining the international development goals” of these funds. The report noted the need for better evidence and a more considered approach to effective, fair and equitable partnerships. It made direct recommendations to UKRI and set out eight principles:

1. **Put poverty first.** Constantly question how research is addressing the end goal of reducing poverty through better design/evaluation of responsive pathways to development impact.
2. **Critically engage with context(s).** Consider the global representativeness of partnerships and governance systems and commit to strengthening research ecosystems in the global South.
3. **Redress evidence hierarchies.** Incentivise intellectual leadership by Southern-based academics and civil society practitioners and engage communities throughout.
4. **Adapt and respond.** Take an adaptive approach that is responsive to context.
5. **Respect diversity of knowledge and skills.** Take time to explore the knowledge, skills and experience that each partner brings and consider different ways of representing research.
6. **Commit to transparency.** Put in place a code of conduct or memorandum of understanding that commits to transparency in all aspects of the project administration and budgeting.
7. **Invest in relationships.** Create spaces and commit funded time to establish, nurture and sustain relationships at the individual and institutional level.
8. **Keep learning.** Reflect critically within and beyond the partnership.

16. Rethinking Research Collaborative website: [link](#).

The matched funding requirement may disadvantage poorer countries and leads to most of the UK funding staying in the UK

- 4.10 The Newton Fund uses a matched funding model whereby country partners must contribute their own resources to match the UK funding. In principle, matched funding offers a means of determining whether partner countries are genuinely committed to the initiative, and therefore willing to commit their own resources, resulting in a higher level of ownership. A review by the Newton Fund's evaluator found that this model provides advantages to the UK in the form of greater insight into the partner country's strategic priorities.¹⁷
- 4.11 Initially, HM Treasury had stipulated exact cash matches from partner countries. The Department for Business, Innovation and Skills (BIS, the predecessor of BEIS) successfully argued that 'equivalent effort' should be acceptable, allowing partners to provide either matched funding or matched effort, or a combination of both. Our survey responses indicate that 76% of country respondents have never been able to meet the originally agreed matched funding.
- 4.12 In the absence of clear guidance from BIS/BEIS, the approach to matched funding has evolved separately within each country partnership. We identified at least ten different matched funding models in use across our eight case study countries, and there may be more in other countries. BEIS has not attempted to streamline or rationalise the approach or provide guidance as to which is more effective in which circumstances.
- 4.13 Matched funding has worked effectively with well-established and reasonably well-funded partners, particularly when applied in a flexible way. However, it has also exposed partnerships to various vulnerabilities. For example, in 2015-16 the fiscal crisis in Rio de Janeiro state meant that it could no longer provide the required matched funding on several programmes and led to the partnership with the state funding council being terminated. Rio de Janeiro has since been included in limited Newton Fund calls with the academies. In South Africa, partners struggled to provide their contribution following a weakened currency and budgetary constraints, costing South African partners much time and effort to keep partnerships operating during this challenging period. In Kazakhstan, the partnership was cancelled as the proposed funding partners were unable to match the UK contribution.
- 4.14 In Mexico, to circumnavigate a lack of funds available from Mexican delivery partners in the face of severe budget cuts, the Newton Fund worked to get other Mexican government agencies, such as its national health service, involved in its activities. While it succeeded in continuing the work, the diversion of funds from the national health budget is potentially a distortion of national priorities. In our interviews, we were told that Mexican partners were unaware that more flexible forms of matched funding were being used in other countries, indicating a lack of communication.
- 4.15 The requirement for matched funding may have acted as a barrier to working with partners that are not as well resourced, which is at odds with the Newton Fund's stated capacity building goal. This problem is widely recognised in the literature: a focus on matched funding or effort, particularly when combined with the pursuit of research excellence, works against the allocation of funds to poorer countries and institutions.¹⁸
- 4.16 For China and India, the challenge relates to the constraints imposed on the partnership by the use of ODA to fund the UK contribution. The Newton Fund has capped its funding for the China partnership at £33 million per year. Without a cap, most of the Newton Fund allocation could have gone to China alone.¹⁹ Newton Fund partners have reiterated a desire for a balanced portfolio, taking into account what the UK can fund with ODA, and areas outside of ODA for which the UK has more limited resources. According to key stakeholders, certain Indian funders have raised concerns around India being identified as the beneficiary in the UK side of the call documents while welcoming the impacts

17. *Mid-term Evaluation of the Newton Fund*, Coffey and RSM, internal document, December 2018.

18. We note that in South Africa, the South African Medical Research Council (SAMRC) opted to provide funding using its own resources for two 'Historically Disadvantaged Institutions' that were identified as strong applicants under Newton Fund programmes ('Historically Disadvantaged Institutions' are higher education institutions which suffered from discrimination, underdevelopment and under-funding during the Apartheid period'). SAMRC recognised the potential of these projects to have a high impact in the African setting and therefore agreed to fund them outside of Newton.

19. Internal Newton Fund documentation.

these partnerships are generating. As a result of this, two Newton Fund programmes have been on hold since the summer of 2018.

- 4.17 Our survey of UK and in-country delivery partners found that, in practice, most of the UK ODA stayed in the UK for the benefit of UK institutions. Only 11% of UK funding appears to be spent inside the partner countries. In-country delivery partners told us that on a number of programmes they have to negotiate on a case-by-case basis for any transfer of funds from their UK delivery partners. 60% of all in-country respondents told us that they did not receive any UK ODA. Of those that did, the funding was mostly only for specific travel, conferences and workshops.

Box 5: Lessons from fellow donors: employing different approaches to funding research partnerships with middle-income versus lower-income countries

We looked at the approach taken by three other donors with long-standing experience in research partnerships with developing countries: the Netherlands, Norway and Germany. The comparison revealed two markedly different partnership approaches, depending on the income level and research capacity of the partner country. Partnerships with middle-income countries (MICs) looked very different to those with lower-income countries (LICs).

Bilateral partnerships with MICs on the DAC list of ODA-eligible countries were funded by ministries of science and education through research councils and focused on (mutual) national interest, research excellence, innovation and private sector involvement. The collaboration counterparts were top research institutions in Brazil, China, India and South Africa, which have similar research cultures to those of their research counterparts in Northern countries, using the same or similar metrics for success and publishing in the same internationally recognised journals. Research partnerships with these countries were based on models of matched funding. ODA was sometimes used, but not to fully fund the partnership.²⁰

We were unable to find examples of larger-scale bilateral partnerships between ministries of science and education, and LICs with weaker research capacity. Research partnerships with LICs were funded instead by international development agencies (the equivalents to the UK's Department for International Development, DFID). These partnerships were fully ODA-funded and did not require a match. They were organised around Sustainable Development Goals or other development challenges and generally had strong capacity building components.

