



**PAVING THE WAY FOR BUSINESS**  
BUILDING A BETTER INVESTMENT CLIMATE

# **IFUSE Impact Summary**

## **2012-2016**



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## Abbreviations

ACCA	Association of Chartered Certified Accountants	IMF	International Monetary Fund
ACU	Accounting Chamber of Ukraine	INTOSA	International Organisation of Supreme Audit Institutions
BRDO	Better Regulation Delivery Office	IPO	Intellectual Property Office
BRRA	Business Regulatory Review Agency	MA	IFUSE Managing Agent
CA	Communication Authority of Kenya	MARD	Ministry of Agricultural and Rural Development
CAK	Competition Authority of Kenya	M&E	Monitoring and Evaluation
CCP	Competition Commission Pakistan	MoU	Memorandum of Understanding
CMA	Competition and Markets Authority	NAO	National Audit Office
DFID	Department for International Development	NGO	Non-Governmental Organisation
DRC	Democratic Republic of Congo	OCM	Oversight Committee Meeting
FCAS	Fragile and Conflict Affected States	ODA	Official Development Assistance
FDI	Foreign Direct Investment	OECD	Organisation for Economic Cooperation and Development
GAD	Government Actuary's Department	OFT	Office of Fair Trading
GDP	Gross Domestic Product	PEFA	Public Expenditure and Financial Accountability
HMG	Her Majesty's Government	PPP	Public-Private Partnership
HR	Human Resources	QA	Quality Assurance
IC	Investment Climate	RICS	Royal Institute of Chartered Surveyors
ICAEW	Institute of Chartered Accountants in England and Wales	TA	Technical Assistance
ICPAR	Institute of Certified Public Accountants of Rwanda	ToR	Terms of Reference
IFAC	International Federation of Accountants	UKP	UK Partner
IFUSE	Investment Facility for Utilising UK Specialist Expertise	VfM	Value for Money

## Acknowledgements

The impact summary team would like to acknowledge the input and participation of a number of organisations who have been vital in preparing this summary. This includes the UK Partner (UKP) organisations, many of whom gave up their time to take part in telephone consultations as well as the various team members from the Managing Agent (MA) team who provided extensive management, operational and subject-matter information throughout this process. The input from the various Department for International Development (DFID) country offices and beneficiaries has been critical in understanding the nature and extent of the impact created through the iFUSE deployments. Finally, we would also like to acknowledge the positive input from DFID UK which has been instrumental in finalising this summary.

# Executive Summary

The Investment Facility for Utilising UK Specialist Expertise (IFUSE) is a technical assistance (TA) facility funded by the Department for International Development (DFID). Phase 1 of IFUSE ran from April 2012 until 31 March 2015, after which a two year cost extension was granted. IFUSE supported 167 deployments focusing on strengthening the investment climate (IC) in the period under review (between April 2012 and November 2016). IFUSE fits well within the economic development strategy of DFID, which reiterates the importance of a good IC for economic development of DFID's priority countries.

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*'The UK will catalyse investment by using innovative financing approaches, as well as helping countries to improve their investment climate' - Rt. Hon Priti Patel  
(Secretary of State for International Development)*

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## What has IFUSE achieved?

The most significant achievements of IFUSE in the period under review have been in relation to three key aspects of IC reform:



**Reducing time and cost of doing business.** IFUSE has reduced the time and costs of doing business, mostly through simplifying business regulations and targeting inspection requirements more specifically. Case studies, including the provision of a Public-Private Partnership (PPP) training in Afghanistan, demonstrate tangible impact on the development of infrastructure, a driving force for private sector growth.



**Improving the predictability of the investment climate.** IFUSE deployments show evidence of improving the predictability of the IC, particularly through harmonising international standards and facilitating policy stability. The support of the Met Office in Vietnam provides a clear example of how IFUSE has contributed to decreasing physical risks for businesses investing in the country.



**Promoting fair and competitive markets.** IFUSE has been successful at improving the capacity of overseas governments and regulatory bodies to ensure a level playing field exists for businesses of all sizes. In Kenya for example, IFUSE has contributed to improved competition policy in the telecommunications sector.

In addition to impacts on the IC, IFUSE deployments have led to a wide range of secondary benefits to UK partner (UKP) organisations, including:



**Individual benefits.** The individuals who took part in IFUSE deployments have gained professionally and personally. For example, it has enabled experts to take a more strategic view of organisational issues, to step outside their comfort zones and to be exposed to new learning opportunities. This may in itself be a roundabout benefit to the organisations themselves, who may have more motivated staff, with a lower rate of turnaround and an increased recruitment profile as a result.



**Organisational benefits.** IFUSE deployments have facilitated UKP organisations to build an international network and to apply knowledge from IFUSE deployments directly to help solve complex UK problems. For example, the Better Regulation Delivery Office (BRDO) developed a Regulatory Quality Framework for an IFUSE deployment and now applies this tool in other national and international engagements. The deployments have also opened up opportunities for winning further work and provided reputational benefits for UKP organisations.



**Governmental benefits.** At a governmental level, IFUSE deployments diversified or opened up diplomatic dialogue on other, more sensitive areas and provided opportunities for inter-agency networking. Finally, IFUSE has expanded DFID's reach in relatively new areas of work, such as in tropical meteorology through a deployment of the Met Office in Vietnam.

## How has IFUSE made an impact?

This impact summary has identified five main defining characteristics of IFUSE, which have enabled the deployments to have an impact on the IC:



**Responsiveness of the deployments.** The case studies, which have been undertaken as part of this impact summary, have shown that taking advantage of opportunities arising from external events can increase the impact of IFUSE deployments, for instance in responding to local reform agendas.



**Short-term nature of the deployments.** The short-term nature of assignments has added value to IFUSE and created positive impacts. It has allowed highly qualified experts to share their knowledge with low risk. On the other hand, the short term nature of deployments has been cited as a weakness as the need for longer-term capacity building needs can't be filled.



**Strong support in organising and designing the deployments.** The Managing Agent (MA) brings a strong and distinctive approach that works most effectively when facilitating discussions alongside the established role of providing logistical support. Having the IC expert involved in Phase 2 brought an increased confidence to the work of the MA.



**Targeted and technical focus of peer-to-peer deployments.** The peer-to-peer nature of IFUSE TA has been critical to the success and sustainability of the facility. The nature of peer-to-peer advice is valued, because it comes from a position of empathy and understanding. Also, it provides technical and in-depth expertise.



**Focus on relationship-building in the deployments.** Good relationships between the beneficiaries, experts and DFID country offices remain a key outcome of the facility. Repeat deployments have become more frequent, suggesting that stronger relationships have been fostered, and the conditions for increased impact improved as a result.

## What are the key design factors for a partnership facility?

This summary has identified six key design factors which should be taken into account when developing similar partnership facilities:



**Ensuring a strategic focus of deployments.** The deployments should focus on areas which represent the most significant barriers to the IC in a particular country. Political will and a commitment to address these barriers also crucial for the success of deployments.



**Having a long-term focus when designing deployments.** Deployments with a long-term focus achieved a higher impact than one-off deployments. To fully benefit from the potential impact, it is therefore important to assess the long-term potential and prioritise those deployments which are part of a wider reform programme.



**Ensuring DFID in-country involvement.** DFID has a key role to play in the initiation of demand and the qualification of the deployments, as well as following up on results. IFUSE has more impact where DFID country offices are involved. Where IFUSE aligns with country offices' strategic focus, there tends to be greater buy-in and momentum built.



**Involving a broad range of UKP organisations.** Involving a broad range of UKP organisations contributes to the success of a partnership facility. The impact summary also recommends having strategic conversations with UKP organisations about the nature of support they can provide and the benefits which they expect to gain from deploying their employees. In this way they will be able to benefit most from the opportunities a partnership facility provides.



**Providing support in organising and designing deployments.** In a successful partnership facility a clear and simple process of initiating a deployment is beneficial. Providing logistical support and responding quickly to requests are also key to the success of a facility.



**Putting in place strong monitoring and evaluation (M&E) systems.** Having strong M&E systems in place will lead to more robust results. This summary recommends follow-up sessions between the beneficiary, experts and a dedicated M&E officer working on the facility. These sessions should concentrate on the results at country level and areas for future focus as well as secondary benefits.

# Section 1: Introduction

This section provides an introduction to the Investment Facility for Utilising UK Specialist Expertise (IFUSE). As IFUSE focuses on providing technical assistance (TA) in the field of investment climate (IC), it provides background information about the relevant views in both areas. After this sub-section on the background of IFUSE a detailed exploration of the different types of IFUSE deployments facilitated over the last five years is provided. This section concludes with an overview of the scope and outline of this impact summary.

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## 1.1 Introduction to IFUSE

IFUSE is a TA facility funded by DFID. Phase 1 of IFUSE ran from April 2012 until 31 March 2015 with an initial budget of £3.48 million. A two year cost extension was granted until March 2017 bringing the total funding of IFUSE to £5.47 million. Both phases were managed by a Managing Agent (MA).

The objective of IFUSE is to provide DFID's priority countries<sup>1</sup> with an additional source of specialist expertise on a wide range of IC issues. Through an improved business environment, the facility contributes to the delivery of DFID's economic development and poverty reduction objectives. IFUSE is a demand-driven facility; it manages requests for support from developing country partner governments, DFID country offices and UKP organisations. By doing so, IFUSE matches the best qualified sources of expertise within participating UKP organisations (UK Government Departments, subsidiary bodies and UK Chartered Institutes) to the in-country development needs. Deployments are provided in various ways including outward visits, inward visits, conferences and desk based reviews.

IFUSE provides deployment support to experts and meets the full costs of assignments. The facility is unique in that specialist resource is provided by UK civil servants and the staff of UK public bodies. This peer-to-peer model encourages the formation of institutional relationships and aims to be additional, by providing tailored support from UK counterparts that is not available in the consultancy market.

## 1.2 The importance of a good investment climate to economic development

Empirical evidence shows that a good IC is critical for economic development and ultimately poverty reduction. The World Bank has conducted a series of studies and surveys in more than one hundred countries that provides useful statistics relating to specific country IC assessments.<sup>2</sup>

Some of the general lessons learnt from the survey indicate that the extent to which IC improvements raise growth, investment, and productivity is more substantial than expected. Weak infrastructure such as frequent power outages or poorly maintained roads; corruption; excessive regulation that causes delays; and problems in enforcing contracts can cost firms up to thirty percent of their sales, or three to four times what they typically pay in taxes. Additionally, a weak IC disproportionately hurts smaller firms

<sup>1</sup> DFID priority countries: <https://www.gov.uk/government/organisations/department-for-international-development/about>

<sup>2</sup> Bigsten, A. and Söderbom, M. (2005). *What have we learned from a decade of manufacturing enterprise surveys in Africa?* 1st ed. Published by World Bank, Investment Climate Unit.

which in developing economies are often the engine for private sector development and job creation.<sup>3</sup>

The DFID economic development strategy, 2017 reiterates the importance of a good IC and that this will continue to be an area of focus.

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*‘The UK will catalyse investment by using innovative financing approaches, as well as helping countries to improve their investment climate’ - Rt. Hon Priti Patel  
(Secretary of State for International Development)*

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Key messages from the DFID economic strategy are outlined in the table below, and show a strong alignment to creating an improved IC.

#### DFID’s Economic Development Strategy 2017 – Key Messages<sup>4</sup>

1. Focusing on trade as an engine for poverty reduction.
2. Stimulating investment to spur economic growth in developing countries.
3. Supporting countries to mobilise their own domestic resources, improve their enabling environment for business and reduce reliance on aid.
4. Focusing our efforts on sectors that can unlock growth.
5. Making it easier for companies - including from the UK - to enter and invest in markets of the future.
6. Supporting our partner countries to harness new technologies for growth and look to emerging and innovative economic sectors.
7. Working with, and challenging, the City of London to become the ‘development finance hub of choice.’
8. Using our country presence, knowledge and expertise to bring economic opportunity to some of the world’s most fragile states.
9. Building a sharper focus on nutrition, human development and skills for work into our economic development programmes.
10. Focusing on the poorest and most marginalised people, the majority of whom work in the informal sector.
11. Establishing new links both in the UK and internationally with civil society organisations and other innovative partners.

*Table 1: DFID’s Economic Development Strategy*

## 1.4 Advantages and disadvantages of providing technical assistance

TA is non-financial assistance focused mainly on capacity building, primarily provided by experts from donor countries. Its objective is to provide specialist expertise, experience, knowledge and technology that the recipient country currently has no access to, or is in early stages of development. A significant proportion of Official Development Assistance (ODA) expenditure continues to be spent on TA. However, this figure has declined considerably over the last decade, from 21 percent in the early 2000’s to 12.7 percent in 2009.<sup>5</sup>

<sup>3</sup> World Bank (2005) *A better investment climate for everyone*. 1st ed. Washington, DC: A co-publication of the World Bank and Oxford University Press

<sup>4</sup> DFID (2017) *Economic Development Strategy: prosperity, poverty and meeting global challenges*. 1st ed. Published by Department for International Development

<sup>5</sup> Seth A. et al (2011). *Towards human resilience. Sustaining MDG Progress in an Age of Economic Uncertainty. Chapter 5*

TA provides an opportunity for developed countries to share knowledge in areas where they have a comparative advantage. This has proven to be most beneficial to countries that are going through a process of rebuilding institutions. For example, in Cambodia after the Khmer Rouge regime and the collapse of the banking sector, the International Monetary Fund (IMF) provided much needed TA to the National Bank of Cambodia. Given that there was very little local capacity to develop the systems and legal framework that would support the banking sector, IMF worked with the National Bank to run, regulate and supervise banks.<sup>6</sup>

TA can be undertaken in various forms depending on the need. It can include training, conferences, short term support or even longer term support whereby a team or specialist works alongside the local team. When completed correctly, long term relationships are developed and the capacity of the local teams are built sustainably.

TA is also criticised for being ineffective, over-priced, donor-driven and based on a failed development model. Despite the criticism, donors continue to incorporate TA components in many projects and programmes they fund. iFUSE has been designed in a way which counters some of these criticisms. For instance it is designed to be demand-driven and focuses on peer to peer TA which is not available in-country.

### 1. TA is donor- not demand-driven

Critics often state that donors use TA to supplement salaries of their employees in government departments rather than actually addressing the capacity needs of recipient countries. This also presents another issue, as it is often argued that donor consultants' jobs depends on existing knowledge/technology gaps, thus advisors are not incentivised to completely fix the problems they were contracted for. Instead, they are more focused to meet the contractual agreement, resulting in short-term, "easy gains" rather than facilitating a solution with the long-term benefit of the recipient country in mind. This can lead to fostering a dependency culture. Additionally, as TA is heavily driven by supply and is often perceived by recipients as a free good, it is excessively oversupplied relative to demand. These factors allow government departments to prioritise and deploy their own consultants over local ones to provide TA, which leads to the second caveat.<sup>7 8</sup>

### 2. TA is overpriced

Foreign experts are overly expensive relative to in-country salaries. Moreover, their contracts include generous expense allowances inflating their prices further. The fact that budget is given for a specific purpose and cannot be used for any other cause, eliminates the opportunity cost of TA. Furthermore, TA is non-competitive and consultants' rates are not disclosed due to commercial confidentiality. Therefore the price of TA is not driven by supply and demand, but is set at an artificially high level.<sup>6</sup>

### 3. TA is based on an out-dated model of development, failing to recognise country specific indigenous knowledge

When providing TA, donor are often accused of assuming lack of local knowledge rather than testing this assumption. This results in donor countries deploying their own experts instead of building on existing knowledge to fill in capacity gaps. This can result in the following:

- Local experts and consultant in the area might be reluctant to accept change. Ironically, these are the very people who be responsible for the implementation of 'the lessons learned' and intended to act as champions for the envisioned change.

*Official Development Assistance* 1st ed. Published by Bureau for Development Policy, UNDP.

<sup>6</sup> Clift J. et al (2003). *IMF Technical Assistance Transferring Knowledge and Best Practice* 1<sup>st</sup> ed. Published by IMF's Office of Technical Assistance Management

<sup>7</sup> Williams, G et al (2003). *A vision for the future of technical assistance in the international development system* Final Report (revised). Published by Oxford Policy Management

<sup>8</sup> Greenhill, R. (2006). *Real aid. Making Technical Assistance Work* 1st ed. Published by ActionAid International.

- Failing to consult with local specialists prior to an assignment may result in a failure to identify potential lack of policy coherence or political and commercial appetite for the specific capacity that the TA is intending to build.

