

DFID Management response to the first four reports of the Independent Commission for Aid Impact: overview

1. The Department for International Development (DFID) welcomes the first four reports produced by the Independent Commission for Aid Impact (ICAI). The full reports are available on [ICAI's website](#). The Approach to assessing Effectiveness and Value for Money sets out ICAI's methodology for reviews. The other three reports are assessments of DFID programmes, with recommendations for improving the Department's work through its:
 - Approach to Anti-Corruption
 - Climate Change Programme in Bangladesh and
 - Support to the Health Sector in Zimbabwe.
2. The Secretary of State established ICAI in May this year as an independent body responsible for the scrutiny of UK aid. We consider this extra scrutiny, and additional source of advice, crucial to complementing the Government's commitment to increase UK aid. ICAI's first four reports highlight new ways of improving impact and value for money.
3. We will implement the recommendations of the reports as a priority. Detailed management responses with time-bound action plans are attached. DFID is committed to reporting on progress regularly to ICAI, who in turn report to Parliament through the International Development Select Committee. The process ensures accountability and effective delivery of ICAI's recommendations.

Anti-corruption report

4. We note that ICAI did not find evidence of corruption in DFID programmes. The recommendations, however, will help DFID to improve the quality and consistent application of anti-corruption controls in our programmes. This is of key importance as the level of UK aid increases, especially in fragile states. We recognise that there are some areas where we must do better and work on this has already begun.
5. A Management Board anti-corruption champion is now responsible for ensuring a more strategic and coordinated approach against corruption and will take forward the work of the Fraud Risk Management Group. A senior official will carry out a review in order to advise the Management Board on how to improve the capacity, cohesion and quality of existing anti-corruption workstreams. We are developing new guidance and a quality assurance process to ensure that anti-corruption strategies are produced consistently across all eligible country programmes, building on those already in place. Improvements will also be made to specific controls, including: more consistent due diligence checks on delivery partners; extra accounting capacity for programme monitoring; and more comprehensive mechanisms for feedback from beneficiaries on the impact of funding.

Bangladesh and Zimbabwe reports

6. We note the positive ratings for DFID programmes in Bangladesh and Zimbabwe. As ICAI suggest, ensuring that the impact of these programmes is sustainable must be central to DFID's support. The new four-year health programme for Zimbabwe that we are currently designing will implement ICAI's recommendations for further improvements. This will include strengthening the capability of the Ministry of Health; continued support to remove user fees from maternal and child health services; and greater clarity on administrative costs.
7. We also accept ICAI's advice and recommendations on the Bangladesh Climate Change Programme. We will strengthen agreements with implementing partners to ensure timely delivery of services. Grant agreements have already been signed to move the Bangladesh Climate Change Resilience Fund to full implementation. The programme to support civil society inputs will be launched in early 2012 and DFID is discussing with partners how to enable additional civil society monitoring. A study on migration and climate change has been commissioned and DFID is considering, with partners, how this work can be taken forward most efficiently.

Good practice in DFID highlighted by ICAI

8. We are pleased that these independent reports have highlighted the substantial amount of good performance in DFID on these programmes. We are particularly pleased with ICAI's findings that:

"DFID often plays a leading role within the donor community on anti-corruption and its efforts are well regarded by partners".

"In general the programmes we examined showed evidence that consideration of fraud and corruption risks had been carried out and adequate mitigation measures had been introduced in the design."

"Our assessment is that the new business case procedures represent a significant increase in the level of rigour with which DFID approaches the prevention of corruption in programme design."

"DFID is unique among international donors in providing funds from the aid budget to UK law enforcement agencies to undertake investigations and intelligence gathering into corruption ... This has already proved to be a good investment, leading to the freezing of around £160 million in corruptly acquired assets around the world."

"DFID's support to the health sector in Zimbabwe has had a substantial and positive impact", "value for money has been good in the majority of the programme" and "DFID has made valuable and immediate contributions to the health of the people of Zimbabwe during a period of unprecedented crisis".

The Bangladesh Climate Change Programme “has started well”, “demonstrates considerable innovation”, “where activity is underway, it appears to be performing well” and the multilateral delivery partners that DFID works with “add technical value and help to reduce the risk of corruption”.

ICAI’s Approach to Effectiveness and Value for Money

9. We welcome publication of the methodology for ICAI’s reviews in their “Approach to Effectiveness and Value for Money”. We note ICAI’s commitment to keeping their approach under review in light of ongoing research into measuring aid effectiveness. We look forward to continuing discussions with ICAI about the implications of this research for reviews of cost effectiveness in UK aid. There are no recommendations for action in this report so a management response is not required.
10. DFID has also made substantial investment into the evaluation of new programmes. This will strengthen the range and quality of evidence on which ICAI can draw in making its assessments of impact and value for money.