This leaves a question mark over whether and how such partnerships can be used not only to support already relatively strong research environments in MICs, but also to help build such environments in LICs with weaker higher education and research sectors.²¹

Conclusions on relevance

- 4.18 When the decision was made to repurpose the Newton Fund as a 100% ODA fund, the design was not adjusted to match the primary objective of delivering development impact. In the absence of strong governance arrangements and strategic management from BEIS, the secondary objectives around benefits for the UK have tended to predominate, with aid resources used to help meet the UK government's spending commitment on public funding of research.
- 4.19 Funding was initially allocated according to the absorptive capacity of the UK partners, rather than the priorities of the partner countries, and the first round of funding went mainly to support and expand existing partnerships, which were with well-resourced countries and institutions. The matched funding model has been used in a diverse and ad hoc way to promote country ownership. Partnerships have tended to be with leading institutions in middle-income countries, rather than with those that need the most support. There has been some improvement in the second phase, which ICAI welcomes and

20. For instance, when the Research Council of Norway combined matched funding with ODA when collaborating with South African partners, all projects had requirements to include Historically Disadvantaged Institutions and improve gender imbalances. In its Brazil and China partnerships, little ODA was used.

21. We note that the GCRF has launched a growing research capability call and that capacity building and partnership are key criteria for the GCRF. However, in fact, the GCRF heat map shows that it is MICs that receive the most GCRF funding. The top five countries are Kenya, South Africa, India, China and Brazil, all Newton Fund countries, rather than LICs, [link](#).

acknowledges as a positive step. But the funding model remains a poor fit with the Newton Fund's stated objectives of promoting development-oriented research and building research capacity in developing countries.

4.20 We therefore award the Newton Fund an **amber-red** score for relevance.

Effectiveness: How well does the Newton Fund build partnerships for achieving development results?

4.21 In this section, we assess the effectiveness and value for money of the Newton Fund in achieving its primary purpose – defined by the Fund's website as follows: "to reduce poverty by generating and putting into use knowledge and technology to address development challenges and advance development for the poorest people and countries" and to "seek to maximise the practical impact of research and innovation to improve the lives and opportunities of the global poor".²² We investigate whether there are suitable processes in place to ensure that research and innovation outputs contribute to better development outcomes, and how effectively the Newton Fund country partnerships build research capacity (of both institutions and individuals).

BEIS does not provide effective oversight or management, resulting in blurred accountability, a lack of transparency and weak coordination within and across country partnerships

4.22 BEIS has provided minimal oversight or management of the Newton Fund, resulting in a number of weaknesses including lack of transparency and accountability within the Fund's governance structure. This makes it unclear where accountability for the Newton Fund lies. BEIS has devolved responsibility to UK delivery partners and in-country teams in various areas, including on ODA compliance. This has led to a diversity of arrangements emerging at country level regarding partnerships and matched funding. Flexibility can be useful if it allows the Fund to adapt its management processes and funding mechanisms to the unique conditions of each country. However, we did not find that this was being done in a strategic way.

4.23 The Newton Fund lacks an effective mechanism for coordinating among the many UK and in-country delivery partners, both within individual countries and across its portfolio. While the UK has a Newton Fund team in each country, these teams are not empowered to lead the country partnerships and lack a strong horizontal mechanism to share learning between countries. They provide some useful support with coordination, but individual UK delivery partners continue to operate largely in parallel and in isolation from each other.²³

The Newton Fund is promoting some strong research partnerships

4.24 The world's major science nations – the UK among them – are deeply committed to international collaboration. They see it as vital to bolstering their own capacity in an increasingly competitive field, and to promoting knowledge sharing and scientific discovery through networks and pooling of resources.

4.25 The Newton Fund has provided a significant boost to the funding available to UK research and innovation institutions for international cooperation. There was a clear consensus among the UK delivery partners we spoke to that the country partnerships have led to high-quality research collaboration and contributed to the global prestige of UK research and innovation institutions. UK diplomatic staff in partner countries also noted the value of the partnerships in building bilateral relations.

4.26 Funding partners in Newton Fund partner countries also welcomed the partnerships. In South Africa, the South African Medical Research Council (SAMRC) was complimentary about its partnership with the UK's Medical Research Council. Their collaboration on non-communicable diseases follows a unique matched funding model, whereby SAMRC manages the funding for both research councils. In

22. Newton Fund website, [link](#).

23. We note that in eight instances the much smaller academies have joint agreements with in-country partners.

Brazil, the Newton Fund helped Brazilian delivery partners keep research funding on the agenda at a time of large-scale government funding cuts, and senior Brazilian stakeholders told us that the pressure of mutual deadlines with UK partners helped them to cut through heavy bureaucratic procedures on the Brazilian side. In Mexico, the Newton Fund prompted the Mexican science and technology council to open a new department for international research partnerships, which now also works with other countries such as the US, Germany and France.

- 4.27 The examples in Box 6 show that the Newton Fund has been able to achieve partnerships that are highly appreciated by both UK and country partners, are genuinely mutually beneficial and have clear relevance to partner countries' development challenges.

Box 6: Good examples from the Newton Fund at grant level

The following case studies have been selected from three sources: Newton Fund projects that ICAI directly reviewed, projects that BEIS put forward as good examples, and a selection of Newton Prize winners.

South Africa

UK delivery partner (UKDP): British Academy

South African delivery partner (DP): National Research Foundation

Dates: 2014-15

UK budget: £74,000

In 2014, Professor Geo Quinot of the University of Stellenbosch was awarded a grant as part of the Newton Fund British Academy Advanced Fellow scheme for the ***Developing the scholarship of African public procurement regulation*** project.²⁴ Through this funding and his collaboration with Professor Sue Arrowsmith from the University of Nottingham, Professor Quinot has developed a course of public procurement law that has been adopted by the South African Public Prosecutor's Office as part of training lawyers in investigating cases involving public procurement. In addition, Professor Quinot has also established the first Masters programme in South Africa on procurement law, offered at the University of Stellenbosch.

Brazil

UKDP: Medical Research Council

Brazilian DP: CONFAP

Dates: 2016-19

UK budget: £221,947

Under the UK-Brazil ***Neglected Infectious Diseases Partnership*** programme, Fundação Oswaldo Cruz Recife (Fiocruz) and the University of Glasgow jointly implemented a research project entitled ***The emergence of Zika virus in Brazil: investigating viral features and host responses to design preventive strategies***.²⁵ The project was the first in the world to focus on Zika virus epidemiology, and the research played a significant role in Brazil's policy response to the crisis, which has disproportionately affected Brazilians living in poverty. The research team was one of the first to push for recognition of the link between the virus and microcephaly in babies, training staff at the Ministry of Health to use a new diagnostic method. In terms of longer-term impact, the findings from this research have informed other projects, including one focusing on the feasibility of creating a Zika vaccine.

24. Newton Fund 2014 Awards List, The British Academy, [link](#).

25. The emergence of Zika virus in Brazil: investigating viral features and host responses to design preventive strategies, UK Research and Innovation, [link](#), Informing a rapid response to Brazil's Zika outbreak, Newton Fund, [link](#).