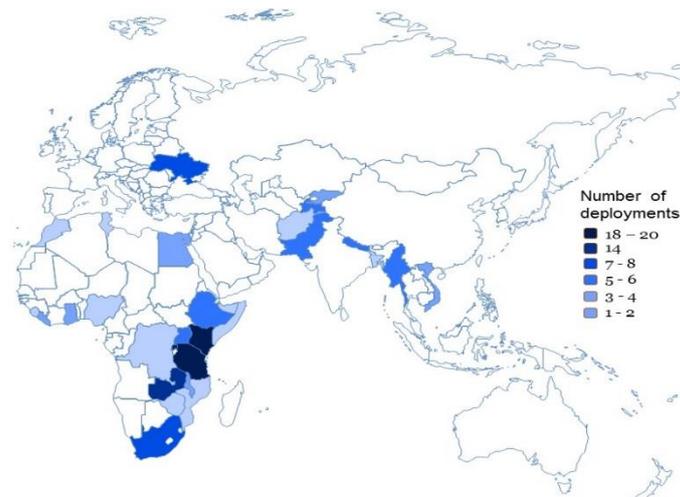
Another common criticism is that there is a lack of coordination amongst donor organisations or countries, which might lead to subsequent experts contradicting each other. Each of these has the potential to result in failure of the intended impact of TA.<sup>7</sup>

*Textbox 1: Common criticisms of technical assistance*

This report demonstrates the impact that the IFUSE model of TA has had based on the objectives it set out to achieve. Through the quantitative and qualitative analysis, this impact summary highlights some of the successes that the IFUSE model has had by countering the structural biases of this intervention model. This does not negate criticisms of TA but rather seeks to provide an alternative narrative of what has worked well and what has not.

## 1.4 IFUSE in numbers

In the period under review, a total of 167 deployments took place providing support to over 40 beneficiaries. IFUSE deployments were mostly provided in the East African region: Tanzania (20 deployments), Kenya (19 deployments) and Rwanda (18 deployments). The fewest deployments were undertaken in countries such as DRC and Somalia with only 1 deployment in each of these countries.



*Figure 1: Location of IFUSE deployments<sup>9</sup>*

The largest number of IFUSE deployments were outward deployments from UKP organisations to beneficiary organisations in the DFID priority countries. IFUSE deployments have also delivered events and conferences that target a wider audience and tend to bring together multiple countries.

<sup>9</sup> Tanzania – 20; Kenya – 19; Rwanda – 18; Africa regional – 14; Zambia – 11; South Africa, Tajikistan, Ukraine – 7; Myanmar, Pakistan, Uganda – 6; Ethiopia, Ghana, Kyrgyzstan, Nepal – 5; Egypt, Vietnam – 4; Bangladesh, Liberia, Malawi – 3; Occupied Palestinian Territories, Nigeria, Sierra Leone, Somaliland – 2; Afghanistan, Africa, Asia and Caribbean, DRC, Egypt, Morocco, Mozambique, Pacific Region, Somalia, Tunisia, Zimbabwe – 1

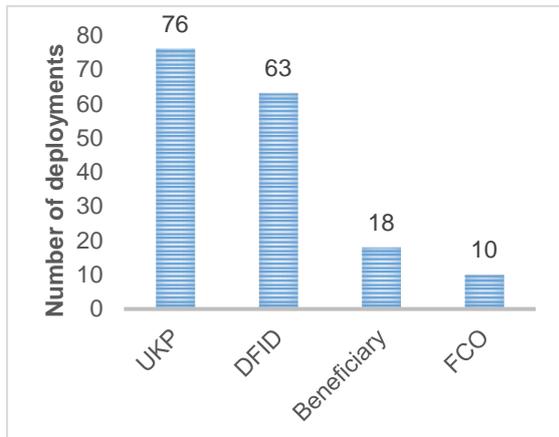


Figure 2: Initiation of the deployment

Type of deployments	Number of deployments
Outward deployment	117
Inward visit	21
Supporting conference	11
Desk based review	8
Other type of deployment	4
Small conference	2
Inward deployment (multiple)	2
Large conference	1
Knowledge sharing event	1

Table 2: Types of deployments

Table 2 shows that the majority of requests came from UK partner (UKP) organisations and DFID. Often this meant that DFID or the UKP organisation had already been in contact with the beneficiary institution to discuss the scope of the prospective deployments and as such were involved at an earlier stage.

Table 3 below summarises the IC themes that the deployments to date have covered. These themes are explained more fully in Annex 4, and correspond to the areas of expertise covered by IFUSE deployments. They are not necessarily barriers, but should be more viewed as the main components of a good IC.

Investment climate theme	Number of deployments
Financial sector regulation / supervision	33
Taxation	23
Natural resources management / extractive industries	22
Regulatory reform	19
Industry specific regulations / law	17
Accountancy and Actuarial Standards	13
Land legislation, registration, title transfers	12
Competition policy / market development	11
Public Private Partnerships (PPPs)	10
General interface with business	6
Intellectual property	1

Table 3: Investment climate themes

The largest number of IFUSE deployments were focused on financial sector regulation. This largely includes deployments aimed at developing a strategy or providing training on sub-sectors such as insurance and social security. The need for TA in this area mirrors the growth that developing countries have been experiencing in the financial services sector. This has been a focus area of deployments in both phases of the facility. In addition, there has been a lot of activity around natural resources management and extractive industries, through deployments by the UK Met Office, for instance.

There was little activity related to intellectual property rights. Only one deployment took place in South Africa seeking to prepare the Intellectual Property Commission for forthcoming changes in Intellectual Property Law. South Africa, being a more mature market, has already set up some structures around intellectual property this which is not the case for many other developing countries.

Figure 3 shows the spread of partner organisations which IFUSE has worked with. These organisations are all either governmental organisations, or central to the regulation and operation of key professions in the UK, such as the Association for Chartered Certified Accountants (ACCA) and the Institute of Chartered Accountants in England and Wales (ICAEW).



Figure 3: UKP organisations who have worked on IFUSE deployments

## 1.5 Scope of the impact summary

This report has been commissioned in order to assess the impact of the deployments that have been undertaken through IFUSE to date. It covers both phases of IFUSE, and focuses on deployments between April 2012 and November 2016. This impact summary also seeks to highlight how adaptive the facility has been in Phase 2 based on recommendations that came out of the Phase 1 impact summary. This report focuses on addressing a range of key questions including, but not limited to:

1. What has been the overall impact of IFUSE over the 5 year period of implementation?
2. How has the facility evolved and adapted over time to account for lessons learned?
3. What lessons have been learned that could be of benefit to the development of other similarly intended technical assistance facilities in the future?

## 1.6 Methodology

The methodology adopted for this IFUSE impact summary mirrors the methodology used in the Phase 1 impact summary conducted in 2015. The use of a consistent methodology makes it possible to identify trends observed through the life of the facility.

In the first impact summary the impact statement from the logframe was examined and separated into its three constituent parts in order to assess each separately.

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*IFUSE Impact statement: "IFUSE TA contributes to (1) reform improvements that reduce monetary value of time and cost of doing business, (2) increasing predictability of investment climate and (3) promoting fair and competitive markets in priority countries."*

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The impact summary team<sup>10</sup> developed specific criteria within each of the three areas of impact against which results were assessed across the deployment portfolio. These criteria were developed through a combination of stakeholder interviews, input from IFUSE's internal IC expert, and external sources such as the World Bank's work on IC reform. These criteria have been used as a means of identifying the extent to which deployments had linkages with the identified impact areas (hereinafter referred to as 'impact mapping') hence contributing to factors that directly and indirectly influence the IC.

The impact summary relies on the information recorded by the MA, such as the Management Information, beneficiary and expert feedback responses, and the deployments' Terms of References (ToRs). This has been supplemented with primary consultations with experts, beneficiaries and staff from DFID country offices of a select number of deployments. These case studies were intended to be more longitudinal in nature than the feedback and MI, with some interviews sometimes following up years after the deployments took place.

As Figure 4 illustrates, this impact summary adopts a five-stage approach combining secondary desk-based research with insights from primary engagement with relevant stakeholders such as beneficiary organisations, UKP organisations and the IFUSE MA. A brief summary of the methodology applied at each stage is provided below.

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<sup>10</sup> The impact summary team that conducted this discrete piece of research is part of the insights services team of the Government Services Delivery Centre (GSDC) based in Belfast. This team is both organisationally and physically separate from the leadership responsible for IFUSE implementation. As such the independence of the impact summary team from the IFUSE Managing Agent is safeguarded.

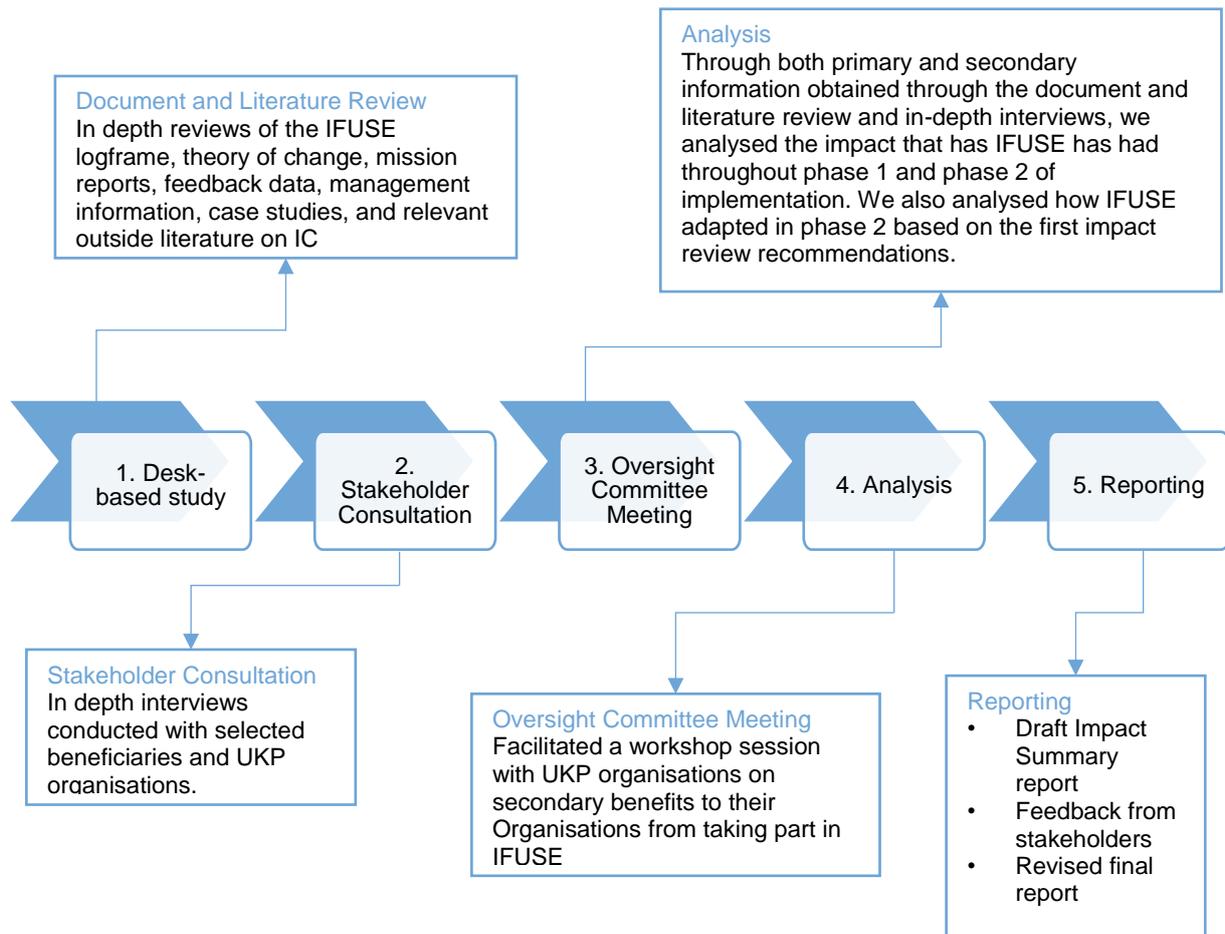


Figure 4: Methodology for the Impact Summary

## 1. Document and Literature Review

The impact summary team conducted an extensive review of relevant documentation and literature pertinent to understanding IFUSE as a facility as well as the wider context of IC reforms. Key sources of data included but were not limited to: management information, feedback forms, ToRs for selected deployments and existing evidence from external sources referenced throughout this impact summary.

## 2. Stakeholder Consultation

The impact summary team conducted a total of 14 interviews for seven selected deployments. These interviews were conducted with the relevant beneficiary organisations, DFID country offices and the experts provided by the UKP organisations. A questionnaire was developed for each of these stakeholder groups including two sets of questions:

- Similar questions across all three stakeholder groups which were necessary for triangulation of the details of the deployment.
- Unique questions relevant specifically to that stakeholder.

The questionnaire for the beneficiary organisations included unique questions on aspects such as sustainability of the impact of the deployment and IFUSE additionality. The UKP organisation questionnaire focussed on the role of the MA in facilitating the deployment and secondary benefits that were realised as result of the deployment. The DFID in-country questionnaires focussed on relationship building and accessing the IFUSE facility. These interviews were conducted through telephone and formed the basis of most of the in-depth case studies included in this report.

### 3. Oversight Committee Meeting

During the Oversight Committee Meeting (OCM) the impact summary team conducted interviews with various members of the Managing Agent and with DFID representatives. A session was facilitated on the identification of the secondary benefits, during which UKP organisations were asked to reflect and share the benefits they had experienced from the deployments on a personal and an organisational level.

### 4. Analysis

The impact summary team conducted an analysis of IFUSE's impact throughout Phases 1 and 2 of implementation. This analysis was undertaken with the IFUSE logframe in mind, and assesses IFUSE against its own criteria. Analysing impact of the deployments and attempting to attribute changes in macro-economic conditions to the deployments is challenging. The IFUSE logframe, however, has provisions to avoid such difficulties, and lays out expectations as to IFUSE's impact. It is against these expectations that the impact summary has been developed.

In addition, the impact summary team analysed the extent to which IFUSE had taken on recommendations from the impact summary conducted for Phase 1 and highlights changes made during Phase 2 of implementation.

### 5. Reporting

This draft has formed the basis of discussions with stakeholders whose feedback has been incorporated to produce a final version.

## 1.7 Outline of the report

This report has six main sections as follows:

- Introduction
- Impact Summary - Deployment Level
- Impact Summary - Facility Level
- Secondary Benefits
- Key Design Factors
- Conclusions
  
- Annex 1: IFUSE partner organisations
- Annex 2: Input for Project Completion Review
- Annex 3: IFUSE Logframe
- Annex 4: Thematic overview
- Annex 5: Statistical analysis feedback

## Section 2: Impact Summary – Deployment Level

The IFUSE logframe identifies three main impact areas, which this section explores in depth. The first sub-section provides an introduction to the three impact areas of IFUSE. Following this introduction, three sub-sections provide an explanation as to why each of the impact areas is important for improving the IC in a country. Next, an overview of the deployments which have contributed to this impact area is given. Each sub-section ends with one or more case studies illustrating the impact of IFUSE deployments in this area. The final sub-section provides an analysis of the feedback which was submitted by experts and beneficiaries about the expected impact of the deployments.

### Content of this section

- [2.1 Introduction to the impact areas of IFUSE](#)
- [2.2 Impact area 1: Reduce time and costs of doing business](#)
- [2.3 Impact area 2: Improve predictability of the IC](#)
- [2.4 Impact area 3: Promote fair and competitive markets in priority countries](#)
- [2.5 Analysis of feedback scores from experts and beneficiaries](#)
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### 2.1 Introduction to the impact areas of IFUSE

The logframe sets out three impact areas as shown in figure 5. To assess the impact of IFUSE on these three areas, the logframe provides two distinct indicators of impact. The first is a measure of improvements in specific areas of ‘Ease of Doing Business’ in priority countries; the second is a qualitative evaluation of priority countries.



*Figure 5: Impact areas of IFUSE*

Indicators associated with the World Bank’s Ease of Doing Business index can offer interesting insights into macro-level performance, but do not provide sufficient detail for it to be the only criterion against which IFUSE’s impacts are assessed. Similarly, the Ease of Doing Business indicators are measures of an entire economy’s performance: IFUSE deployments lack the scale to expect to make an attributable impact on such a macro-level measurement.

The second logframe impact indicator, on the other hand, provides greater opportunity to accurately gauge the impact of IFUSE, as it allows for a ‘qualitative assessment’ to identify ‘discernible improvements’ in the IC. This approach allows for closer analysis of IFUSE deployment impacts in their specific contexts and provides a greater understanding as to what makes a successful deployment.

## 2.2 Impact Area 1: Reduce time and cost of doing business



By creating an enabling environment in which formal firms can efficiently operate and thrive the time and cost of doing business is reduced. Relevant literature and studies have shown that entry costs increase the size of the informal economy and decrease job creation, which are likely to stifle economic performance. Simpler business registration helps create formal firms, which in turn employ more people, can be taxed at the appropriate level and contribute to the development agenda of governments. In addition, this allows existing businesses to focus their time on core business processes instead of administrative procedures.<sup>11</sup>

Assessing the contribution of IFUSE towards the reduction of time and cost of doing business requires an examination of the factors that are relevant to this domain. Whilst not exhaustive, Figure 6 reflects the criteria this summary used for assessing this impact area. These criteria were identified in Phase 1 impact summary by IFUSE’s internal IC expert as being of relevance to the support that the facility can provide in this area, whilst also aligned with some of the constituent parts of the World Bank’s Ease of Doing Business Index.<sup>12</sup>



Figure 6: Assessment criteria for Impact Area 1

### 2.2.1 Overview of deployments

The impact mapping (the process of identifying on which of the impact areas a certain deployment has contributed to) outlined that 69.5% of the deployments were designed to reduce the time and costs of doing business. Table 4 highlights that the deployments undertaken in this area were mostly targeted towards simplifying business regulations (29.9% of deployments), targeting inspection requirements more specifically (27.8% of deployments) and speeding up business registration processes (19.4% of deployments). The areas that have seen the least activity were establishing effective transport networks and improving communication infrastructure, both recording approximately 1% each of the deployments in this impact area.

In comparison, in Phase 1 most demand came from the areas of simplifying tax systems and targeting inspection requirements, representing 30% and 27% respectively. Simplifying business regulations and speeding up business registration processes have therefore gained more attention in Phase 2. As in Phase 2, Phase 1 included few deployments focused on establishing effective transport networks and improving communication infrastructure.

<sup>11</sup> World Bank (2005) A better investment climate for everyone. 1st ed. Washington, DC: A co-publication of the World Bank and Oxford University Press

<sup>12</sup> World Bank Group (2015). *Doing Business – Methodology*. Available from: <http://www.doingbusiness.org/methodology>

Impact Area 1 criteria	Number of deployments
Simplify business regulations	37
Target inspection requirements more specifically	31
Speed up business registration processes	25
Simplify tax systems	23
Provide technical support to entrepreneurs	21
Simplify land registration requirements	21
Harmonise audit standards with international expectations	18
Improve online integration of processes	16
Increase transparency of customs expectations	15
Improve communication infrastructure	2
Establish effective transport networks	0

Table 4: Impact of deployments on reducing the time and costs of doing business

### 2.2.2 Case study

Given the scope of this exercise and the availability of information, this section takes a case study approach to illustrate some key examples. The case studies draw upon information from management information, feedback, mission reports and the in-depth interviews. To demonstrate the results IFUSE had on reducing the time and costs of doing business, the summary elaborates on a case study of capacity building support provided to the Government of Afghanistan.



#### CASE STUDY:

#### Improving infrastructure in Afghanistan by providing capacity building support on PPPs



##### Context of the deployment

In Afghanistan one of the key challenges of rebuilding the country's infrastructure after the war was a weak regulatory environment for PPPs coupled with a low level of understanding of the concept of PPPs by the Senior Government officials. This ultimately led to low domestic and foreign investment in some key sectors, such as infrastructure, and also constrained reforms of state-owned enterprises. The request for the Infrastructure and Projects Authority (IPA) Afghanistan deployment was initiated by the British Embassy in Kabul asking the Afghan government how it could attract more private financing and technical expertise for the delivery of infrastructure projects.

##### Content of the deployment

IFUSE facilitated a three day long intensive capacity building training programme in Istanbul, combining learning sessions, practical case studies and sector specific workshops. A key success of this training programme was DFID's involvement in ensuring that it was attended by the people who would benefit most from it and who would have continued future involvement in PPPs within Government. The course covered a comprehensive range of practical issues including the PPP procurement process; contract standardisation; programme planning, project preparation, evaluation and approval methodologies, infrastructure financing options and issues surrounding the establishment of a successful central PPP taskforce. The last day consisted of a series of presentations by external speakers (the United Nations Office for Project Services, the Multilateral Investment Guarantee Agency, local NGOs and banks) and an interactive question and answer session between the IPA, the British Embassy and DFID with senior Afghan officials and external speakers. It also featured a wrap-up session to discuss a possible way forward.

### **Impact of the deployment**

Following the workshop, a number of actions have demonstrated that the Government of Afghanistan has continued to prioritise PPPs. The PPP unit used to sit within the Ministry of Finance, however, a few months ago the Government gave more prominence to this unit, as the head (who also attended the IPA training) is now a Director General reporting directly to the President. There are also direct signs of the impact of the workshop; the Government held a meeting two months post-deployment to discuss with the participants how they could put the lessons learned into practical use.

There are also examples of the workshop's impact on the attendees' ability to deliver their responsibilities. This summary found that the training of stakeholders, including members of the PPP unit in Afghanistan, has created more awareness of PPPs and enabled them to carry out their day-to-day duties more effectively and efficiently. The infrastructure plan developed after this training enhances efficiency in terms of faster turnaround time, while engaging with private sector and donors on government priorities.

Overall this summary found that the deployment responded to clear beneficiary demand and need, that the quality and usefulness meant it was well received and that the participants have taken direct action following the workshop to put into practice learning. The workshop also increased in individuals' ability to perform. DFID and IPA are planning to run another session later this year.

### **Lessons learned from the deployment**

The above case study provides an example of how an IFUSE deployment contributes to reduced time and costs of doing business in Afghanistan. PPP initiatives are especially important to develop much needed infrastructure in an FCAS, such as Afghanistan. This deployment is therefore intended to act as a stepping stone that leads to realising some of the criteria listed above.

It also showcases the facility's defining characteristics, such as flexibility and timing of deployments. IFUSE managed to deliver TA to an FCAS country, by organising the physical delivery in a third country. The participation of a credible UKP organisation and experts meant that relevant Afghan officials were willing to attend the training, which was delivered in a targeted approach, designed specifically to address the issues relevant to the context in Afghanistan.

During the interviews conducted for this impact summary, IPA experts noted that they have been reluctant to participate in deployments outside the UK due to resource constraints. The support provided by the MA and the short-term nature of the deployment, however, allowed these experts to facilitate such a training outside of the UK, reaching more of the required audience.

This case study also illustrates the importance of the involvement of DFID country offices in organising the deployment. DFID country offices played an important role in ensuring that the most appropriate participants were invited to and attended the training. These participants continue to play a pivotal role in putting lessons learned into practice.

Many other notable deployments have been undertaken in this impact area predominantly through significant involvement from the Better Regulation Delivery Office (BRDO). BRDO delivered assistance to approximately 18 countries, ranging from conferences and trainings to the review of institutional systems touching on various aspects of regulation. In Zambia BRDO conducted an induction training to the Committee (Board) of the Business Regulatory Review Agency (BRR) which resulted in a repeat deployment around implementation of the strategy and regulatory impact assessment.

*“The input of BRDO has enhanced the quality of operational instruments and while the training has enhanced capacity to mainstream regulatory impact analysis. The training deepened understanding of regulatory impact analysis” - BRRA Feedback*

The UK Government Actuary’s Department (GAD) also delivered TA in over five countries as well for regional bodies such as the African Union on matters around financial sector regulation and supervision. In particular, they provided support to Tajikistan through a workshop on social insurance and pensions. They also provided assistance to the Rwanda Social Security Board on the set-up and implementation of a defined contribution scheme and also conducted a training to insurance regulators to assist with their role of regulating the insurance industry.

With the GAD and the BRDO being very active in this impact area along with other UKP organisations who contributed, this impact summary can state that IFUSE has made notable contribution on at least nine out of the 11 criteria focused on reducing time and costs of doing business.

## 2.3 Impact Area 2: Improve predictability of investment climate



Risk sits front of mind in any investment decision, and investors will be slow to invest time and money in a location where sudden shifts of circumstance could endanger their investment. These shifts could be caused naturally or politically, but the effect is the same: both inward and foreign investment will be lower where risk and unpredictability are higher.

IFUSE recognises the importance of consistency and stability to investment decisions, and so the second part of the Impact Statement was designed to measure changes in the predictability of the IC. Predictability is a broad impact area, and many deployments across the portfolio could be indirectly linked to it. However, following the methodology of the Phase 1 impact summary, three specific areas of interest are highlighted, as identified by interviewed stakeholders, and refined by IFUSE’s IC expert. These areas are shown in figure 7 below.



Figure 7: Assessment criteria for Impact Area 2

### 2.3.1 Overview of the deployments

Of the three impact areas, more deployments have sought to respond to demand in this impact area. Analysis shows that 82.6% of IFUSE deployments contribute to improving the predictability of the IC. This has consistently been the case for both Phases where deployments recorded for Phase 1 and 2 were 83.7% and 81% respectively. The distribution of deployments targeting this impact area across Phase 1 and 2 is as shown in table 5.

Impact Area 2 criteria	Number of deployments
Harmonising to international standards	98
Policy stability	95
Skills and capacity	21

Table 5: Impact of deployments on improving the predictability of the investment climate

It is interesting to note the big gap between skills and capacity and the other two components of the impact area. This is perhaps partly due to the broad nature of this criteria and will be explored further in this section of the report. As a large proportion of deployments have contributed to this impact area, this section explores each of the three impact criteria separately.

### 2.3.2 Skills and capacity

A predictable IC depends on the availability of a reliable workforce. Investors require confidence and certainty that they will have access to people with the skills to match their business needs. A well-trained and flexible workforce is however a challenge for most countries. This is because it is dependent on a number of factors such as a successful education system, a culture encouraging learning and flexibility, and an enabling environment for employment built around beneficial labour laws.

IFUSE as a relatively small TA facility does not have the resources or scope to address all these areas at once, and so it is limited in the extent to which it can impact on building skills and capacity in the workforce. The limited focus on skills and capacity is particularly true of Phase 2, where there were only eight deployments mapped against this criteria, representing less than 5% of the whole Phase 2 portfolio. These eight deployments were also limited in their breadth, covering only two IC themes: accountancy and actuarial standards, and financial sector regulation and supervision. The experience of the ACCA in Rwanda is an interesting case study into how skills and capacity development have successfully worked into an IFUSE deployment.



#### CASE STUDY:

#### Strengthening capacity for audit quality assurance in Rwanda



##### Context of the deployment

In July 2015, as part of their commitments under the International Federation of Accountants (IFAC), the Institute of Certified Public Accountants of Rwanda (ICPAR) had to conduct a full Quality Assurance (QA) inspection on all 34 firms registered to conduct public audit in Rwanda. This represented a significant step up in responsibility and workload, and ICPAR had neither the experience nor the manpower to conduct this in-depth exercise, despite there being a significant organisational appetite for completing it. ICPAR called on the expertise of the ACCA, therefore, to help direct such a large piece of work, and IFUSE was identified as a potential funding mechanism to facilitate this deployment.

##### Content of the deployment

Conducting the full review would have exceeded the maximum duration of an IFUSE deployment, but it was agreed that IFUSE would fund a capacity building element of the quality assurance exercise through a two week deployment. The aims of these deployments were to:

- Develop a suitable inspection mechanism for Rwanda based on existing UK experience but tweaked to account for Rwandan differences;
- Compile a procedures manual with ICPAR, for local audit partners to use;
- Help in staff recruitment, to identify suitable candidates to assist in future QA exercises.

##### Impact of the deployment

The IFUSE deployment contributed to the development of the QA programme for ICPAR by setting up a methodology for inspection. Separate funding from ACCA and ICPAR facilitated the first ever QA inspection in Rwanda. This separately funded assessment now acts as a baseline for evaluating the practice of Rwandan audit firms, and the procedures manual developed through the IFUSE deployment can be used by these firms to root reforms. This has helped professionalise the wider audit and financial reporting industry in Rwanda, as they have a renewed awareness of the capacities

needed to pass an ICPAR QA inspection.

The main limitation of the IFUSE deployment was that ICPAR lack the financial backing to put many of the reforms into practice. Since the deployment has concluded, major donor funding has been revoked, putting the impact of the IFUSE capacity building at risk. ICPAR do not currently have the staff to follow up on the 2015 QA inspection, and there is a risk that the recommendations developed through IFUSE will not be followed through. The technical assistance may be left unapplied and dormant – a disappointing outcome considering the optimism following the conclusion of the ACCA deployments.

Reassuringly, ACCA have pledged that they will repeat their capacity building programme, free of charge, if ICPAR do acquire funding to hire sufficient staff. This will be a crucial step if the improvements to the skills and capacity of Rwandan financial reporting industry is to be upheld. As with many examples through IFUSE, external factors hold a major influence over success.

#### **Lessons learned from the deployment**

This case study demonstrates how the impact of an IFUSE deployment can be affected by unforeseen external factors. Though this deployment was linked to a larger agenda within ICPAR, the lack of in-house capacity poses a threat to sustaining the outcomes of this deployment. Potentially a more strategic focus of this deployment would have led to a different sequencing of activities: for example, an initial deployment around recruiting and on boarding relevant staff before undertaking the QA process training.

### **2.3.3. Policy stability**

Even before considering potential returns, any investment decision is usually dependent on the risks involved. If an investor can confidently predict that the policy environment is likely to remain stable, safe, and secure in the near future, then they are more likely to consider an investment in that country. IFUSE has recognised the importance of stability to the IC, and a large number of deployments (95/167) have targeted impact in this area.

As identified in the Phase 1 impact summary, policy stability is an area which includes political and financial risk, as well as ‘force majeure risks’, which are severe risks that have the potential to undermine an investor’s physical or financial presence in a country. These are often large events such as natural disasters, governmental collapse, massive inflationary pressures, currency or trade restrictions, or security risks such as terrorism.

#### *Political and financial risks*

To have confidence in a country’s institutional stability, it is important that potential investors are able to see evidence of transparent and independent public accounting. Many IFUSE deployments have sought to increase this level of transparency in public accounting, which should make it easier for potential investors to understand the priorities and commitment of governments. Phase 2 of IFUSE has seen a significant increase in the number of audit standards’ deployments: doubling from 8% of the portfolio in Phase 1 to 16% of the portfolio in Phase 2. This shows a renewed focus and responsiveness to recommendations from the Phase 1 impact summary.

The National Audit Office (NAO) took part in a series of deployments based around this theme of ensuring accountable government standards. The case study below refers to six separate deployments that IFUSE facilitated across Phases 1 and 2.



## CASE STUDY:

### Strengthening legislative reform for more effective external audit in Ukraine

#### Context of the deployment

Financial crime and corruption can have significant detrimental impacts on a country's macroeconomic performance. High instances of financial and economic crime in Ukraine were serving to undermine investor confidence. In 2014, Ukraine was ranked as one of top ten territories **with** the highest percentage of economic crime.<sup>13</sup>

#### Content of the deployment

The NAO initially became involved in Ukraine as they were invited by DFID Ukraine to review and amend the newly drafted Public Audit law in May 2014. While it was encouraging to see such a well-intentioned law brought forth to the Parliament, the NAO experts found that the law was sadly insufficient to fully address the needs of a modern public audit function. The law was long and imprecise, not making huge advances from old laws passed in the 1990s, and so the experts from the NAO started a redrafting exercise to:

- Restructure the bill to make it clearer and easier to implement.
- Secure the independence of the Accounting Chamber of Ukraine (ACU) from other government departments, especially financial independence, to remove departmental influence on audit inspection outcomes. This was a direct reflection of the UK's law, where Parliament directly funds the NAO. This amendment would not likely have been passed without IFUSE and NAO involvement.
- Fully define the wide-ranging scope of audit responsibility the ACU should have, so all public income and expenditure would fall under ACU remit (this closes loopholes such as military spending being exempt from public audit).
- Improve the accountability of the ACU itself, setting term limits on leadership and requiring the ACU itself to be audited periodically on the impact of its work.

In Phase 2, the NAO continued their involvement with the ACU, and IFUSE have facilitated three further deployments. This capacity building has built up the ACU's ability to communicate better with their stakeholders through well written and impactful reports.

#### Impact of the deployment

The improved bill was finally passed and implemented in December 2016. Local civil society organisations have identified this as an important step in Ukraine's move to increased government transparency: establishing an independent organisation as the face reliable public accounting, backed by a law of international standards, and allowing public awareness of government spending activity through openly accessible online audit reports from the ACU.

There are still risks to the success to the NAO deployments, particularly around organisational inertia in leadership – where existing leaders of the ACU often show an unwillingness to modernise and change practice. The major bottleneck for impact lies in the difficulties of implementing the reforms they helped draft in Phase 1, but through an ongoing relationship, and a longer-term deployment funded through other avenues, the NAO are acting well to mitigate these risks.