Mexico

UKDP: British Council

Mexican DP: National Council for Science and Technology (CONACYT)

Dates: 2015-16

UK budget: £70,000

Researchers from the University of Oxford, the Monterrey Institute of Technology and Higher Education, and other partner universities in Mexico received a grant to conduct research leading to a universal vaccine against dengue fever, one of the most rapidly spreading mosquito-borne diseases in the world. The funding provided for vital equipment and enabled scientists from Mexico and the UK to share expertise in person. The grant also supported ten scientists from Mexico to work from Oxford to further build their capacity in the field. As a result of this grant, a network of institutions researching on infectious diseases was created between the University of Oxford and higher education institutions and research centres in Mexico. The partners have secured funding to transfer their research to industry, including through a pending UK patent. If taken into production, the vaccine could have clear benefits to Mexico and the rest of the world.²⁶

China

UKDP: Met Office

Chinese DP: China Meteorological Administration (CMA)

Dates: 2014 to 2019-21

UK budget: £25 million - £43 million

As part of the larger Climate Science for Service Partnership China programme (CSSP China), researchers from the CMA and the Met Office have conducted research on extreme high temperatures and heavy rainfall events in China, which have become more likely due to human-induced climate change. One of the studies researched the hottest summer on record in western China, which led to crop damage (including corn, wheat and fruit trees), and another examined the heavy rainfall in south-east China in May 2015 that led to severe flooding, loss of life and mass displacement. This scientific collaboration has generated evidence about the contribution of climate change to extreme weather, allowing for more resilient planning in the future.

The Newton Prize

The annual £1 million Newton Prize was introduced in 2017 to recognise excellent science, research and innovation in support of economic development and social welfare in Newton Fund partner countries.²⁷ The prize celebrates the best partnerships between the UK and Newton countries. It is awarded regionally each year. The 2017 Newton Prize focused on **India, Malaysia, Thailand and Vietnam**, with five prizes of up to £200,000 awarded to each winner.

India winner

UKDP: EPSRC

Indian DP: Department for Science and Technology

Dates: November 2017

UK budget: £199,999.55 for the Newton Prize (an original grant of £1,283,497 over 2014-18 came from EPSRC).

26. UK and Mexico unite against spread of Dengue fever, Newton Fund Institutional Links success story, British Council, [link](#).

27. Newton Fund website: [link](#).

A project led by Brunel University in the UK and the Indian Institute of Technology in India delivered the **Advancing the Efficiency and the Production Potential of Excitonic Solar Cells (APEX)-II** project. The research focuses on creating more efficient solar energy. The project has advanced solar technology and led to patents. The cheaper upfront processing costs have also attracted interest from manufacturing companies in India and elsewhere. The project has led to strong UK-Indian partnerships, which have in turn led to high-quality, high-impact joint publications, patents and more than 50 exchange visits of early-career researchers.²⁸

However, some projects may fall outside the ODA definition or fail to represent best use of ODA

- 4.28 To meet the obligations of an ODA fund, the Newton Fund must at a minimum ensure ODA eligibility for all of its expenditure. BEIS has entirely devolved the monitoring of ODA eligibility to its UK delivery partners and did not provide ICAI with convincing evidence that they verified that their partners' criteria and processes were sufficient or applied rigorously enough. As a result, based on the information given to us by BEIS, the research councils and the academies, neither BEIS nor an external scrutiny body such as ICAI are in a position to determine whether all of the Newton Fund's activities are ODA-eligible.
- 4.29 The UK delivery partners that we looked at had procedures in place to check that research proposals were within the international ODA definition, but varied in their experience with ODA funding and capacity to make this assessment. Furthermore, research projects can sometimes change focus during their lifespan, and there is no process at the portfolio level for checking that the funding remains ODA-eligible over the lifetime of the award, as BEIS has delegated this to its delivery partners. Development impact is not always assessed in post-grant project reviews, and there is no attempt to track and aggregate development impact across the portfolio. We understand that UKRI is in the process of reviewing and updating its ODA compliance procedures.
- 4.30 Well-informed and well-placed senior staff and interlocutors raised concerns with us about ODA eligibility. A 2018 internal evaluation of the Fund noted that the ODA eligibility requirement was often treated as a constraint on research partnerships, rather than an overarching objective. It found that: "funding partners in some countries are becoming increasingly assertive and pushing the boundaries for what constitutes ODA". It also noted that: "Some partner countries are keen to pursue research and innovation collaborations that are not ODA-eligible, or they feel the notion of what constitutes an ODA topic needs to consider the specific situation of each country. In most countries, this issue does not surface because there are enough areas that are 'traditionally' ODA where there is a need and willingness to engage."²⁹ However, this issue has arisen in the four biggest Newton Fund partners – China, India, Brazil and South Africa – which account for the majority of the funding.
- 4.31 One of the requirements of the International Development Act is that aid-spending departments must consider the desirability of providing aid in such a way as to contribute to reducing gender inequality. The internal mid-term evaluation of the Newton Fund noted: "there is no Fund-level strategy or guidance on how gender equality is expected to be addressed through the Newton Fund or BEIS' expectations in terms of gender mainstreaming in the implementation and management of activities". Over five years into the operation of the Fund, we understand that BEIS is now seeking to address this.³⁰
- 4.32 Establishing ODA eligibility is only the most basic step towards effective use of aid. To ensure effectiveness and value for money, we would expect the Newton Fund to direct its funding so as to maximise development impact in the partner countries, by aligning with their development priorities and capacity building needs. Given that 90% of the funding remains within the UK, we are not convinced that it is doing so.

28. *Creating more efficient solar energy*, Newton Fund, [link](#).

29. *Newton Fund Process Evaluation*, internal document, July 2018.

30. *Newton Fund Mid-term Evaluation*, internal document, December 2018.

4.33 In numerous interviews with grantees and some in-country teams, we found that development impact was often seen as an add-on, or even in conflict with what they perceived as the primary aim of achieving research excellence or promoting UK ‘soft power’. In high-level communications, BEIS and its Newton Fund delivery partners told us that its approach to research excellence in developing country settings is broad and integrated with development impact goals. However, we found that this view was not always reflected by stakeholders, among both UK and in-country delivery partners. A common view was that research excellence should take priority, and some interviewees stated that the pursuit of research excellence and development impact were in tension and could not be pursued in tandem. From our literature review, a common theme is that many research funding bodies tend to focus on how North-South research partnerships promote research excellence, based on international metrics, rather than research with practical application in developing country contexts (see Box 7). The latter form of research is more often funded by development agencies such as DFID in the UK or Germany’s BMZ.

Box 7: Research excellence versus development impact: a false but persistent dichotomy³¹

Research excellence is in most cases the main criterion employed by research funders when awarding grants, and by universities and scientific institutions when appointing or promoting academic staff. As a shortcut to determining research excellence, many science communities use a bibliometric approach – that is, the number of publications and citations in top-ranking international journals.

There is a growing debate in the literature, and among funding bodies, about the appropriateness of these methods of assessing the quality of research, particularly in the context of international development assistance. Research excellence has become defined with reference to the perspectives, research interests and standards of a small number of international journals, which tend to be abstract, theoretical or universalist. This reduces the scope for diversity. Localised research, based on particular societal concerns and challenges encountered in specific contexts, is seen as less important. These are seen as ‘case studies’, rather than high-quality primary research. Research published in languages other than English also tends not to count in citation indexes.

What follows is a tendency to contrast the excellence of a research project with its applicability to local challenges, with the implicit assumption that local relevance and applicability necessarily entail a trade-off with quality. There is no evidence in support of this proposition, and there is an argument to be made that it works against the achievement of development objectives in international research partnerships.

4.34 We therefore find that the Newton Fund is treating ODA eligibility – and by extension, development impact – as merely a compliance threshold under the International Development Act, rather than as its overarching purpose. It is therefore likely to be missing opportunities to promote research with practical application in developing country contexts.