<sup>13</sup> PwC (2014) Global Economic Crime Survey *Economic Crime: A threat to businesses globally*. Published by PricewaterhouseCoopers LLP

Despite the risks, the NAO involvement in Ukraine is a strong example of longer term repeat deployments being designed effectively. While Phase 1 activities helped set up an effective regulatory structure for the ACU to act under, Phase 2 was used to build capacity in meaningful and impactful ways. The NAO's ongoing relationship with the ACU is testament to this longer term commitment to successful reform.

### Lessons learned from the deployment

The perception of political stability and predictability of the IC is dependent on public records being open, audited, and available for potential investors to access. The NAO in Ukraine offers one example of this in action, and this is reflective of a wider focus of IFUSE in this area. As the NAO Ukraine deployment demonstrates, however, the fortunes of public transparency deployments is heavily dependent on political desire and commitment to transparency. A successful deployment to improve transparency of public accounts needs to consider both the regulatory environment, and the capacity building needed to successfully implement these reforms. Partnerships will be most successful where both these elements of a reform programme are planned for.

Longer term, repeat deployments such as the NAO conducted will most likely be an appropriate design to achieving this wider-ranging reform requirement. Based on this evidence, one of the key design factors that should be considered in future programming is the longer term focus of deployments. In the case of the NAO, this was achieved through the repeat nature of the IFUSE deployments which facilitated both the policy change and the capacity building.

### Physical risk

In some IFUSE beneficiary countries, investment assets may be physically at risk due to adverse weather, natural disasters such as earthquakes, or in some cases violence and terrorism. Physical risks in this context refer to both natural and man-made hazards, and pose a serious issue to the physical integrity of assets. If an investor believes that their investment is likely to be under significant threat, with little to no evidence of mitigation efforts from Government, they are unlikely to invest.

IFUSE understands this risk and its impact on the IC and has facilitated several deployments to strengthen mitigation strategies against these threats. IFUSE facilitated ten deployments through the Met Office in three different countries: Kenya, Tanzania, and Vietnam. The Met Office deployments are particularly applicable to this idea of 'physical risk' in that they help weather agencies to prepare for adverse weather events such as storms, floods, typhoons, and droughts.

The case study on the deployment in Vietnam below lays out one such deployment in more detail, and demonstrates how IFUSE deployments, whilst short and technically-focused, can create significant impact that is often recognised beyond just the organisation in question.



### CASE STUDY:

### Improving precision of Typhoon predictions for more effective disaster preparation



#### Context of the deployment

As a low-lying coastal state, Vietnam is particularly at risk from rising sea levels and violent storm. Studies show that approximately 38% of land in Mekong Delta is at risk of becoming inundated. This is particularly distressing given the important role Mekong Delta plays as a major food producer for Vietnam.<sup>14</sup>

<sup>14</sup> Padilla K (2011). *The impacts of climate change on the Mekong Delta* Inventory of Conflict and Environment Case Study No. 265. Published by American University, Washington D.C

This has a knock on effect on the country's economic development. The Ministry of Agricultural and Rural Development (MARD) has estimated that Vietnam has had economic losses equivalent to approximately 1-1.5% of its GDP over the last two decades due to adverse weather, and that the first two typhoons to hit Vietnam in 2016 caused damage worth more than VND 6.7 trillion (almost US\$ 300 million). They also caused 20 fatalities or missing people and injured a further 82 people. Following such losses, the Prime Minister of Vietnam declared a renewed focus on improving weather forecasting, in the belief that greater preparation could have helped avoid such losses.

### **Content of the deployment**

While capital had been devoted to acquiring the Vietnam National Centre for Hydro-Meteorological Forecasting's (NCHMF) new equipment, there had been a neglect on spending for training of this equipment. The Met Office deployments organised through 2016 were set up to provide this training. The training was organised through a bundle of three deployments:

1. Scoping mission to evaluate agency's current position and help build future deployments.
2. Back to basics training on meteorological instruments and modelling techniques.
3. Case studies and applied theory, including basic media training on how best to communicate weather warnings.

A fourth deployment is currently being organised to shift the organisational focus more to forecasting the impact of weather, rather than in 'amounts' (perhaps some areas are more resilient to rainfall, for example, whereas severe wind may cause more of an impact to such an area). This is in line with modern techniques employed by the Met Office.

The third deployment, in August 2016, coincided with the forecasting of a new major typhoon due to hit the country. The Prime Minister of Vietnam personally visited the NCHMF and spoke with the Met Office expert deployed through IFUSE. This discussion was broadcast over Vietnamese media, and the Met Office expert in question was further interviewed about her involvement in building capacity within the Vietnamese meteorological service.

### **Impact of the deployment**

Later, following the storm, the Standing Board of the Central Steering Committee on Disaster Prevention and Control stated that the storm caused minimal losses thanks to the proactive response of the meteorological service. With the first two typhoons of 2016 costing roughly \$300m in economic losses, minimising the losses from one further typhoon in August may have saved the Vietnamese economy values potentially in the tens of millions of dollars. This case study provides evidence of benefits realised from this IFUSE deployment. In the long run, sustained proactive response from the meteorological service may make Vietnam more attractive to investors.

### **Lessons learned from the deployment**

This case study once again demonstrates the importance of timing to a successful IFUSE deployment: this deployment capitalised on a beneficial political environment that was keen to reform existing practices. The flexibility of IFUSE allowed a scoping mission to be organised that laid the groundwork for quick and targeted training that delivered quick, tangible, and impactful results that, in this case, gained the attention of even the highest level political influencers. The speed and flexibility of IFUSE was appropriate for taking advantage of this situation, and capitalising on it in an effective way to create a base for potential long term reform.

### 2.3.4 Harmonising to international standards

As identified in the Phase 1 impact summary, the main benefits of harmonisation to international standards are:

- Foreign investors are familiar with internationally recognised standards and regulations, making it easier for them to integrate their current practices into a new country without extra work to locate expertise on local regulations; and
- Adherence to an international standard provides assurance that in-country regulations are credible, mitigating some of the institutional risk factors described above.

In Phase 1, analysis shows that roughly 52% of deployments sought to raise beneficiary organisations to some pre-defined international standard, while in Phase 2 it is estimated that approximately 70% of IFUSE deployments have some degree of focus around international standard setting. This suggests that there has been a slight refocus from IFUSE on the importance of establishing prevailing international standards within beneficiary organisations.

One example of a deployment that sought to raise the standards of a beneficiary organisation was the support provided to the NAO in Nigeria. The NAO were asked to support the Nigerian office for the Auditor General through a programme of reform.

	<p><b>CASE STUDY:</b> <b>Modernising the approach to financial audit in Nigeria</b></p>	
<p><b>Context of the deployment</b></p> <p>In May 2015 incoming President Muhammmadu Buhari was sworn in after winning the election on a strong anti-corruption platform. A functioning and effective office of Auditor General represented a necessary step to achieving this aim, and the previously under-funded body became a key unit for fulfilling the President's election pledges. New rules for government ministries' internal audits placed a potential strain on the workload of the Auditor General, and this became a window of opportunity for DFID Nigeria to offer support through IFUSE.</p> <p><b>Content of the deployment</b></p> <p>As part of an ongoing reform programme, the NAO were deployed to help build specific capacity in how to structure a financial audit. Three NAO deployments were organised, two being funded through IFUSE, and another follow up currently planned for February 2017.</p> <p>The initial scoping exercise revealed several problems that required different approaches than had been initially planned. Chief among these was a perceived lack of political support. Despite there being political buy in from the President of the country, bureaucratic inertia meant that the organisation was not as open to reform as had been initially hoped. The Auditor General himself was identified by the NAO as a barrier to reform, and this held back what progress could be made with the first deployment.</p> <p>Additionally, the scoping study revealed that more general problems would hold back reform, for example the organisational structure was unclear and confusing, the HR function was outdated and cumbersome, and there was a general lack of strategic direction. With such issues, there was a fear that no amount of technical advice would lead to reform of practice: there needed to be both technical and organisational reform for either to be successful. These two barriers fundamentally changed the approach the NAO believed needed to be taken.</p>		

The second deployment, still funded under IFUSE, was focused on the development on financial audit methodology. The NAO began drafting a unified audit manual that could be used by all departments in the office of Auditor General, and this would help to coordinate many of the parts of the organisation that had previously been using their own methodologies. They also made an attempt at creating a strategic plan for how to order office activities and planning. It was hoped that these coordinating approaches would increase the ability of leadership to quality assure the different audits being produced.

When the NAO visited for the third time, the Auditor General had moved on and had been replaced with an Interim Auditor General who had previously been a member of staff. She was much more open to reform, and her replacement since as Acting Attorney General has equally been very supportive. The third deployment (which was actually outside the scope of IFUSE), focused on the providing training on back to basics functions that the initial scoping exercise identified as crucial.

### **Impact of the deployment**

The main impact of the deployment lies in the fact that the audit manuals (quality assurance and regulatory) were completed during the second deployment and are being implemented. When implemented, the quality of work will improve and aligned to international standards. Also, the new strategic plan in place is to reposition the audit department, providing a structural approach to improving work processes.

Feedback from the NAO, the Nigerian office of Auditor General, and DFID Nigeria suggests that the reform work is not yet finished. The employees of the Auditor General's office need to be trained on implementing the revised audit manual. Also more general organisational reforms around structure, HR, and strategy, have yet to be made. Although NAO will conduct another deployment (not funded through IFUSE) in March 2017, interviews with the Nigerian office of Auditor General pointed out that obtaining funding to provide training on the implementation of the revised audit manual is the biggest challenge in reaching the ultimate impact.

### **Lessons learned from the deployment**

The major lessons to take from this case study are that international standards are more than just being aware of the most up to date technical approaches, but requires a holistic approach to an organisation as a whole, and how conducive the organisation is to achieving the aims set for it. In the case of the Auditor General in Nigeria, the aims were set very high by the incoming President, yet the organisational capacity was not of a sufficient level to match this.

This case study also demonstrates the need not just for political buy-in, but also buy-in from organisational leadership. What the NAO Nigeria case highlights, is that a patient approach to working with staff can often be effective, as the future leadership of the organisation can come from within. This is a longer term approach, but the experience of the NAO suggests that it can be fruitful. If the buy-in from leaders can be achieved, however, then results are likely to have greater impact.

In summary, IFUSE as a facility is well-designed to help raise the organisations' to international standards, although a blind spot exists in building the general management capacity for these organisations. The changes between Phase 1 and Phase 2 suggest that the facility has continued a good trend set from the first few years, and IFUSE certainly provides a good model for building technical partnerships.

## 2.4 Impact Area 3: Promote fair and competitive markets



An efficient private sector can act as the main driver of employment, sustainable economic growth, prosperity and can be a catalyst out of poverty.<sup>15</sup> Competition policy is essential to the effective functioning of an economy, enshrining the principles of fair and open competition with appropriate balance for the needs of consumers and investors. Having a transparent approach to competition in a comprehensive and robust manner helps to create an IC that is beneficial for attracting, retaining and leveraging investment for private sector driven growth. It also facilitates an environment where the impact of Foreign Direct Investment (FDI) is larger and more sustained, and where domestic entrepreneurs are more incentivised to invest locally. The benefits of reputation, creditability and transparency however, need to be balanced with the increased burden of regulations.

Given the above benefits, promoting fair and competitive markets is the third impact area of IFUSE. The Phase 1 impact summary identified five criteria that deployments are assessed against, which are in-line with the World Bank's areas of focus for competition policy.<sup>16</sup> This impact summary follows the same method, assessing deployments against their contribution to the areas shown in Figure 8.



Figure 8: Assessment criteria for impact area 3

### 2.4.1 Overview of deployments

The impact mapping outlined that 53.3% of the total deployments were focused on promoting fair and competitive markets throughout the full five years of IFUSE. Segmenting this figure reveals a significant decrease in focus on this impact area from 62.5% in Phase 1 to 38.1% in Phase 2.

Impact Area 3 criteria	Number of deployments
Legal/regulatory issues	61
Competition policies to create a level playing field	29
Mainstreaming competition policy within broader Investment Climate reforms	24
Addressing sector-specific constraints to markets	23
Legal/institutional frameworks for antitrust	12

Table 6: Overview of deployments focused on building fair and competitive markets

<sup>15</sup> The World Bank Group (2015). Investment Climate. Available from: <http://www.worldbank.org/en/topic/competitiveness/brief/investment-climate/>

<sup>16</sup> The World Bank Group (2015). Competition Policy. Available from: <https://www.wbginvestmentclimate.org/advisory-services/cross-cutting-issues/competition-policy/>

Table 6 illustrates that the highest portion of the deployments were targeting legal and regulatory issues, whereas developing institutional frameworks for antitrust were the objective of significantly fewer deployments. This is, however, a very specific focus area and so it is unsurprising that it is the lowest in terms of number of deployments facilitated. The remaining three areas of impact addressing sector-specific constraints, mainstreaming and levelling competition policies were relatively evenly distributed throughout the lifecycle of IFUSE.

Comparing Phase 2 to Phase 1, it becomes clear that legal and regulatory issues have dropped as a major focus (from 44.2% to 23.8%), and IFUSE deployments have moved more towards addressing sector-specific constraints (from 13.5% to 14.3%). However, antitrust related deployments became even more scarce in this Phase, down from 8.7% in Phase 1 to 4.8% in Phase 2.

### 2.4.2 Case study

In order to illustrate the contribution of IFUSE on this impact area, a case study was conducted on the support provided by Competition and Markets Authority (CMA) to the Competition Authority in Kenya (CAK).

	<p><b>CASE STUDY:</b> <b>Improving competition by resolving internal conflicts</b></p>	
<p><b>Context of the deployment</b></p> <p>Competition issues are more prevalent within telecoms than any other industries. In Kenya, this was worsened by the lack of communication and cooperation between the two regulatory bodies. The lack of communication and cooperation between the CAK and the Communication Authority of Kenya (CA) led to blurred lines of responsibility regarding which organisation was primarily tasked with enforcing competition regulation on the telecoms industry. This confusion was causing inefficient and weak enforcement of pro-competitive, effective antitrust and merger control regulations. This led to multiple competition policy violations, such as an abuse of dominance case in paid TV and signal distribution, an uncontrolled merger of mobile operators, and dominant operators prevailing in several industry segments.</p> <p><b>Content of the deployment</b></p> <p>To tackle these problems, CMA experts delivered two deployments between 2013 and 2015. The first deployment was focused on supporting the development of guidelines on unfair pricing, abuse of intellectual property rights (IPRs) and consumer protection in terms of ‘unconscionable conduct’. The second deployment was designed to specifically build the skills to deal with telecommunication competition, project management and development of regulation in the area of telecommunication. In addition, this deployment was set up to bring together the CAK and CA, improving communications lines and ultimately implementing a Memorandum of Understanding (MoU) between CA and CAK.</p> <p><b>Impact of the deployment</b></p> <p>A credible and well-functioning telecommunications industry is a large priority to companies with the intention to invest. It is a necessary vehicle for national and international coordination. Improving the competition would result in reduced prices and better services provided, benefitting investors. The deployment brought together senior officials from the CAK and CA and presented specific and practical UK case studies, which exposed the need for mutual cooperation and resulted in a better understanding of each other. This ultimately led to the two bodies signing the MoU and increased cooperation between the two organisations. Additionally policies have been drafted by the two bodies which improves Kenyan telecommunications regulation.</p>		

A CAK official described the technical assistance provided as “*especially relevant to CAK’s current priority to develop greater concurrency with other sector regulators therefore, CAK’s case interventions are better informed and ultimately more effective*” and “*as a result of the training on concurrent jurisdiction, the modalities of engaging with other sector regulators are clearer and better structured*”

#### **Lessons learned from the deployment**

The case study demonstrates IFUSE’s ability to go beyond its usual capacity building design. It showcases a deployment where the local issues were targeted and resolved by a tailored approach. In this case a specific focus lied on building relationships between two organisations in a country. By bringing them together in a workshop, IFUSE was able to contribute to better competition regulation in the telecommunications sector.

The beneficiary for this deployment, the CAK, clearly indicated that it would have been able to benefit more if post-deployment communication would have been part of the deployment as well. For instance, it would have helped if CMA was able to review policy which was developed as a result from the deployment. Conclusion of this case study is therefore also that longer term engagement, or repeat deployments could have increased the impact further.

In total, experts from the Competition and Markets Authority (CMA) (previously OFT), delivered 10 deployments promoting fair and competitive markets. These deployments took place in a wide range of countries, including South Africa, where experts supported the newly established Anti-Cartel Working Group. CMA also facilitated workshops on mergers investigation and competition law enforcement in Zimbabwe and supported the mitigation of anti-competitive behaviours in the market for malaria Myanmar.

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*“The given IFUSE technical help has provided an identifiable benefit in the practice of the Government Committee for Investments. The knowledge of employees of the committee, in relation to planning of checks based on the scoring of risks, has increased.” - Tajikistan State Committee on Investments and State Property Management, (BRDO)*

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Other UKP organisations were also involved in delivering deployments in related impact areas. BRDO supported the implementation of the Inspection Law reform for risk based inspections in Tajikistan. The Intellectual Property Office (IPO) prepared the Companies and Intellectual Property Commission for the forthcoming change in Intellectual Property Law by delivering a series of patent examination trainings in South Africa. The Kenya case study above, therefore, is not a solitary example of competition policy-focused deployments, and IFUSE has been flexible enough to facilitate several different ways of improving fair and open competition in beneficiary countries.

## 2.5 Analysis of feedback scores from experts and beneficiaries

Shortly after each deployment, both the expert and the beneficiary complete a feedback form providing information on the expected impact of the deployment on a scale from 1 to 7. Specifically, the feedback form asks them to provide answers to the following questions:

- **Expert feedback:** *Please indicate your level of agreement with the following statement: “The technical assistance provided by IFUSE will contribute to positive change within the beneficiary organisation and the country’s investment climate.”*
- **Beneficiary feedback:** *We would like to know more about how IFUSE has made a difference to your organisation’s work. Please indicate your level of agreement with the following statement: “Using UK government expertise brought clearly identifiable benefits to my organisation which we would not otherwise have been able to access.”*

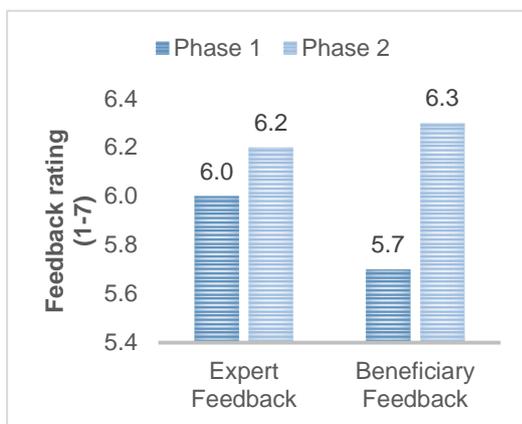


Figure 9: Expert and beneficiary feedback

Analysis of the feedback forms show an improved performance in Phase 2 (March 2015 – December 2016) in comparison with Phase 1 (April 2012 – March 2015). Figure 9 illustrates that both beneficiary and expert feedback improved in Phase 2 in comparison to Phase 1. In particular, beneficiary feedback has increased considerably in Phase 2 compared to Phase 1. A potential explanation of these improved feedback scores is that more repeat deployments took place in Phase 2. The Phase 1 impact summary already revealed that ‘bundled’ or ‘repeat’ deployments lead to more impact than single deployments and as such was identified as one of the ‘key ingredients’ for a successful deployment.

IFUSE took on this feedback and as a result slightly more than half (51%) of deployments of Phase 2 were classified as ‘bundled’ or ‘repeat’ deployments. In addition, several “first” deployments were designed as scoping missions, with the intention of either being followed up with another IFUSE deployment, or to be leveraged when bidding for larger funds as part of a wider programme. Analysis of the feedback forms (figure 11) shows that the repeat deployments exhibit higher overall ratings than individual deployments, as such improving the overall performance of Phase 2 deployments.

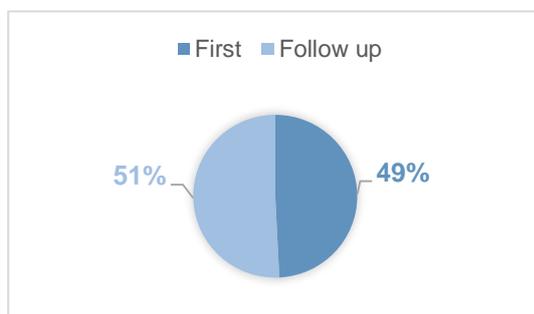


Figure 10: First or follow-up deployments in Phase 2

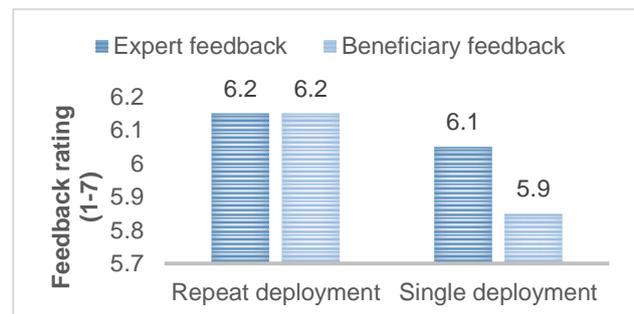


Figure 11: feedback on repeat and single deployments

When comparing feedback between the different impact areas, it is important to note that impact areas overlap, and therefore most deployments’ feedback covers multiple criteria. Overall, impact area one performed best, scoring on average a 6.1 out of 7. Figures 12 and 13 show that both expert and beneficiary feedback improved in this impact area. Also impact area three showed improvements in both

expert and beneficiary feedback. In contrast impact area showed an improvement only in expert feedback. Beneficiary feedback in this impact area remained at approximately the same level.

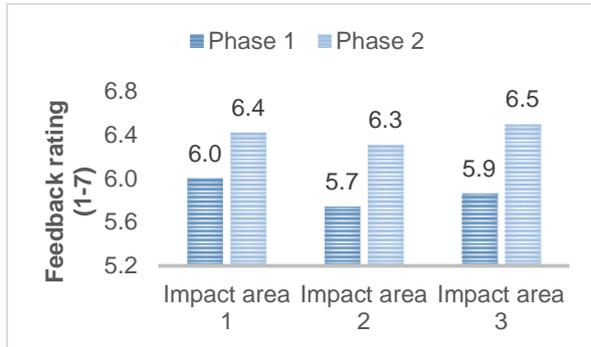


Figure 13: Beneficiary feedback

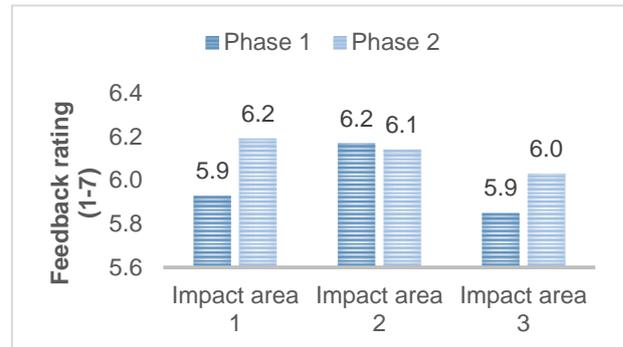


Figure 12: Expert feedback

Despite small sample sizes, feedback scores have shown statistically significant improvements from Phase 1. The more detailed results are included in Annex 6, but the summary finding is that beneficiaries have recognised a significantly higher quality service through Phase 2. Expert feedback has in general shown improvements, however these have not been statistically significant. The statistical analysis further supports the conclusion that IFUSE performance and impact has improved since Phase 1.

## 2.6 Conclusion

This impact summary concludes that IFUSE deployments have contributed to all three impact areas. This is reflected by the case studies and the analysis of management information. The distribution of deployments, particularly through Phase 2, shows that more deployments have been designed to contribute to the second impact area focusing on the predictability of the IC than on any other across all three impact areas.



The impact mapping showed that approximately 70% of deployments were designed to reduce the time and costs for doing business. A large proportion of deployments focused on simplifying business regulations or targeting inspection requirements more specifically. In contrast few deployments were carried out which focused on establishing effective transport networks or improving communication infrastructure. The case study of IPA support to Afghanistan illustrates the potential long term impact IFUSE can have on infrastructure projects in the country, a key driver for private sector growth. In addition BRDO and GAD conducted many deployments contributing to this impact area.



The impact on the predictability of the IC was primarily achieved through raising the practice of beneficiary organisations up to international standards and through contributing to policy stability. Comparatively, IFUSE has a fairly weak focus on improving the general skills and capacity of the workforce. This may have been due to insufficient UKP organisations being secured who specialise in improving general workforce skills, and this could be a recommendation brought forward for future IC initiatives. Various case studies in this impact area illustrate the impact IFUSE has had in this area, for instance the performance from the meteorological service in Vietnam has improved and as a result losses from extreme weather conditions have decreased.



In impact area three, the focus lied on contributing to legal and regulatory issues in building fair and competitive markets. CMA has contributed significantly to this impact area with 10 deployments. One example of a deployment by CMA relates to a deployment provided in Kenya. This deployment improved the relationship between the CAK and the CA and as a result improved competitions regulation in the telecommunications sector in the country.

The impact of the deployments on the IC, was analysed by assessing the feedback scores. Both experts and beneficiaries complete a feedback form shortly after completion of the deployment, which includes a question on the expected impact of the deployment. On average, the feedback scores from Phase 2 are higher than feedback from Phase 1. This is considered to be caused by an increased number of 'bundled' or 'repeat' deployments in Phase 2. Feedback scores for repeat deployments are also significantly higher than single deployments leading to an overall improved feedback score in Phase 2 deployments.

## Section 3: Impact Summary – Facility level

This section considers how the characteristics of IFUSE as a facility have contributed to impact. It first explores the adaptations to IFUSE in response to the Phase 1 impact summary. Based on this analysis as well as the deployment level analysis, sub-section 2 revisits the defining characteristics which the Phase 1 impact summary identified.

### Content of this section

- [3.1 Adaptations in the IFUSE Facility](#)
- [3.2 Defining Characteristics of IFUSE](#)
- [3.3 Conclusions](#)

### 3.1 Adaptation in IFUSE

In order to achieve the best possible outcomes in any development programme, it is important to continuously learn from results and adapt accordingly. This section of the report focuses on the adaptations to IFUSE which were initiated at the start of the Phase 2 of the facility as a response to the recommendations from the impact summary of Phase 1. These adaptations can be divided in programmatic changes and changes to the monitoring and evaluation framework.

It should be noted that the IFUSE impact summary was published at the beginning of 2016, well into the Phase 2 of the facility. The MA therefore focused on implementing those recommendations which were considered feasible and added value during the last year of the facility's implementation.

#### 3.1.1 Programmatic recommendations in IFUSE

*In Phase 2, IFUSE should continue to engage DFID country offices to ensure alignment with HMG priorities and improve the quality of impact monitoring.*

In response to this recommendation, the MA conducted a series of calls with DFID country offices between March and June 2016. A report was developed which contains the findings from those calls as well as overarching lessons learned. This outreach resulted in the identification of likely future priorities for assignments, including Public-Private Partnerships, financial governance and investment promotion. IFUSE developed a 'shopping list' of potential new projects which were then proposed to the UK partner organisations. Eventually this led to one new deployment.

IFUSE initiated pre-deployment conference calls with the relevant stakeholders such as the expert, the beneficiary organisation and the DFID country offices. These calls, which took place for complex and first time deployments, were beneficial as they facilitated a common understanding of the issues at hand and provided direct communication between all stakeholders.

The case studies of this impact summary show that the level of involvement of DFID country offices differed quite significantly per deployment. For example, DFID Nigeria has been very active in the development of the support package for the Auditor General's office. On the other hand DFID Pakistan only had a very minimal involvement in the deployment of the OFT on competition policy.<sup>17</sup>

In November 2016, IFUSE sent a closing communication to both the UK partner organisations as well as DFID country offices, outlining the possibility to submit final requests for deployments before January. Response from DFID country offices lagged behind in comparison to the UKP organisations. This

<sup>17</sup> The Pakistan deployment took place in Phase 1, when DFID country offices were less involved. The Pakistan deployment came about mostly as a result of an ongoing relationship between the OFT and the Competition Commission of Pakistan and as a result DFID Pakistan was not as involved. Additionally the deployment took place in Phase 1, when there was less focus on DFID country office involvement.

illustrates that there is still improvement possible in terms of DFID country offices engagement in IFUSE deployments.

*In Phase 2, IFUSE should prioritise aligning deployments to regional government priorities for investment climate reform where possible. This means that the linkages between the demand, deployments approved and resultant longer-term impacts are clearer and capable of being more effectively monitored.*

Due to its nature as a demand driven facility, the actual impact of IFUSE is dependent on those deployments which are brought to the facility for funding. In the Phase 2, IFUSE recruited an IC specialist to assess the effect of the deployments on the IC. The IC specialist reviewed all ToRs to ensure that the expected impact on the IC was clearly articulated.

To make sure that the deployments were clearly linked with regional government priorities, the Managing Agent relied mostly on the judgement of the DFID country offices. All ToRs were shared with the DFID country offices prior to the approval of the deployments, in order to assess whether this is in line with regional priorities.

*In Phase 2, IFUSE should place further emphasis on requiring all deployments to articulate clearly, and at an early stage, the expected impacts and the specific links between these and the deployment.*

This impact summary showed that IFUSE placed further emphases on a clear articulation of outcomes and impact of the deployments in Phase 2, through a revision in the format for the ToR. In cases where the impact on the IC was unclear, IFUSE sent the ToR back to the beneficiary and expert for improvement. This clearer articulation of impact in the ToR led to a better scoping of the deployments. In the interviews held for this impact summary, many stakeholders positively responded to the involvement of the IC specialist. The involvement of an IC specialist in the facility also built trust with DFID, as the IC specialist was seen as an independent evaluator.

In repeat deployments it is much clearer what the actual and expected impacts are. This is because the experts are involved for a longer period of time, and therefore the longer term results can be assessed. In the case of the deployment of the Met Office to Vietnam, for instance, the possibility to assess the impact of the deployments was considered as one of the advantages of having repeat deployments. An additional advantage is that beneficiaries feel more responsibility to actually implement the advice, because they know that the expert will come back to assess progress and answer potential questions.

*In Phase 2, IFUSE should consider how the flexibility and responsiveness of the facility presents opportunities for further deployments within FCAS. In addition, there is also a potential to mainstream gender by further promoting inclusivity within the terms of reference (ToR) and design phase prior to deployments*

In Phase 2, IFUSE changed the format for the ToR to include a question on the effect of the deployment on women. The extent to which this question was answered was quite limited as most deployments were not perceived by the experts to have a specific gender focus. This is perhaps unsurprising, as the UK experts were not expected to have experience in working in development contexts, where gender mainstreaming is more widely understood. Without such experience it is no surprise that engagement with a ToR question on gender was poorly answered.

Improvements are therefore still possible in this area, as every deployment has a gender element to it, whether it is through involving women in the TA itself, or women as ultimate beneficiaries to the reform. Housing more gender expertise in the MA could help provide the support necessary to strengthen ToR responses to gender in a similar way the IC specialist helped improve ToR focus on IC.

In total 18 FCAS deployments took place in Phase 2, which represented 29% of the overall Phase 2 portfolio of deployments.<sup>18</sup> Examples of FCAS deployments are the support IPA provided in Afghanistan

<sup>18</sup> This number was calculated using DFID definition of High Fragility and Moderate Fragility states as sent to the impact summary team on 8 March 2017.

and a deployment focused on regulatory delivery in Somalia. These deployments took place in other countries due to safety restrictions in-country. The training courses for officials from Afghanistan about PPPs was conducted in Istanbul and the deployment to Somalia was provided in Ethiopia. Due to the demand driven nature of the facility, it is difficult to focus more on FCAS delivery, however, IFUSE did involve DFID Somalia country offices in the consultation round. By doing so IFUSE tried to be more supportive of FCAS deployments.

### 3.1.2 Recommendations related to the monitoring and evaluation framework

The impact summary of 2015 provided a number of recommendations related to the monitoring and evaluation (M&E) framework of the facility. It provided a recommendation to improve the logframe of the facility, adequately reflecting the IFUSE theory of change. Also, it expressed the need for more impact related data both in the ToR as well as the feedback forms for experts and beneficiaries.

#### *Changes to the logframe*

IFUSE suggested slight changes to the logframe in Phase 2. This logframe placed more importance on value for money (VfM), such as shown in indicator 2.3 (the complete logframe is included in Annex 4). The extent to which the facility actually implemented the VfM assessment is limited, because it was too complex to include the rating scale for VfM assignments. The MA did analyse the economy of proposed deployments and a number of deployments which showed a low VfM in terms of economy were rejected. The following suggested changes to the logframe were not included in the revised logframe:

- The percentage of assignments which recipients indicate has provided a tangible, actionable benefit that will very likely translate into an improved investment climate reform.
- The proportion of UK experts that suggest their advice / training has been actively received by recipients and has the potential to be acted upon in the longer term

#### *Changes in the ToR and deployment report*

The Phase 1 impact summary of IFUSE recommended to change the ToR in the following way:

*'In Phase 2, ToR documents should be re-structured so that all reference and/or tracking data is requested together at the outset of the document. This will make it easier to capture and collate, and refer back to at a later date. ToR documents should be reviewed by the new IFUSE investment climate specialist, with particular focus on statements of investment climate need/strategic context, the situation as it currently exists, the relevance of expected short, medium and longer-term outcomes, the importance of short, medium and long-term impacts and the linkage between inputs, activity, outputs and these expected outcomes.'*

The MA changed the format for the ToR to include an additional criteria on VfM including economy, effectiveness, equity and sustainability. This format also includes additional questions on the anticipated outcome and impact of the facility. IFUSE also improved the deployment reports by focusing more on the outcomes and impact and distinguishes between medium and long term potential impacts. Resulting from these changes, the MA can now determine the extent to which expected results have been reached.