The approach to development impact through capacity building is unconvincing

4.35 We find the Newton Fund’s approach to capacity building to be weak. Newton Fund partner countries all have different levels of research and innovation capacity. This was clearly identified both by BEIS and by the Newton Fund’s independent evaluator. However, the Newton Fund has not developed a credible capacity building approach based on the latest research and evidence. In fact, its support is concentrated in partner institutions with the highest capacity, with whom UK research institutions are keen to build ties, rather than in those with greater capacity building needs. The partner countries with the highest research capacity (China, India, Brazil and South Africa) received the most Newton Fund support.

31. Sources: ‘Bibliometrics: The Leiden manifesto for research metrics’, Hicks et al, *Nature*, 2011, vol. 520, issue 7548, [link](#); ‘Towards fair and effective North-South collaboration: realising a programme for demand-driven and locally led research’, Kok et al, *Health Research Policy and Systems*, 2017, vol. 15, p. 96, [link](#); ‘The metric tide: Report of the independent review of the role of metrics in research assessment and management’, Wilsden et al, *HEFCE*, 2015, [link](#).

- 4.36 The Newton Fund’s capacity building approach also largely focuses on individual training, and not on building the capacity of research institutions or strengthening national systems for supporting and sustaining academic research over time. A DFID ‘How To Note’ on building research capacity is clear that sustainable capacity building must go beyond the training of individuals, to include the organisations in which they work and the wider institutional context,³² and this is confirmed in the wider literature.³³ This was also clearly articulated in an influential report for the British Academy on support for early-career researchers in Africa: “There is an urgent need to invest in talented individuals to ensure that Africa has a strong foundation of researchers, producing high-quality research, and able to train successive generations. But it is vital that these investments in people are designed to strengthen the wider research base in universities and their faculties and departments.”³⁴
- 4.37 This shortcoming is most acute under the ‘people’ pillar, which constitutes just over a quarter of the Fund’s expenditure to date. The people pillar involves UK delivery partners providing fellowships to individual researchers from partner countries for short-term research stays in the UK and collaboration with UK partners. The topic of the research is not required to be development-related. In 2014, BIS gave permission for the academies to grant awards on non-ODA topics, on the basis that “education and training programmes are generally accepted to meet the ODA requirement”.³⁵ This permission was subject to the important caveat that the fellowship programmes should be carefully designed in discussion with partner countries, with an agreed approach to building capacity across a range of disciplines and subject areas. BEIS asserts that these conditions have been met on the basis of discussions that culminated in a high-level memorandum of understanding at country level.
- 4.38 As part of our assessment of the Newton Fund’s approach to capacity building, we conducted a spot check of ten UK delivery partner fellowships – eight in South Africa and two in Brazil. We chose fellowships on topics unrelated to development challenges in order to see if these instead had strong capacity building elements (see Table 2 for the details). We reviewed the application and the peer review assessment for each fellowship, but not the academic outputs. We found that the applications for fellowships were judged primarily on the academic merit of the applicant and their research proposal. Capacity building potential was also considered, but – with only one exception – the capacity building benefits discussed in the application and the assessment were at the individual level, with little or no reference to how this would fit into a broader capacity building approach at the organisational level. Most of the grants went to high-capacity researchers at leading research institutions, and there was no discernible wider strategy or agreement with the partner institution for building research capacity. The risk of lack of sustainability under the people pillar was highlighted in the Evaluation Strategy report delivered to the Newton Fund by its external evaluation service provider in April 2016. Our findings confirm this risk. Given that capacity building is part of the primary purpose of the Newton Fund, we find the lack of a credible approach to capacity building beyond the individual level to be a serious deficiency, amounting to poor use of ODA. Furthermore, it throws into question whether capacity development is in fact the primary purpose of these fellowships, and therefore whether they are in compliance with the ODA definition and the International Development Act.

32. *How to Note: Capacity building in research*, DFID, June 2010, [link](#).

33. See, for example, *Building Partnerships of Equals: The role of funders in equitable and effective international development collaborations*, Jennie Dodson, UK CDS, 2017, [link](#); *Research capacity strengthening in Africa: Trends, gaps and opportunities: A scoping study commissioned by DFID on behalf of IFORD*, Nicola Jones, Mark Bailey and Minna Lyytikäinen, ODI, 2007, [link](#); *Promoting fair and equitable research partnerships to respond to global challenges*, Rethinking Research Collaborative, UKRI, September 2018, [link](#); *Research for development impact: The role of equitable partnerships*, ESPA, Policy and Practice Briefing, March 2008, [link](#); *Research Capacity Strengthening in Low- and Middle-Income Countries: Ethical Explorations*, Hyder et al, Journal of Law, Medicine and Ethics, April 2017, [link](#); *Research Capacity Strengthening in Low and Middle Income Countries – An Evaluation of the WHO/TDR Career Development Fellowship Programme*, PLOS Neglected Tropical Diseases, May 2016, [link](#).

34. *Foundations for the future: Supporting the early careers of African researchers*, Jonathan Harle, British Academy, 2011.

35. Letter from the minister for universities and science to the president of the Royal Society and the president of the Royal Academy of Engineering, dated 19 June 2014.

Table 2: Spot check of planned capacity building approaches in ten Newton Fund fellowships at the peer review stage

Fellowship title: Establishment of the programme in Global Economic History at the University of Cape Town

UK budget: £74,000

Subject matter of the research: The Department of Historical Studies at University of the Cape Town launched a new Masters and PhD programme in economic history (2015) to develop African economic historians. The project aimed to enhance access to archival resources on economic history scholarship in South Africa.

Planned capacity building approach: Benefits are outlined at the individual level (grantee's career, training of students) and institutional level – to develop a “truly African perspective on economic history”. One of the reviewers noted the proposal's emphasis on “capacity building and infrastructure development over specific research questions”. This was the only grant in our sample with a strong emphasis on institutional capacity.

Fellowship title: An arc to the future: Preserving and promoting orature in the South African literary imaginary, Rhodes University

UK budget: £74,000

Subject matter: Engages with South African oral literature to track historical change and reciprocal transnational influences between South African, African-American, Afro-Caribbean and Black British poets after 1960.

Planned capacity building approach: Mostly for the individual (career and training); no specific measures to strengthen institutional capacity. The proposal suggests that the community will benefit through the breakdown of social barriers created by Apartheid, for example by bringing township and student poets together.

Fellowship title: South African jazz cultures and the archive, University of Stellenbosch

UK budget: £72,816

Subject matter: The project organised jazz archives, documented interviews with musicians and funded two Masters-level studentships to work on South African jazz at Stellenbosch.

Planned capacity building approach: Mainly at the individual level (training for the applicant and two Masters students). We were informed that the project led to a shift in admissions policy to the music department at Stellenbosch, to enable non-white students to enrol.

Fellowship title: New histories of South African Christianity, University of Johannesburg

UK budget: £10,000

Subject matter: Research on the convergences and crossovers that characterise Christian practice in Southern Africa.

Planned capacity building approach: No focus on capacity building beyond the individual grantee and her students through her teaching. One reviewer notes that the strength of the programme is the participation of eminent scholars in South Africa and the UK.

Fellowship title: Consumer ethics in post-Apartheid South Africa, University of Cape Town

UK budget: £75,988

Subject matter: Understanding how consumption, ethical judgements about food, and identity intersect in post-Apartheid South African cities. To benefit retailers and civil society organisations in South Africa and UK businesses seeking ethical markets in the global South.