#### *Changes in the feedback forms*

In Phase 2 of IFUSE, the MA developed revised feedback forms for beneficiaries and experts. These revised form for beneficiaries were shortened and provided a clear distinction between short term outputs, outcomes and impact. Also certain terminology was unified, for instance referring to a 'deployment' instead of 'assignment'. The table below highlights some of the changes to the beneficiary feedback form

2016 version beneficiary feedback	2014 version beneficiary feedback
<ul style="list-style-type: none"> <li>In what ways did the technical assistance provided by IFUSE benefit your organisation in the short-term (for example: improved policy formulation, more effective processes, etc.)?</li> <li>Investment Climate is the set of factors and conditions affecting private sector investment in a country. Describe the impact on investment climate that you see this technical assistance as having in the medium term (for example: more effective competition regulation, efficient tax system, etc.)?</li> <li>If we were to do some follow up on the results or impact of this deployment, what do you think would indicate success? Please give an estimate of the timeframe necessary for implementation.</li> </ul>	<ul style="list-style-type: none"> <li>In what ways did the technical assistance provided through IFUSE benefit your organisation (for example, improved policy formulation, more effective processes)? What <u>impact</u> do you see this technical assistance as having in the medium term?</li> <li>If we were to do some following up on the results of this deployment, what do you think would be the key indicators of its success? It would be helpful also to understand the timeframe which you think is necessary for their implementation.</li> </ul>

Table 7: changes to the beneficiary feedback form

The forms for the expert feedback were also changed in the facility as is highlighted in the table below. The most important changes made here relate to the focus on the IC and the actual implementation of the recommendations made by the experts.

2016 version expert feedback	2014 version expert feedback
<ul style="list-style-type: none"> <li>Please indicate your level of agreement with the following statement: “The beneficiary was receptive and willing to implement the technical assistance.”</li> <li>What is the likelihood of your deployment recommendations being successfully implemented?</li> <li>Please indicate your level of agreement with the following statement: “The technical assistance provided by IFUSE will contribute to positive change within the beneficiary organisation and the country’s investment climate.”</li> <li>What further actions should be taken by the beneficiary to create the greatest possible impact on Investment Climate? What is the likelihood of this happening?</li> </ul>	<ul style="list-style-type: none"> <li>Please indicate your level of agreement with this statement: the beneficiary was receptive to the technical assistance.</li> <li>What do you see as the probability of success of your deployment’s recommendations?</li> <li>Please indicate your level of agreement with this statement: technical assistance provided through IFUSE will contribute to positive change within the beneficiary organisation.</li> </ul>

Table 8: changes to the expert feedback form

## 3.2 Defining Characteristics of IFUSE

The Phase 1 impact summary identified five defining characteristics of IFUSE. Through over 20 consultations with UK government department representatives, DFID country offices and in-country beneficiaries, this impact summary revisited the initial defining characteristics of IFUSE. The defining characteristics of this impact summary are not a major deviation from those identified in Phase 1. A refocus of some of these characteristics recognises the value of IFUSE assignments being peer-to-peer in nature and the facilitation role of the Managing Agent which goes beyond being a logistical lead. Each of these characteristics is explored in details below.

### 3.2.1 Responsiveness of the deployments

The Phase 2 case studies have shown that responding to external events can increase the impact of IFUSE deployments. In Afghanistan, for example, IPA leveraged on Presidential interest in PPPs to organise a conference that attracted significant stakeholder engagement, including the attendance of five deputy ministers.



Likewise, the NAO leveraged on the drafting period of the new auditing law in Ukraine to review and suggest amendments to the law that would bring it more in line with international expectations. Having the NAO involved in this vital period meant that a more impactful and effective auditing law was drafted and ultimately implemented in Ukraine.

As in the Phase 1 impact summary, the responsiveness of assignments is considered an important distinguishing factor for IFUSE, and this aspect of the facility unlocked extra areas of impacts that would not have been accessed otherwise.

### 3.2.2 Short-term nature of the deployments

Individual IFUSE deployments are contractually limited to a maximum duration of two weeks. This was a purposeful decision taken by DFID in order to make it easier for practising experts from UKP organisations to take time away from their 'business as usual' commitments, yet still be long enough to have some form of impact on the beneficiary organisations.



In some circumstances, short term deployments are perfectly well-suited for a deployment, for example the three day conference for government ministries in Afghanistan led by IPA was short enough to allow deputy ministers to attend. Feedback from interviews as part of this impact summary suggested that a longer engagement might not have incentivised the involvement of senior stakeholders in the same way. On the contrary the majority of experts and beneficiaries interviewed as part of this impact summary indicated that that longer engagements would have been more valued and potentially would have led to greater impact. This is particularly clear in the case study on the support of the NAO in Nigeria. The NAO initially delivered a piece of technical support on financial audit, and quickly realised that longer term organisational and management reform would be needed for this technical support to become sustainable and a part of ongoing practice.

IFUSE has been innovative in how it has helped facilitate the growth of longer term mentoring relationships. The Phase 1 impact summary suggested that 'bundling' of deployments should be recommended by the MA in order to roll several deployments into one more holistic offering. Approximately 30% of deployments in Phase 1 were follow-ups from previous ones and this increased to 50% of in Phase 2.

In conclusion, the short term nature of deployments is a defining characteristic of this facility. With short term deployments, it has created differentiated impacts that longer term facilities may not have achieved.

### 3.2.3 Strong support in organising and designing the deployments

The analysis of feedback and interviews, showed that the logistical role played by the MA in arranging deployments was consistently appreciated. Only one expert from the Competition and Markets Authority (CMA) provided negative feedback on the facilitation of his deployment in Kenya. The expert was not pleased with the extent of safety training he had to go through prior to travel given that he had previously visited Nairobi on several occasions.



The Phase 1 impact summary raised concerns around how the organising role of the MA may lead to a lack of buy-in from experts, as they had not invested the effort in making the arrangements for the deployments themselves. The Phase 1 impact summary concluded that this was a weak criticism, and feedback from DFID and the MA gathered for this impact summary suggests that partner organisations

often acted passionately and with a genuine sense of commitment. The case study of the ACCA deployment in Rwanda supports this conclusion, as they have committed to self-funding a further deployment if the Rwandan beneficiary organisation can secure the funding to hire more staff.

A second concern from Phase 1 was that some deployments seemed to demonstrate insufficient engagement in the development ToRs. The MA made changes to the facility by taking a greater role in helping beneficiary and partner organisations to collaboratively draft the deployment ToRs. An IC specialist was brought on board to review ToRs and suggest potential improvements. These improvements ensured that deployments had a more explicit focus on key issues such as the IC and sustainability, from the outset.

The MA brings a strong and distinctive value that works best when working as a facilitator of discussions alongside the classic role of logistical support. This defining characteristic was therefore changed from 'ease of organising deployments for UK partner organisations' in the Phase 1 impact summary to 'facilitation of assignments by the Managing Agent'.

### 3.2.4 Targeted and technical focus of peer to peer deployments

The interviews conducted as part of this impact summary reveal some highly specialised pieces of TA provided under IFUSE. Examples of such expertise include meteorological modelling, telecoms regulation design, and PPP investment strategies. This level of in-depth knowledge is a defining characteristic of IFUSE deployments and is dependent on the assistance being delivered by those with deep expertise in their field.



The nature of peer to peer assistance also has an effect on how well the advice is received by beneficiary organisations. The nature of peer-to-peer advice is valued because it comes from a position of empathy and understanding. In Rwanda, for example, ICPAR needed experienced auditors to provide the level of expertise and professionalism required for success (establishing a credible baseline QA report and audit process).

To conclude, the peer to peer nature of IFUSE TA has been critical to the success and sustainability of the facility. In addition, the technical focus of the deployments provides highly valued expertise to beneficiary organisations.

### 3.2.5 Focus on relationship-building in the deployments

The Phase 1 impact summary identified that relationships are key to the success and sustainability of deployments. These long term partnerships are widely regarded as the most effective way for implementing lessons learned from TA<sup>19</sup>. The Phase 2 impact summary has divided the key relationships for the facility into three categories as demonstrated in Figure 14 below.



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<sup>19</sup> Andrews, M., & Manning, N. (2015). *Mapping peer learning initiatives in public sector reforms in development*. CID Working Paper 298. Available from: <http://bsc.cid.harvard.edu/publications/mapping-Peer-Learning-Initiatives-Public-Sector-Reforms-Development>

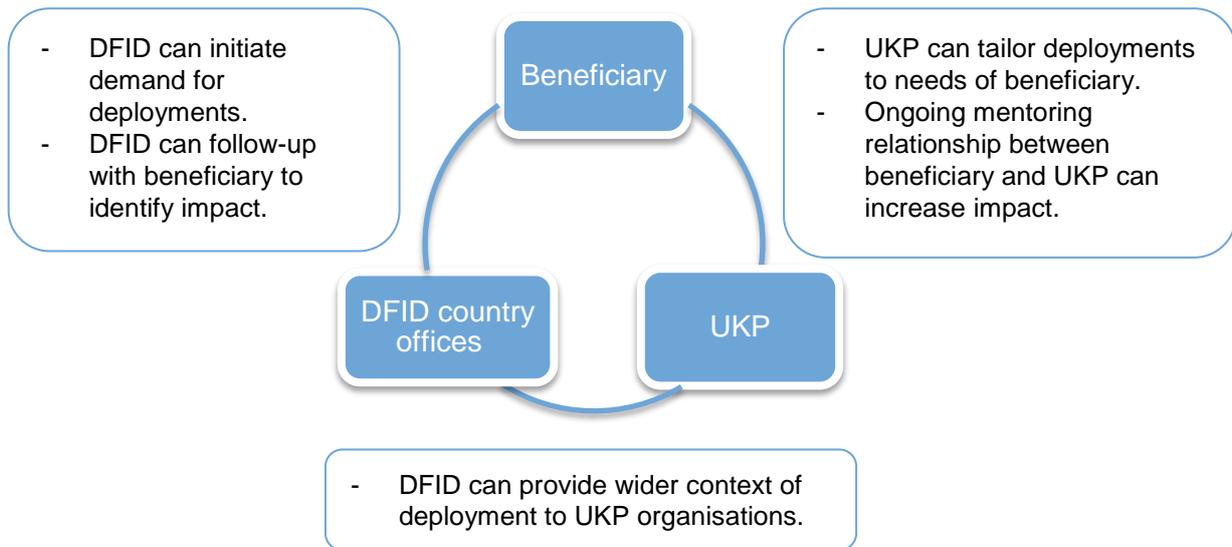
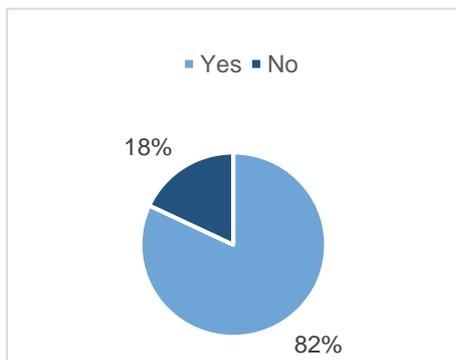


Figure 14: Elements of relationship building

The development of improved relationships between the governments of the UK and the beneficiary is another area which IFUSE potentially impacts. In the case of Afghanistan, this was noted as an outcome, as the dialogue between the countries was moved away from explicitly conflict matters, and on to more ‘business as usual’ discussions. This should have a significant impact on the beneficiary countries’ IC, normalising relations and embedding trust.

### Building a relationship between the UK Partner and beneficiary organisations

The previous impact summary detailed several examples of how highly impactful deployments tend to promote the development of relationships that last beyond the formal deployment dates. Additionally, the impact that deployments delivered are more likely to be sustained on the long-term if relationships between the two organisations (beneficiary and expert) are created and maintained.



Most experts interviewed for this impact summary noted that where there were good professional relationships established with beneficiaries, the latter would occasionally reach out for consultation in novel issues. In the feedback forms the beneficiary and expert organisations were asked to provide an answer to the question “Has the deployment created a relationship between the UKP and the beneficiary or strengthened an existing relationship?”. In 82% of the deployments, where both beneficiary and expert organisations answered the question, both the beneficiary and expert organisations answered positively to this question.

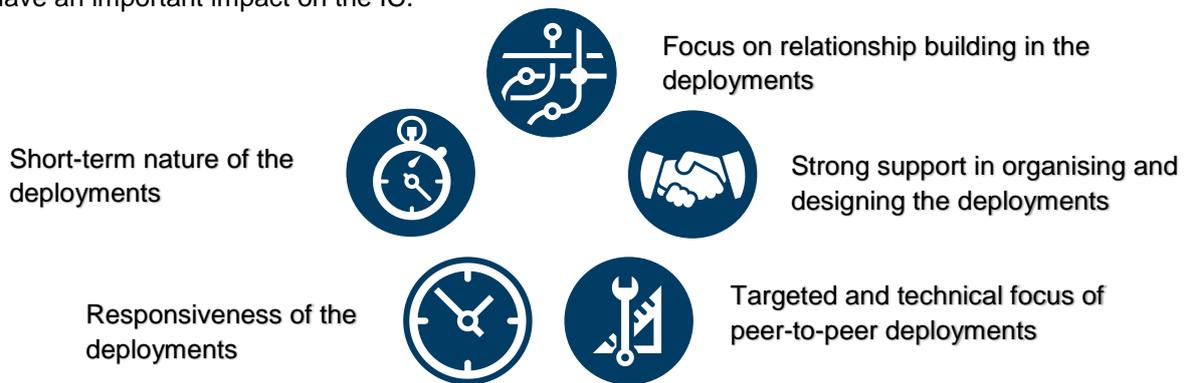
Textbox 2: building a relationship between UK partners and beneficiary organisations

Repeat deployments have been more frequent in Phase 2, suggesting that stronger relationships are likely to have been fostered. In addition, feedback shows that in 82% of deployments a relationship was built. However, this data isn’t considered to be completely reliable as it is provided within two weeks of the deployments. The case studies provide more longitudinal data on relationship building. For instance the case studies conducted on the Met Office deployment in Vietnam and the NAO deployment in Nigeria illustrate that a long term relationship was built between UKP and beneficiary organisations.

### 3.3 Conclusion

From a facility perspective, our impact summary has found that IFUSE is distinctive. There is evidence that IFUSE has adapted its approach following the Phase 1 impact summary. It has for instance involved DFID country offices to a greater extent through for instance a round of calls with various offices. By recruiting an IC specialist the focus on the potential impact of deployments have improved and results are better captured in M&E tools. Through these changes a sustained, longer-term impact is stimulated and an important basis is formed against which relationships can be developed beyond the specific individual deployment.

This impact summary has revisited the initial defining characteristics and slightly refined those to reflect the findings from this research. The following defining characteristics at a facility level allow IFUSE to have an important impact on the IC.



*Figure 15: defining characteristics of IFUSE*

Concerns have been consistently raised about the enforced maximum length of projects, and this is something that future facilities should consider. While short term engagements are no doubt important and impactful in certain situations, many problems associated with the IC are complex, and may need longer term deployments if the problems are to be systemically addressed.

## Section 4: Secondary Benefits

The cooperation of UKP organisations is critical to the success or failure of IFUSE. One area of interest for this impact summary is to try to understand what benefits, if any, do UKP organisations derive from their involvement with IFUSE. These ‘secondary benefits’ are not a key part of the logframe, and should not be the sole aim of such a facility, however they do play an important role in contextualising IFUSE’s funding, and give a richer understanding to the relationships at play in partnership facilities. This section of the impact summary explores three main categorisations for secondary benefits: those for the organisations, those for the individuals, and those more general ones appreciated by the government.

### Content of this section:

- [4.1 Individual benefits](#)
- [4.2 Organisational benefits](#)
- [4.3 Governmental benefits](#)
- [4.4 Conclusions](#)

### 4.1 Individual Benefits

The individuals who take part in IFUSE deployments also have much to professionally gain from travelling and delivering the technical assistance to their counterparts in beneficiary countries. While general feedback was that involvement in an IFUSE deployment was well-received in organisations, and were well thought of by colleagues, the two points below summarise the kinds of specific benefits which recurred in conversations with UK experts.