Capacity building approach: The application does not discuss capacity building beyond the individual level (knowledge transfer to the grantee and her team, international networking).

<p>Fellowship title: The Age of Opportunism: Paul Kruger’s Transvaal, 1886-1899, University of the Free State</p> <p>UK budget: £111,000</p> <p>Subject matter: To link insights into the historical interplay between the global and the local in the 19th-century Transvaal gold rush through a biography of Paul Kruger.</p> <p>Planned capacity building approach: Limited to training of the grantee. No clear links to institutional capacity or societal impact, except an aim to make history more accessible to the public.</p>
<p>Fellowship title: Coetzee’s Other Arts: Visuality, Intermediality and Adaptation, University of the Western Cape</p> <p>UK budget: £81,000</p> <p>Subject matter: The project focuses on novelist JM Coetzee and adaptations of his work into painting, sculpture, music, photography, film, dance, opera and theatre.</p> <p>Planned capacity building approach: To establish the grantee as a world-leading researcher and reinvigorate Coetzee studies in South Africa. The reviewers do not discuss capacity building beyond noting that the University of the Western Cape is a Historically Disadvantaged Institution.</p>
<p>Fellowship title: The politics and poetics of World War I commemoration in South Africa and the UK, University of the Western Cape</p> <p>UK budget: £9,910</p> <p>Subject matter: The political and cultural history of the commemoration of the First World War in South Africa and the UK focused on the centenary of the sinking of the Mendi, when 600 men from the South Africa Native Labour Corps lost their lives en route to working at ports in France, and how race mediated commemoration practices.</p> <p>Planned capacity building approach: Focused on training the grantee. The reviewer notes that the University of the Western Cape, as a Historically Disadvantaged Institution, will benefit from a UK connection.</p>
<p>Fellowship title: Images of the gods: the discourse on cult statues in Cicero and late Republican debates on Roman religion, Rio State University</p> <p>UK budget: £98,810</p> <p>Subject matter: The discourse on cult statues in the work of the Roman intellectual and politician Cicero. The role of the engagement with divine images in Cicero’s reflection on the interplay between religion and politics in Republican Rome.</p> <p>Planned capacity building approach: Training for the individual, and the chance to collaborate with UK colleagues. Contribution to the expansion of the humanities in Brazil.</p>
<p>Fellowship title: Global Nuclear Vulnerability: the effects of the Cuban Missile Crisis on British, French and Brazilian nuclear policies, Goiás University</p> <p>UK budget: £74,000</p> <p>Subject matter: International politics: the role of the UK, France and Brazil during the 1962 Cuban Missile Crisis.</p> <p>Planned capacity building approach: Training and networking for the grantee. Suggestion that it will benefit the underdeveloped region of Goiás.</p>

BEIS has no coherent approach to value for money at the Fund level

- 4.39 The Newton Fund has no framework for determining, measuring and assessing value for money, and we did not find any evidence of BEIS learning from international best practice and guidance, or from DFID’s substantial experience and guidance on how to measure the value for money of ODA-funded research and innovation. Without a set of strategic priorities and plans, there is a very real risk that the Fund misses the opportunity to ensure that the development impact of its portfolio of investments is bigger than the sum of its parts.

- 4.40 DFID's value for money framework includes four dimensions: economy, effectiveness, efficiency and – increasingly – equity, added to support DFID's commitment to ensuring that women and marginalised groups are not left behind. In contrast, an articulation of value for money provided by BEIS focuses only on economy (how the Fund minimises the costs of inputs).
- 4.41 The monitoring and evaluation service provider will not undertake a value for money assessment of the Newton Fund until the very end of the review cycle, when it is too late to make improvements to how the Fund works (unless its lifetime is extended beyond 2021). It is not clear how this would be in line with the Treasury guidelines on managing public money.³⁶
- 4.42 In interviews, BEIS noted that the existence of matched funding from partners was an important aspect of value for money. BEIS defines value for money as effectiveness in meeting the key criteria for allocations. The evaluation service provider has also developed an Evaluation Strategy that proposes an approach to value for money which includes looking at 'the value of the partner country resources leveraged' (in other words matched funding). This suggests that the value for money of this portion of UK ODA spending would be assessed in part on the basis of what developing countries have contributed from their own budgets to enable partnerships with UK researchers in UK research institutions paid for by UK ODA.

The Newton Fund is reported by BEIS as untied aid, but it appears to be tied aid in spirit

- 4.43 'Tied aid' is the provision of aid on the condition that it is used to procure goods or services from the country providing the aid. To 'untie' aid is generally agreed to be an important measure for reducing transaction costs and increasing the efficiency of development assistance.³⁷ The UK government reports all its ODA as untied, and has committed to continue to untie aid.³⁸ We raised our concerns about tied aid in our GCRF review, and we are also concerned about the reporting of the Newton Fund as untied.
- 4.44 BEIS maintains that because Newton Fund programmes "are part of formal bilateral partnerships", they are categorised as technical assistance and therefore not tied aid. However, only UK delivery partners receive allocations in the first instance, which are then 'matched' by in-country delivery partners as part of the Newton Fund partnerships. The partner countries thus use their own resources – not UK aid – to support their own research institutions' participation in the partnership. UK aid is instead almost entirely used to fund UK institutions' participation in the partnership. As mentioned, our survey reported that only 11% of UK funding appears to be spent in partner countries. We find this funding model to be, at the very least, in breach of the spirit of the UK government's commitment to untie all its aid.
- 4.45 It is notable that UK delivery partners often report the outcomes of Newton Fund research projects as the achievement of the UK grantee alone. On the UKRI Gateway to Research, a public database of projects, for several Newton Fund projects, the collaborating partner in the developing country is not mentioned at all in the project report. UK delivery partners acknowledged that this is an ongoing problem. In other cases, advantages to the UK (for example, new Chinese battery technology leading to job creation in Cambridge) were flagged as the main project outcome, rather than the benefit for the partner country.³⁹

36. *Managing public money*, HM Treasury, July 2013, with annexes revised as at March 2018, [link](#).

37. *Untied aid*, OECD, [link](#).

38. *The Conservative Party Manifesto*, 2017, [link](#).

39. *New Chinese battery technology benefits UK through Newton Fund*, Phyla Lin, FCO, [link](#).

Box 8: The tied aid question for the Newton Fund

BEIS has reported that: “Most of the ODA spending under the Newton Fund is categorised as free-standing technical cooperation.” This is excluded from the DAC recommendation on tied aid.⁴⁰ The UK’s policy commitment to untying has been in place since 2001.⁴¹

We note that the question of tied aid is of increasing interest in public discourse, given the ongoing evolution of the ODA definition at the DAC, including recent efforts by the UK government to modernise it, and recent DAC decisions on where tied aid can and cannot be used.

The International Development Committee (IDC) recently took an interest in the question of tied aid in its report, *Definition and administration of ODA*, with particular reference to the Prosperity Fund.⁴²

The Development Initiatives *Investments to End Poverty 2018* report highlighted a trend of more aid being spent by donors in their own countries. “ODA spending by donors in their own countries rose from just over 2% of total ODA in 2019 to 10% in 2016, before falling slightly to 8% in 2017... this has contributed to a rise in ODA that doesn’t result in a transfer out of the donor country.”⁴³

Conclusions on effectiveness

- 4.46 Our review has found that BEIS does not provide effective oversight or management of the Newton Fund as a whole, resulting in blurred accountability, a lack of transparency and weak coordination within and across country partnerships.
- 4.47 The Newton Fund partnerships are resulting in some excellent research outcomes and the Fund is widely seen as strengthening the UK’s ‘soft power’ through science diplomacy. Funding partners in Newton Fund partner countries also welcomed the partnerships and, at its best, the Newton Fund has been able to achieve partnerships that are genuinely mutually beneficial. The Newton Fund may well be a useful source to boost the 2.4% GDP funding commitment to research and innovation made by the government, providing additional funding for UK delivery partners at a time of budgetary constraints.
- 4.48 However, we found that the Fund is far from optimised to constitute the best use of ODA to achieve development outcomes – its primary purpose. We found that some of its projects do not seem to fall within the ODA definition. There is no Fund-level approach to capacity building and no coherent approach to value for money. Findings from our survey concluded that almost 90% of UK ODA spent through the Newton Fund stayed in the UK with UK institutions. Given this allocation model, we find that BEIS’s approach to Newton Fund spending is not consistent with the spirit of the UK government’s commitment to untie all aid.
- 4.49 Many of the problems ICAI has identified stem from the Newton Fund being 100% ODA-funded, but without a strategy for ensuring maximum development impact through its investments. We therefore award the Newton Fund an **amber-red** score for effectiveness.

Learning: How well does the Newton Fund learn and adapt?

- 4.50 In this section, we look at how well BEIS captures and assess results at the programme and project level, and whether or not it has adapted in response to lessons learned.

40. Most of the ODA spending under the Newton Fund’s sister fund, the GCRF, is categorised as “**Experts and other technical assistance**” and untied “**Project-type interventions**”. BEIS considers universities and research institutions as non-governmental organisations for the purposes of interpreting guidance on tying, and reports ODA spent through these as “untied by convention”. The department cites as its guidance paragraph 194 of the Statistical Reporting Directives for DAC statistics, [link](#).

41. *Eliminating World Poverty: Making globalisation work for the poor*, DFID White Paper on International Development, December 2000, [link](#).

42. *Definition and administration of ODA*, IDC, March 2018, [link](#).

43. *Investments to End Poverty 2018*, Development Initiatives, 2018, [link](#).

The Newton Fund does not have a Fund-level approach to capturing development outcomes and therefore no one can reach an informed conclusion on the Fund's development impact over the past five years

- 4.51 There has been no Fund-level system for capturing development outcomes in place since the creation of the Newton Fund more than five years ago. There is therefore extremely limited evidence on the development impact of the Newton Fund so far. As Box 6: 'Good examples from the Newton Fund at grant level' exemplifies, there are individual projects funded through Newton partnerships that have great potential or actual development outcomes, but these outcomes are often not captured in monitoring and reporting processes. The lack of a Fund-level system for capturing these has significantly hampered the ability of the Newton Fund to learn and adapt, as there is no robust way in which to collect evidence on how the Fund achieves development impact. Individual delivery partners use their own pre-existing reporting tools to capture outputs and outcomes from their Newton Fund grantees, but these tools are in general not designed for the purpose of capturing development impact. Due to the variation in reporting mechanisms of the delivery partners, BEIS has no means with which to aggregate any meaningful data or comparisons across delivery partners or countries to measure the collective impact of the Fund.
- 4.52 In August 2015, BEIS (BIS, at the time) appointed an evaluation service provider to design and implement an evaluation of the Newton Fund with the aim of establishing whether the primary objective of the Fund was being delivered and whether it was being delivered in a way that represented value for money. Due to the late start, the service provider had to retrofit a baseline from available secondary data and Newton Fund partner data from Year 1. It then used this, together with interviews and interactive workshops with key stakeholders, to craft a theory of change for the Newton Fund.
- 4.53 However, the theory of change does not include any measurement frameworks or tools, such as key performance indicators (KPIs), that can be used to assess whether the Newton Fund is achieving its promised outputs and outcomes at the country or Fund level (we turn to the tracking of impact at the level of individual projects below). At the time of writing, BEIS had tendered a contract for a service provider to develop KPIs relevant to both the Newton Fund and the GCRF. We were informed that the contract for this work will be completed in May 2019, more than five years into the Fund.
- 4.54 Evidence from UK delivery partners collected via interviews and surveys shows that they do not actively use the theory of change to inform or track their Newton activities. Furthermore, BEIS does not require its UK delivery partners to report on a set of pre-defined, standardised – or at least harmonised – indicators, despite receiving recommendations to do so in the evaluation service provider's inception report. As a result, there is no Fund-level overview of the Newton Fund's projects and spending.
- 4.55 The absence of comprehensive and consistent monitoring data placed significant limits on the scope of the evaluation conducted by the service provider. Instead, a largely qualitative, case study-led approach has been adopted to evaluate the progress of the Newton Fund so far, complemented by quantitative evidence from surveys of award holders.
- 4.56 BEIS has worked to put measures in place over the past year to address these concerns, most notably through a Reporting Transformation Working Group, to reassess and redesign the data collection and reporting needs for the Fund. The Working Group has advised creating a system that will replace the Excel-based activity tracker with a cloud-based IT solution. BEIS has selected a successful supplier and informs us that they are on track to implement the new system and ensure it is ready for full use by April 2020, one year before the Newton Fund's currently scheduled conclusion. Although this recent progress is encouraging, we are concerned that by the time these measures are finalised and operational, six years of data to assess development outcomes will have been lost.
- 4.57 UKRI told us that it has begun, on its own initiative, to address the lack of tailored reporting mechanisms through the ongoing Benefits Realisation Project. This project collects data from the research councils and will collect data from Innovate UK on impacts from UKRI Newton Fund awards to date, including policymaking, capacity building and an overview of further funding that has been obtained. The key output of the Benefits Realisation Project is an internal-facing annual report, containing key statistics and award-level case studies. The plan is to collect data every six months to update this report.

UK delivery partner-led and country-level mechanisms for exchange of information have improved over time, allowing for informal learning, but gaps still exist

- 4.58 Since the start, there have been efforts within the Newton Fund to exchange information on a regular basis, including through the monthly UK Delivery Partner Forum and the UKRI-specific Newton Fund Implementation Group, held every two weeks. These mechanisms were rated favourably by UK delivery partners as a way of receiving updates on Newton Fund processes and activities. UK delivery partners also noted that the creation of UKRI has helped with internal learning on the Newton Fund, as there is now a joint home for common policies and practices.
- 4.59 Most initiatives for sharing learning are ad hoc and not present in every Newton country, exacerbated by the fact that there is no database containing information about all Newton Fund activities, especially at the project level. In several cases, we were told that in-country teams did not have access to a full list of projects in their country, requiring them to approach each UK delivery partner individually to obtain this information. This was inefficient and led to missed opportunities for learning at country level.
- 4.60 BEIS told us that information-sharing activities have evolved and become more integral to the Fund over time, but acknowledged that there is value in expanding them and applying them in a structured and coherent way across the breadth of the Newton Fund. We agree, since in the absence of a more systematic approach, learning and best practice can be easily lost, as many stakeholders informed us has been the case to date.