#### (1) Enabling experts to take a strategic look at an organisation,

While on deployment, UK experts need to take a full strategic picture of the beneficiary organisation as a whole, in order to understand where their expertise and energy is best targeted. This wider strategic look is often beyond the remit of their ‘day jobs’, and makes a departure from the deep technical expertise that such individuals are often hired to provide. This strategic ‘step back’ was seen to be beneficial for personal and professional development of the individuals involved, and is experience that they would not have perhaps been able to develop outside of an enabling facility such as IFUSE.

#### (2) Pushing experts outside their comfort zones

A more general benefit that for many experts was that the deployments were challenging and interesting in equal measure. Taking the experience of a UK expert and applying it to a whole new situation and context was found to be an invigorating intellectual and professional challenge for many of the experts. Likewise, the chance to move out of a UK based comfort zone was appreciated by many.

While the benefit of these is difficult to precisely quantify, the feedback from the individuals involved was almost universally positive, and the personal interest and passion that these individuals expressed is worth iterating here. This may in itself be a roundabout benefit to the organisations themselves, who may have more motivated staff, with a lower rate of turnaround and an increased recruitment profile as a result.

### 4.2 Organisational Benefits

Our research identified four major ways in which UKP organisations can benefit from IFUSE deployments.



#### (1) Building an international network to help solve complex problems

Working with international equivalents, UKP organisations are exposed to problems that they perhaps face quite rarely on a daily basis, but are constant challenges for their counterparts in different countries. The Met Office, for example, described their deployment in Vietnam as an interesting place not only for

the Met Office to pass on their expertise, but for the Vietnamese partners to pass on learning around tropical meteorology.

Perhaps unsurprisingly, British weather forecasters do not have great experience with tropical weather conditions, yet their Vietnamese counterparts are used to such tropical systems and could share their practices with the UK Met Office. As all weather systems are linked, this increased knowledge on tropical systems halfway across the world actually allowed the UK Met Office to be more accurate in its longer term forecasting for the UK.<sup>20</sup>

Being part of a wider international network allows UKP organisations to more easily access innovative solutions to problems that affect the UK only rarely. This should make UKP organisations practice even more effective as a result of IFUSE.

### (2) Applying knowledge from deployments directly to UK problems

Similar to the above point, sometimes the process of developing training materials allowed members of organisations to take a reflective look at their own approaches. In some circumstances, this 'lifting the bonnet' exercise encouraged organisations to amend their own processes. One tangible example of this is with the BRDO, who developed a Regulatory Quality Framework for an IFUSE deployment and now apply this tool in their domestic work as well as with other international engagements. The mentoring and training nature of IFUSE, therefore, can encourage constructive reflection on organisational practice in the UK.

### (3) Opening up chances for winning further work

IFUSE is limited by the time constraints on deployments and the technical focus on IC reform. It is not an appropriate facility, therefore, for funding all potential assignments that an organisation may identify. What IFUSE can provide, however, is an effective 'foot in the door' for these organisations: giving experts the experience, qualifying credentials, and crucial relationships that are needed to hit the ground running in other assignments or pieces of work.

A good example of this application of IFUSE is with ACCA in Rwanda, where IFUSE facilitated a capacity building programme around audit inspections. This was never intended to be a standalone piece of work, however, and since then the ACCA have been successful in tendering for a larger piece of audit reform work in Rwanda on behalf of DFID and the International Federation of Accountants (IFAC). The ACCA experts who provided that deployment were clear in how important the IFUSE experience had been in securing this extra work.

IFUSE may have had secondary benefits in building the credentials of UK organisations that would be necessary for bigger and more ambitious pieces of work. IFUSE was not designed to facilitate these larger pieces, but has nonetheless equipped some organisations with the ability to improve their impact.

### (4) Providing reputational gains

Some UKP organisations have Royal Charter obligations to uphold public service in what they deliver. IFUSE has proved a useful facility for such organisations to use their expertise in a more civically-minded way. Even for those organisations with no formal call for public service, feedback from UKP organisations has suggested that the reputational boost from IFUSE deployments can be extremely useful for communicating to those at board level what the wider impact of the organisation has been.

The effect of the general reputational boost, while difficult to quantify, has given organisations a greater international repute, which can be very beneficial for organisations such as the Met Office, who rely on international cooperation, or for accounting bodies, whose certifications and exams may be more internationally recognised and even more highly regarded than they currently are.

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<sup>20</sup> The full details of this were including in the case study in section 2 above, under Impact Area 2.

## 4.3 Governmental Benefits

This impact summary three identified secondary benefits that occurred at a higher level, fulfilling ambitions of the UK government in a more general, but no less impactful way.



### (1) Diversifying diplomatic dialogue

Firstly, some IFUSE deployments were able to open up fresh government-to-government dialogue with beneficiary countries, strengthening these relationships and improving UK government's global reputation. This was especially noted in the Afghanistan based deployments, as experts from IPA commented on how their training on PPPs and infrastructure investment strategy moved inter-governmental dialogue moving beyond exclusively 'conflict' issues. This could build a new level of trust and cooperation between the two governments. Tackling less controversial, more technical, topics can build trust and credibility, and can open up space to address more controversial issues.

### (2) Promoting Inter-agency collaboration

Secondly, IFUSE successfully brought together over 30 different governmental organisations and facilitated collaboration on cross-cutting issues. This inter-agency cooperation is a major secondary benefit to come from the facility, and aligns closely with government principles on working together. An example of this in action comes from the Royal Institute of Chartered Surveyors (RICS), Land Registry, and Ordnance Survey, who have continued working together following a May 2015 IFUSE deployment they partnered on in Rwanda. Securing inter-agency collaboration, therefore, has been a significant secondary benefit to have come from IFUSE.

### (3) Expanding DFID's reach into new lines of work

Third and finally, IFUSE managed to bring in some 'unusual suspects' into DFID's line of work – opening up DFID programmes to a much wider base and perhaps expanding their capability for what assistance they can offer. For example, weather forecasting is not necessarily a DFID priority, yet the Met Office addressed this through deployments in Vietnam. The importance of functioning airports to the IC is clear, yet this does not fall clearly within DFID's capabilities. IFUSE has been helpful, therefore, in expanding DFID's domestic network, and perhaps extending the ambition of what areas they can offer assistance in.

## 4.4 Conclusion

The secondary benefits from IFUSE accrue to governments, organisations, and individuals to different degrees, but all come back with interesting stories to tell and the people involved in the deployments expressed a great deal of fulfilment.



The **individuals** who took part in IFUSE deployments have gained personally and professionally. For example, it has enabled experts to take a more strategic view of organisational issues.



IFUSE deployments have facilitated **UKP organisations** to build an international network and to apply knowledge from IFUSE deployments directly to help solve complex UK problems



At a **governmental level**, IFUSE deployments diversified or opened-up diplomatic dialogue on other more sensitive areas and provided opportunity for inter-agency networking.

Difficulties of quantification aside, the secondary benefits from IFUSE are strong and tangible in many cases, and the intangible effects from the personal interest and passion identified in expert interviews is of equal merit in concluding on the extent of secondary benefits from IFUSE.

## Section 5: Key Design Factors

This impact summary mainly assesses the extent to which the deployments have created an impact on the IC. By doing so, it identifies a number of key design factors for similarly intentioned partnership facilities. IFUSE already implements some of these key design factors and are considered to be instrumental in contributing to the impact the facility has had to date. However, others are recommendations for future facilities, as IFUSE was not designed in this way from the outset.

### Content of this section

- [5.1 Ensuring a strategic focus of deployments](#)
- [5.2 Having a long term focus when designing deployments](#)
- [5.3 Ensuring DFID in-country involvement](#)
- [5.4 Involving a broad range of UKP organisations](#)
- [5.5 Providing support in organising and designing deployments](#)
- [5.6 Putting in place strong monitoring and evaluation systems](#)
- [5.7 Conclusion](#)

### 5.1 Ensuring a strategic focus of deployments

The strategic focus of the deployments is fundamental in achieving the impact the deployments aim for. The deployments should focus on those issues which are considered to represent significant barriers to the IC in a particular country. Additionally, there should be a willingness to change this barrier at a political level. If there is no willingness to do so, the recommendations which are made through the deployments will not be implemented and the investment will thus not lead to the expected or potential impact. There are several ways in which the strategic focus of the deployments can be secured:



- Review of the proposed deployments by a subject matter expert who is aware of the biggest barriers to the IC in the country.
- Conducting a scoping exercise of the most important IC needs in a country. A separate study can be conducted for this purpose, or it could be possible to use existing studies, such as the DFID Country Inclusive Diagnostic Papers. These studies can be used as a starting point for the identification of potential deployments which clearly fit within the needs of the country and also the focus area of DFID itself.

### 5.2 Having a long term focus when designing deployments

This impact summary concludes that deployments with a long term focus and an aim to develop relationships between expert and beneficiary organisation demonstrated a higher impact than one-off deployments. In order to fully benefit from deployments it is therefore advised to analyse the long term potential of deployments before it actually takes place. By including a question in the ToR on how this deployment fits within a longer term engagement with the beneficiary organisation, it is possible to assess potential for continuing provision of support. This can either be through repeat deployments within the same facility or through involvement within a wider programme funded by DFID, other donors or the government itself.



### 5.3 Ensuring DFID in-country involvement

DFID in-country involvement is another key design factor for IFUSE. In order for DFID to be involved there should be clear communication to the DFID offices on the potential of the facility for country offices. For instance, IFUSE could be used to scope larger support programmes funded by DFID country offices or help build a relationship with key stakeholders in governmental institutions.



The involvement of DFID is beneficial on various different levels:

- Firstly, DFID country offices have an important role to play in the initiation of demand. They are aware of the developments in-country as well as the DFID priorities and should be able to link opportunities to IFUSE.
- Additionally, DFID country offices have important contextual knowledge that should be taken into account when qualifying the deployment. All deployments need to be reviewed by DFID to determine whether they focus on an area of improvement for the IC in the country.
- DFID country offices have an important role in following up on the deployments and monitoring the results. It would be beneficial to have a post-deployment conversation between the expert, beneficiary and DFID country offices to identify potential follow-up opportunities for the deployment.

## 5.4 Involving a broad range of UK partner organisations

For the success of the facility it is important to involve a broad range of different UKP organisations in the facility, which can provide the required targeted and technical assistance. This impact summary recommends having strategic conversations with these partner organisation about the opportunities they have identified, what kind of support they can provide and also the benefits which they expect to gain from deploying employees through the facility. This impact summary has illustrated the secondary benefits of the facility to the UKP organisations, which might not always be apparent to the leadership of the institution. By identifying these benefits, the UKP organisations can clearly communicate to their employees why they want them to participate and support the people that are willing to do so.



## 5.5 Providing support in organising and designing deployments

Many stakeholders considered the ease of organising deployments, through the support of the MA, as one of the major benefits of IFUSE. The ease of organising deployments is composed of various elements:



- A clear and simple process of initiating a deployment. The format for the ToR should be concise and the approval process straightforward. By having simple and straightforward processes, the MA can respond quickly to new opportunities for support and ensure they make best use of the momentum for the deployments.
- Providing logistical support to the experts undertaking the deployments. This lowers the barriers of the experts to take part in deployments and also facilitates the speed in which the deployments can be organised.
- Assessing the articulation of impact in the ToR to ensure that the deployments are focused on those areas which contribute to an improvement to the IC in a country.

## 5.6 Putting in place strong monitoring and evaluation systems

The final key success factor for a partnership facility is that strong monitoring and evaluation (M&E) systems should be in place, which should include the following.



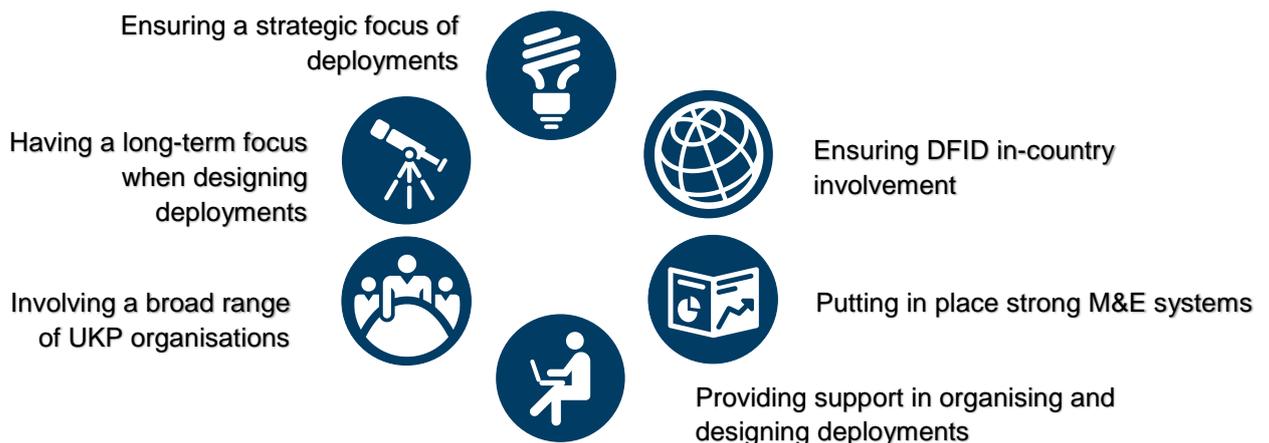
- Firstly, this impact summary advises to organise a follow-up session, either in person or virtually, six months after the deployment has taken place. This follow-up is attended by the beneficiary and the expert and should focus on what was done after the deployment, whether recommendations have been implemented and potential problems or issues were encountered. By having a follow-up

session the beneficiaries will be more inclined to progress quickly with the recommendations as it provides them with an additional opportunity to tap into the knowledge of the expert about potential issues they come across. Additionally, it will provide more insight into the results of the deployment.

- Secondly, it is advised to have a dedicated M&E officer on the facility which gathers information on the results of the deployments in a structural way. This includes both quantitative information through feedback forms as well as qualitative information on an impact level. The outcomes of the follow-up session should also be communicated with the MA to capture results and impact. By doing this after the follow-up session, it will be possible to move, at least partly, from expected adoption of recommendations to actual adoption of recommendations and impact.
- Finally, monitoring of the facility should focus on secondary benefits as well as benefits to the beneficiary country. The current impact summary showed that there are many secondary benefits to the facility. Gathering these secondary benefits strengthens the case for investing in a partnership approach.

## 5.7 Conclusion

This IFUSE summary identifies the following six key design factors which should be considered in designing similarly intentioned partnership facilities.



*Figure 16: Key design factors for IFUSE*

Taking these key design factors into consideration for future facilities will contribute to effective implementation of the facility as well as enhanced impact of the deployments.

## Section 6: Conclusions

The premise of this impact summary is driven by understanding IFUSE's impact on the facility level as well as on deployment level. It further drilled down on the deployment level to analyse the impact on the IC in involved countries and secondary benefits that accrue to UKP organisations. As part of adaptive programming, it considered the lessons that have been learned throughout implementation and how these can be adopted in similar facilities in the future.

At the deployment level, this impact summary demonstrates a spread of deployments across all the three impact areas. Case studies show a strong contribution to decreasing the costs of doing business, improving the predictability of the IC and promoting fair and competitive markets. Analysis also showed a limited contribution to some criteria within each of the impact areas due to a lack of demand. This is for instance the case for: establishing effective transport networks and improving communications infrastructure (impact area 1), skills and capacity linked to a broader theme of improving labour markets within target countries (impact area 2) and legal/institutional frameworks for antitrust (impact area 3). These represent target areas where more demand can be generated.

Overall feedback received on IFUSE deployments was overwhelmingly positive. An in-depth analysis of the feedback scores revealed that the expected impact of deployments was rated higher in Phase 2 than in Phase 1, with the scores of 6.25 and 5.83 respectively (on a scale from 1 to 7). Repeat deployments also exhibited higher overall ratings than individual deployments, illustrating the increased impact of longer-term engagements.

The increased feedback scores can be explained by the fact that IFUSE implemented recommendations that came out of the first impact summary. A key adaptation was the recruitment of an IC SME to assess the effect of the deployments on the IC. This specialist undertook a pivotal role in reviewing the ToRs to ensure that there was a link between the deployments and IC reform; as well as ensuring that the intended outcomes and impact of the deployment were well articulated in the ToRs. In addition, there was more engagement with the DFID country offices, for instance by conducting a round of calls focused on identifying demand and providing lessons learned.

The defining characteristics of IFUSE, such as 'peer to peer targeted technical assistance', 'the short term nature of the deployments' and 'the focus on relationship building' in some ways counter the criticisms around TA being overpriced and failing to notice indigenous country knowledge. This is illustrated by the fact that beneficiaries found the peer to peer model very useful. It allowed them to work with counterparts who understand the nature of their work and facilitated long lasting relationships.