Conclusions on learning

- 4.61 We are concerned that, after five years, there is still no Fund-level approach to capturing development outcomes, and although we understand that more information will be forthcoming from the service provider later in 2019, we are concerned that these reports cannot be on the basis of a Fund-level approach to capturing development outcomes. We are unable to reach a conclusion on the Fund's impact since its launch in 2014. Individual UK delivery partners assess their own results, but their tools are generally not designed for ODA research programmes.
- 4.62 There are no KPIs or other measurement mechanisms at the Fund level. Although the Newton Fund is now belatedly seeking to put these in place, this will not be until the last year of the Fund's operation. After a two-year delay in putting in place a very basic monitoring and evaluation system, there will nevertheless not be a firm baseline against which to measure impact.
- 4.63 We therefore award the Newton Fund a **red** score for learning.

5 Conclusions & recommendations

Conclusions

- 5.1 In 2014, the Newton Fund provided a significant increase in UK aid spending on research and innovation. There are many pressing development challenges that would benefit from country partnership-led research. We have no doubt that this could be a potentially effective use of UK development aid.
- 5.2 In many instances the Newton Fund's UK delivery partners have made good use of existing mechanisms for identifying valid research proposals. And in several cases UK delivery partners have successfully adapted these to meet ODA eligibility requirements. However, this cannot be said to apply across the board to all Newton Fund investments, and BEIS has delegated much responsibility to the level of the UK delivery partners without effective oversight or audit. This makes it hard for BEIS, and for scrutiny bodies such as ICAI, to confirm that the Fund is all ODA eligible. Similarly, the matched funding allocation model and the fact that UK ODA stays largely with UK institutions raise queries about whether or not the Newton Fund honours the spirit of the UK government's commitment to untying all its aid, even if BEIS maintains that it meets the legal requirements.
- 5.3 We have found a number of fundamental weaknesses at the strategic level. There is still no strategy in place after over five years of operation and after some 90% of the funding has been allocated. This makes it very difficult to focus the Fund's resources and maximise development impact or value for money. This has given rise to the very real possibility that the Newton Fund portfolio will be too scattered in its focus to achieve a development impact commensurate with an ODA fund of this size. There is no Fund-level performance framework or effective data or knowledge management system in place after over five years, which means that the Fund's impact on addressing development challenges will be hard for anyone to ascertain, including ICAI.
- 5.4 The funding allocations in the first round were in almost all cases led by UK delivery partner capacity and interests rather than country needs and priorities, which suggests that the focus, particularly in the first two years, was on sharing out the available funding across UK research institutions.
- 5.5 We nonetheless recognise that many of the individuals at the UK and in-country delivery partner level, and at the award level, are deeply committed to the Newton Fund and are pleased with this additional source of funding and opportunity to work together in this way. Most of the problems identified in this report stem from the Newton Fund being repurposed as a 100% ODA fund at a late stage in its design, and our recommendations focus on how the Fund can perform better when pursuing its primary purpose while remaining successful at achieving its secondary benefits.

Recommendations

- 5.6 These recommendation areas are predicated upon a Spending Review decision that the Newton Fund will continue after 2021.

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.

Problem statements

- ICAI cannot say with confidence that the Newton Fund is all ODA, or constitutes the best use of ODA.
- The Fund is currently not set up to be the best use of ODA, with secondary benefits taking priority. Research excellence and potential development impact were often seen as in tension rather than complementary.

- In all cases of future funding for the Newton Fund, if it remains an ODA fund, it should be driven by partner country needs and priorities. This would serve to reinforce the Fund's primary purpose, which is to respond to the development needs and priorities of partner countries.

Recommendation 2: The Newton Fund should ensure it meaningfully considers options for reducing gender inequality and reports against its progress.

Problem statement

- The mid-term evaluation of the Newton Fund noted: "there is no Fund-level strategy or guidance on how gender equality is expected to be addressed through the Newton Fund or BEIS' expectations in terms of gender mainstreaming in the implementation and management of activities". BEIS intends to redress this. Since we are over five years into the operation of the Fund, efforts to do so should be expedited.

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.

Problem statements

- Almost 90% of the Newton Fund ODA stays in the UK and goes to UK institutions.
- Partner countries make their own matched funding contribution, which works well for partnerships with richer, higher-research-capacity countries but not in countries with weaker capacity or which are less able to meet the matched funding requirement.
- Allocations under the Newton Fund have been primarily driven by UK delivery partner capacity and ability, with country priorities and needs only taken into account at the programme level rather than to inform the overall level of spending on a country partnership. This was especially the case in the initial round of allocations. A fully untied Newton Fund would allow spending to be used on building the capacity of institutions in partner countries and partnerships with third countries, and not just on training and exchanges hosted by UK institutions.

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.

Problem statements

- BEIS has weak governance, oversight and strategic direction of the Newton Fund.
- The Newton Fund is an anomaly across ODA funds in not having a published strategy. Its sister fund, the Global Challenges Research Fund, has a publicly available strategy. There is demand from many UK stakeholders for an overarching strategy. BEIS is in the process of undertaking a country strategy refresh process, so this is an ideal time to factor this in.
- In the absence of a strategy, there is a risk that the Newton Fund continues to lack both coherence and clarity, as well as a primary ODA focus. Some initiatives, for example the Rethinking Research Collaborative, are providing more guidance on how to conduct development-focused research. BEIS needs to ensure these are fed into the Newton Fund strategy.

Recommendation 5: BEIS should improve the Newton Fund's approach to and measurement of value for money.

Problem statements

- BEIS has no coherent approach to maximising value for money across the Newton Fund.
- BEIS has left measurement of value for money until some 90% of the Newton Fund's resources have been allocated, so it will not be possible to determine if the Fund has been good value for money.

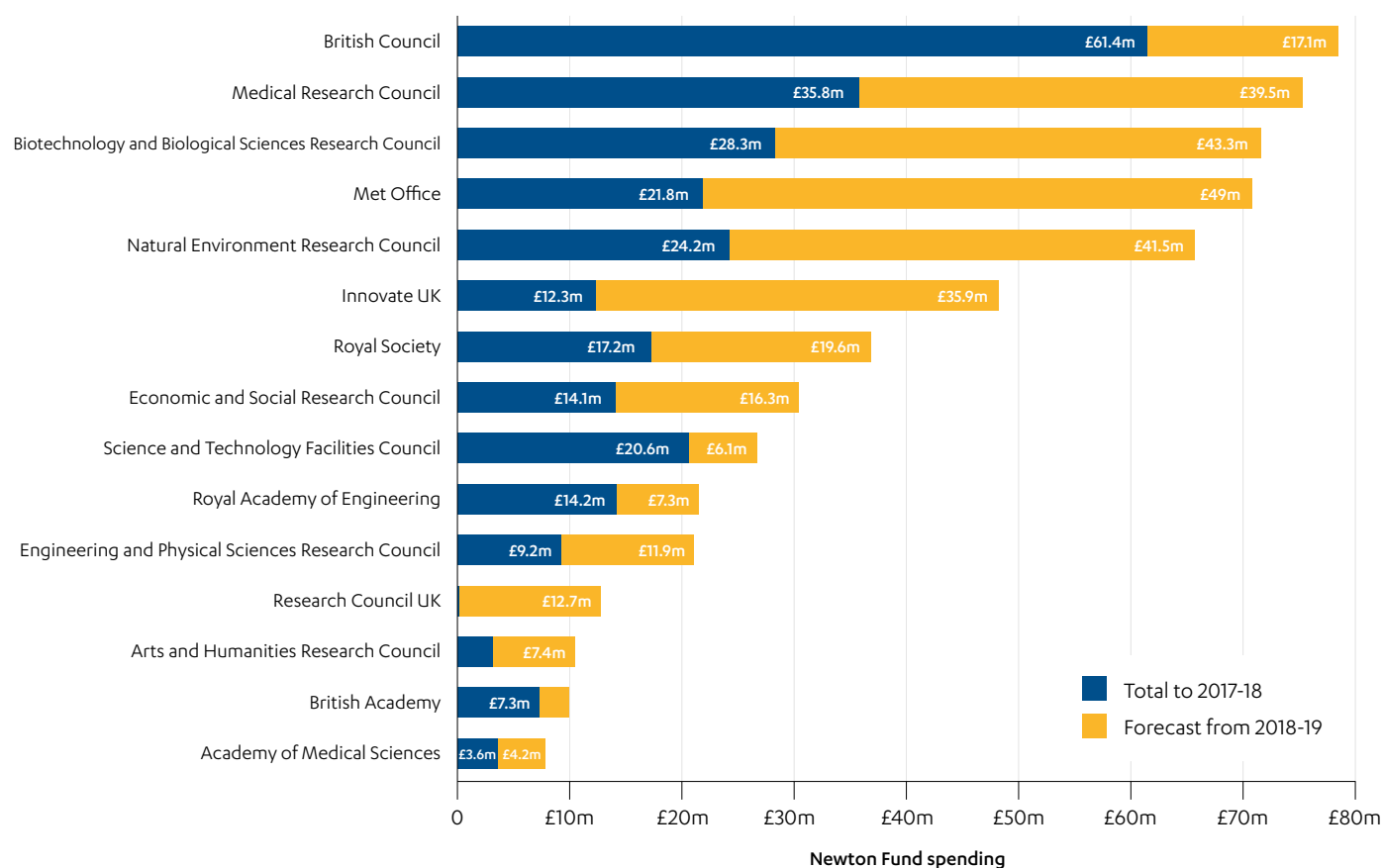
- There are no mechanisms to ensure that the Newton Fund's investments work together and build on each other so that the Fund adds up to more than the sum of its parts.
- The Newton Fund does not take full account of other UK ODA funding of research and innovation activities in partner countries, thus missing opportunities to maximise synergies and improve value for money.

Recommendation 6: The Newton Fund should improve its approach to monitoring, evaluation and learning at the Fund level.

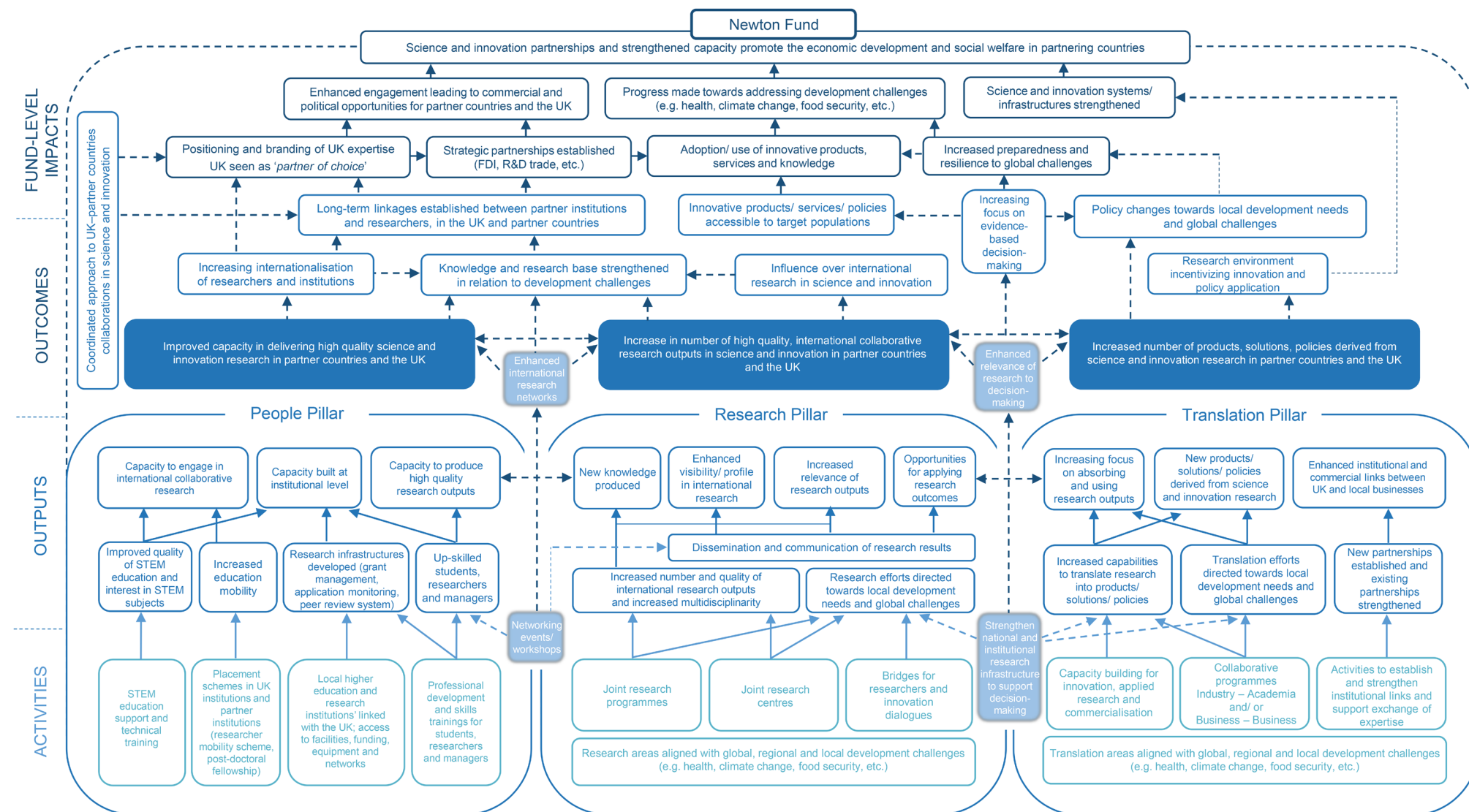
Problem statements

- Five years into its operation, the Newton Fund still lacks a performance framework and data and knowledge management system.
- The Newton Fund is not transparent, with no clear picture of what is going on at the Fund level and at the country level, even though UK delivery partners publish a wide range of information on their own programmes.
- There is a high risk that it may be too late to aggregate any meaningful data or comparisons across countries to measure the collective impact of the Fund. In many instances, UK delivery partners have already started to track their own results and have their own objectives, which is indicative of the lack of overarching objectives at the Fund level.

Annex 1 Newton Fund spending by delivery partner



Annex 2 Newton Fund theory of change



CAPTION

- ➔ Strong evidence supporting linkages
- - ➔ Weak/ no evidence supporting linkages



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