Another criticisms on TA is that it supposedly does not respond to in-country demand. The demand driven-ness of IFUSE counters this critique. However, room for improvement also still exists such as by ensuring a strategic focus of the deployments. This is considered to be one of the following six key design factors:

1. Ensuring a strategic focus of deployments
2. Having a long term focus when designing of deployments
3. Ensuring DFID in-country involvement
4. Involving a broad range of UKP organisations
5. Providing support in organising and designing deployments
6. Putting in place strong monitoring and evaluation systems

This impact summary led to the identification of the above-mentioned key design factors. These reiterate some of the strong points of IFUSE and lessons learned which can be taken on board in future partnership facilities.

## Annex 1: iFUSE partner organisations

Bank of England	Intellectual Property Office
Better Regulation Delivery Office	Met Office
British Geological Survey	Ministry of Justice
Cabinet Office	National Audit Office
Coal Authority	Office of Communications
Competition and Markets Authority	Ordnance Survey International
Department for Business Innovation & Skills	Registers of Scotland
Department of Energy & Climate Change	The Association of Chartered Certified Accountants
Health and Safety Laboratory	The Chartered Institute of Management Accountants
Government's Actuary's Department	The Chartered Institute of Public Finance & Accountancy
Government Internal Audit Agency	The Crown Prosecution Service
The Health and Safety Laboratory	The Institute of Chartered Accountants in England & Wales
Her Majesty's Land Registry	The Institute of Chartered Accountants in Scotland
Her Majesty's Revenue & Customs	The Royal Institute of Chartered Surveyors
Infrastructure UK	UK Trade & Investment
Institute & Faculty of Actuaries	

## Annex 2: Input for the Project Completion Report

As the IFUSE is coming to an end a IFUSE Project Completion Report will be developed. This impact summary can serve as input for the Project Completion Report, specifically on the following areas:

- **Output assessment:** We have analysed the output of IFUSE in terms of the number of deployments, the focus areas of the deployments as well as geographical spread. This can provide input to the output assessment in the Project Completion Report.
- **Outcome assessment:** This impact summary provides input for the assessment of the outcomes of the facility, specifically related to the impact areas of IFUSE.
- **Lessons learned:** The chapter on adaptation in IFUSE provides input on how lessons learned in the facility have been taken on board and implemented.
- **Performance of partnership:** For this impact summary we have interviewed various stakeholders of IFUSE and gathered input on how the partnership was perceived, how the support provided by the Managing Agent was valued, as well as the role with DFID played.
- **Monitoring and Evaluation:** This impact summary forms part of the monitoring and evaluation of the facility and as such provides input to this section of the project completion report.

## Annex 3: IFUSE Logframe

Below you can find recent logframe which has been proposed to DFID after the impact summary of Phase 1.

IFUSE: Investment Facility for Utilising Specialist Expertise							
IMPACT	Impact Indicator 1		Baseline	Mar-16	Mar-17	Indicators dependent on completion of enhanced feedback process implemented as a result of Impact Summary for Phase 1. Requires qualitative input from DFID country offices, UK partner organisations and beneficiaries.	
IFUSE TA (technical assistance) contributes to reform improvements that increase the strength, robustness and predictability of investment climates, encompassing the factors likely to influence the flow, timing and quality of private sector investment including reducing the monetary time and cost of doing business, and promoting fair and competitive markets in DFID priority countries.	Qualitative assessment of investment climate in priority countries shows discernible improvements.	Planned	Impact Summary - Phase 1 (Yrs 1-3)				
		Achieved					
		<b>Source</b>					
		IFUSE Impact Summary & Deployment Feedback					
	Impact Indicator 2		Baseline	Mar-16	Mar-17		
	Improvements in specific areas of Ease of Doing business in priority countries.	Planned	Impact Summary - Phase 1 (Yrs 1-3)				
		Achieved					
		<b>Source</b>					
		World Bank Doing Business Report or Investment Climate assessments					

OUTCOME	Outcome Indicator 1		Baseline	Mar-16	Mar-17	Assumptions
Stimulating the design and implementation of investment climate reform whilst also leveraging the knowledge, networks and expertise of UK partners to encourage the adoption of sustainable practice in priority countries.	Proportion of IFUSE recipients who note 'additionality' of UK government support as against other forms of technical assistance.	<b>Planned (%)</b>	0	90%	90%	Specialist expertise transfers requisite skills applicable to context; skills are retained and used to inform reform activities, reform activities have sound and stable political backing.  Indicators dependent on completion of IFUSE Impact Summary & associated consultations with DFID country offices, UK partner organisations and beneficiaries.
		<b>Achieved (%)</b>				
		<b>Planned</b>	0	38	38	
		<b>Achieved</b>				
		<b>Source</b>				
		IFUSE annual reviews & beneficiary and expert feedback				
	<b>Outcome indicator 2</b>		<b>Baseline</b>	<b>Mar-16</b>	<b>Mar-17</b>	
	Proportion of IFUSE assignments selected for further evaluation within the reporting period by MA & DFID that have influenced, or have the potential to influence, the implementation of policy/legislation/procedural reform recommendations.	<b>Planned</b>	0	80%	80%	
		<b>Achieved</b>				
		<b>Source</b>				
IFUSE Impact Summary						
<b>INPUTS (£)</b>	<b>DFID (£)</b>	<b>Govt (£)</b>		<b>Other (£)</b>	<b>Total (£)</b>	<b>DFID SHARE (%)</b>
	2.61 million	N/A		N/A	2.61 million	100%
<b>INPUTS (HR)</b>						

OUTPUT 1	Output Indicator 1.1		Baseline	Mar-16	Mar-17	Assumption	
High quality advisory expertise in investment climate reform delivered by Whitehall network on agreed scale.	Number of assignments delivered against agreed targets.	Planned	0	55	55	<p>DFID has applied a weighting to deployment targets based on type of deployment (i.e. outward deployment, inward visit, conference, etc).</p> <p>Sufficient capacity to supply exists in UK Partner organisations (UKPs) and professional bodies.</p> <p>DFID and partner government users are aware of IFUSE services and actively demand / promote its services</p> <p>Supply meets demand with little or no excess of either.</p>	
		Achieved					
		Source					
		IFUSE monthly and quarterly reports					
	Output Indicator 1.2	Percentage of assignments rated "very good" or "excellent" by end user ('6-7" in beneficiary feedback form).	Planned	0	95%		95%
			Achieved				
			Source				
			Aggregated beneficiary feedback				
	Output Indicator 1.3	Percentage of assignments with clear ToRs that meet IFUSE criteria (i.e. clear IC improvement objectives, feasible scope of work and clear deliverables).	Planned	0	100%		100%
			Achieved				
			Source				
			Terms of Reference documentation				
IMPACT WEIGHTING (%)	Output indicator 1.4		Baseline	Mar-16	Mar-17		
50%	Percentage of applicable assignments where deliverables are assessed by beneficiaries in accordance with the terms of reference.	Planned	0	95%	95%	<p><b>RISK RATING</b></p> <p><b>Amber</b></p>	
		Achieved					
		Source					
		Aggregated beneficiary feedback					
INPUTS (£)	DFID (£)	Govt (£)		Other (£)	Total (£)	DFID SHARE (%)	
	1.96 million	N/A		N/A	1.95 million	100%	
INPUTS (HR)	DFID (FTEs)						
	15%						

<b>OUTPUT 2</b>	<b>Output Indicator 2.1</b>		<b>Baseline</b>	<b>Mar-16</b>	<b>Mar-17</b>	<b>Assumptions</b>
Assessment and deployment processes and procedures operating in a manner which maximises value for money.	Percentage of completed assignments that are fully delivered within the agreed budget.	<b>Planned</b>	0	100%	100%	UKPs maintain their commitments to provide a response to CV requests and to deploy person within agreed timeframes for each assignment. Good management and technical skills of the MA, support products MA designs are fit for purpose and context specific. MA maintains continuity of staffing over time.
		<b>Achieved</b>				
		<b>Source</b>				
		IFUSE monthly and quarterly reports				
<b>IMPACT WEIGHTING (%)</b>	<b>Output Indicator 2.2</b>		<b>Baseline</b>	<b>Mar-16</b>	<b>Mar-17</b>	
30%	Percentage of deployed experts who rate the pre-deployment and overall MA support as "very good" or "excellent" ("6-7" according to feedback rating).	<b>Planned</b>	0	90%	90%	<b>RISK RATING</b>  <b>Green</b>
		<b>Achieved</b>				
		<b>Source</b>				
		Aggregated expert feedback				
<b>INPUTS (£)</b>	<b>DFID (£)</b>	<b>Govt (£)</b>		<b>Other (£)</b>	<b>Total (£)</b>	<b>DFID SHARE (%)</b>
	up to 400,000	N/A		N/A	400,000	100%
<b>INPUTS (HR)</b>	<b>DFID (FTEs)</b>					
	10%					

<b>OUTPUT 3</b>	<b>Output Indicator 3.1</b>		<b>Baseline</b>	<b>Mar-16</b>	<b>Mar-17</b>	<b>Assumptions</b>
Delivering long-term, sustainable improvements to investment climate reform in priority countries through building and exploiting relationships between IFUSE recipients, partner governments and UK Partners that are sustained and embedded over time.	Percentage of IFUSE completed assignments that foster new relationships and knowledge sharing between IFUSE recipients, partner governments and UK Partners that are sustained and embedded over time.	<b>Planned</b>	0	70%	70%	UKPs retain the capacity to host and maintain effective twinning arrangements  Partner governments retain active interest in pursuing these forms of knowledge transfer and are committed to provide feedback.
		<b>Achieved</b>				
		<b>Source</b>				
		Aggregated expert and beneficiary feedback				
	<b>Output Indicator 3.2</b>		<b>Baseline</b>	<b>Mar-16</b>	<b>Mar-17</b>	
	Percentage of completed assignments that involve either (1) more than one beneficiary country, (2) institution within a beneficiary country or (3) more than one skills type.	<b>Planned</b>	0	10%	10%	
		<b>Achieved</b>				
		<b>Source</b>				
		IFUSE monthly and quarterly reports				
	<b>IMPACT WEIGHTING (%)</b>	<b>Output Indicator 3.3</b>		<b>Baseline</b>	<b>Mar-16</b>	
20%	Percentage of completed assignments that either lead to (1) a follow-up deployment covering the same country or (2) a deployment of the same type in another DFID priority country or region.	<b>Planned</b>	0	40%	40%	<b>RISK RATING</b> <b>Amber</b>
		<b>Achieved</b>				
		<b>Source</b>				
		IFUSE monthly and quarterly reports				
<b>INPUTS (£)</b>	<b>DFID (£)</b>	<b>Govt (£)</b>		<b>Other (£)</b>	<b>Total (£)</b>	<b>DFID SHARE (%)</b>
	up to 260,000	N/A		N/A	260,000	100%
<b>S (HR)</b>	<b>DFID (FTEs)</b>					
	5%					

## Annex 4: Thematic overview

Investment Climate THEME	DESCRIPTION
<b>Trade facilitation, customs and revenue efficiency</b>	<ul style="list-style-type: none"> <li>• Customs regulations (import and export);</li> <li>• Customs administration (efficiency at border post and processes);</li> <li>• Simplification and reducing the burden on business;</li> <li>• International trade and border security;</li> <li>• Counterfeit and brand protection enforcement;</li> <li>• Trade taxation (excise taxes and duties);</li> <li>• Trade policy and laws; and</li> <li>• Infrastructure.</li> </ul>
<b>Taxation</b>	<ul style="list-style-type: none"> <li>• Tax laws and policies;</li> <li>• Tax institutions; and</li> <li>• Trade, property, financial services and natural resources.</li> </ul>
<b>Competition law and policy, and consumer protection</b>	<ul style="list-style-type: none"> <li>• Promoting and protecting consumer interests;</li> <li>• Investigating competition law infringements;</li> <li>• Reviewing mergers;</li> <li>• Investigating consumer law infringements;</li> <li>• Competition and regulatory impact assessments; and</li> <li>• Addressing the challenges of the online marketplace.</li> </ul>
<b>Regulatory reform</b>	<ul style="list-style-type: none"> <li>• Regulatory impact assessments;</li> <li>• Review of regulatory frameworks and the structure of regulatory agencies;</li> <li>• Working with businesses to enable effective regulatory implementation; and</li> <li>• Inspections reform.</li> </ul>
<b>Public Private Partnerships (PPPs)</b>	<ul style="list-style-type: none"> <li>• Policy and institutional issues (types of PPPs, governance and financing); and</li> <li>• PPPs (contract development, negotiation and enforcement).</li> </ul>
<b>Land mapping legislation, registration and title transfers</b>	<ul style="list-style-type: none"> <li>• Legal issues around land ownership, leasing, land mapping and expropriation;</li> <li>• Regulatory and administrative procedures around land markets;</li> <li>• Protection and contract enforcement;</li> <li>• Secured transactions; and</li> <li>• Institutional capacity.</li> </ul>
<b>General interface with businesses</b>	<ul style="list-style-type: none"> <li>• Investment promotion, foreign direct and domestic investors;</li> <li>• Information and data collection and e-privacy;</li> <li>• Institutions for dialogue and consultations; and</li> <li>• Supporting a sustainable approach.</li> </ul>
<b>Commercial law and justice</b>	<ul style="list-style-type: none"> <li>• Company law and corporate governance;</li> <li>• Company registration reform;</li> <li>• Contract and consumer law;</li> <li>• Commercial justice and institutions;</li> <li>• Anti-corruption;</li> <li>• Financial crime; and</li> <li>• Cyber-crime.</li> </ul>
<b>Financial sector regulation and supervision</b>	<ul style="list-style-type: none"> <li>• Access to finance;</li> <li>• Supervision, stability and regulation of the sector;</li> <li>• Other sophisticated financial instruments (equity and debt markets); and</li> <li>• Institutional capacity.</li> </ul>
<b>Infrastructure development</b>	<ul style="list-style-type: none"> <li>• Infrastructure development: procurement;</li> <li>• Urban planning; and</li> <li>• Private financing.</li> </ul>
<b>Natural resources management / extractive</b>	<ul style="list-style-type: none"> <li>• Revenue management frameworks; and</li> <li>• International contracts negotiation and enforcement.</li> </ul>
<b>Intellectual property</b>	<ul style="list-style-type: none"> <li>• Patents, trademarks, designs and copyright.</li> </ul>
<b>Accountancy and Actuarial Standards</b>	<ul style="list-style-type: none"> <li>• Implementing international accounting and auditing standards;</li> <li>• Enhancing professional education and certification;</li> <li>• Promoting high standards in accountability; and</li> <li>• Implementing international actuarial standards.</li> </ul>

## Annex 5: Statistical Analysis of feedback

A simple t-test analysis was run on the feedback received from IFUSE experts and beneficiaries to understand if there were any significant differences between the feedback scores received in Phase 1, and those then received in Phase 2. The findings are summarised in the table below: differences significant at the 5% level are highlighted.

		Mean Phase 1	Mean Phase 2	Difference	P-value	Sample size
<b>Expert Feedback</b>	Overall	5.95	6.19	0.24	0.302	66
	Impact Area 1	5.93	6.19	0.26	0.366	46
	Impact Area 2	6.17	6.14	-0.02	0.928	52
	Impact Area 3	5.85	6.03	0.18	0.621	32
<b>Beneficiary Feedback</b>	Overall	5.71	6.40	0.69	0.014	48
	Impact Area 1	5.95	6.47	0.52	0.102	35
	Impact Area 2	5.76	6.38	0.61	0.031	37
	Impact Area 3	5.83	6.50	0.67	0.109	28

*Table 9: Statistical significance of changes to feedback scores between Phase 1 and Phase 2*

As can be seen from the table, there have been statistically significant improvements at the 5% level in overall beneficiary feedback and those beneficiaries targeted by deployments focusing on Impact Area 2. The other two Impact Areas show improvements in the beneficiary feedback, but are marginally insignificant at the 10% level. These findings are especially encouraging given the limits of such a small sample size decreasing the power of the tests.

Expert feedback does not show the same pattern, as none of the differences in feedback scores between Phases 1 and 2 are shown to be statistically significant. It is encouraging, however, to see most of the coefficients are positive, with the exception of feedback on Impact Area 2 deployments where there was a very small decline between Phase 1 and Phase 2. This decline is perhaps unsurprising given the high starting point from Phase 1, where the mean of scores was 6.17 out of a maximum of 7.

In understanding the magnitude of the changes, it should be noted that the feedback scores are out of 7. A difference of 0.5, therefore, represents a fairly moderate improvement between Phases.

One final point to note is the difference in sample size between this and the total 167 deployments facilitated across the lifespan of IFUSE. The figures and deployments used above were only for those experts or beneficiaries who returned feedback to the MA. There is, therefore, a self-selection bias in the sample, however it is not thought that this would cast major doubts on the conclusion, as the sample represents between roughly 30% (for beneficiary feedback) and 50% (for expert feedback) of the total number of deployments.

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