



PAVING THE WAY FOR BUSINESS
BUILDING A BETTER INVESTMENT CLIMATE

Year 5 Quarter 3 report

October to December 2016



Simon Davis/DFID

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List of abbreviations

ACCA	Association of Chartered Certified Accountants
AQM	Audit quality monitoring
BGS	British Geological Survey
BRRR	Business Regulatory Review Agency (Zambia)
DFID	Department for International Development
FCO	Foreign & Commonwealth Office
GAD	Government Actuary's Department
GIAA	Government Internal Audit Agency
IC	Investment climate
ICAEW	Institute of Chartered Accountants in England and Wales
ICAO	International Civil Aviation Organisation
IFAC	International Federation of Accountants
IFUSE	Investment Facility for Utilising UK Specialist Expertise
IUK	Infrastructure UK
IPA	Infrastructure and Projects Authority
LR	Land Registry
MA	IFUSE managing agent
NHMS	National Hydro-Meteorological Service
OCED	Organisation for Economic Co-operation and Development
PPP	Public private partnership
RD	Regulatory Delivery
RICS	Royal Institute of Chartered Surveyors
TMA	Tanzania Meteorological Agency
ToRs	Terms of Reference
WMO	World Meteorological Organisation
ZICA	Zambia Institute of Chartered Accountants

1. Summary of progress for this period

1.1. Overview of Quarter 3 (Q3)

The Investment Facility for Utilising UK Specialist Expertise (IFUSE) is funded by the UK's Department for International Development (DFID) and shares specialist expertise from across the UK government, as well as certain professional standards bodies, to support business environment improvement in DFID's partner countries and regions. Through brokering government-to-government expertise the facility brings targeted and high level expertise to DFID's partners. A quarterly report is produced to provide information on the type of, and number of, deployments completed during the quarter and provides detail of forthcoming deployments. This report relates to Q3 (from October to December 2016) of Year 5.

The programme will close after five years at the end of March 2017. It is a particularly busy time in the programme as we respond to demand in advance of programme close and use the time to explore the impact of the programme overall. This report is the penultimate quarterly report.

The main highlights of this reporting period are summarised below.

Three deployments took place in this quarter, providing technical assistance supporting the following Investment Climate (IC) themes:

- regulatory reform; and
- accountancy and actuarial standards.

In Q3 the programme delivered one outward, one inward deployment and one supporting conference. The deployments listed below have further information in Annex A.

October:

- RD / Conference (delivered in London) - IFUSE funded the attendance of 13 delegates, from a variety of countries including Zambia, Pakistan, Somaliland, Somalia, Nepal, Burma, and Ghana. The Shaping Business Environment for Global Growth and Prosperity event aimed to promote the importance of regulatory reform and present practical solutions of implementing such reform in challenging environments.

November:

- GIAA / Ghana – This deployment involved an assessment, analysis and development of an action plan for Ghanaian Internal Audit Agency. The diagnostic nature of this deployment aimed to identify key priorities GIAA Ghana should address to improve the capability of the audit agency, in terms of both coverage and quality of their work.
- ICAEW / Zambia – Deliverable 1.2 – This visit conducted by two ICAEW experts to Zambia provided mentoring for ZICA audit reviewers. The focus of this deployment was to implement and recommend further improvements to existing methodology to enable ZICA to become better suited to conducting large firm audit visits.

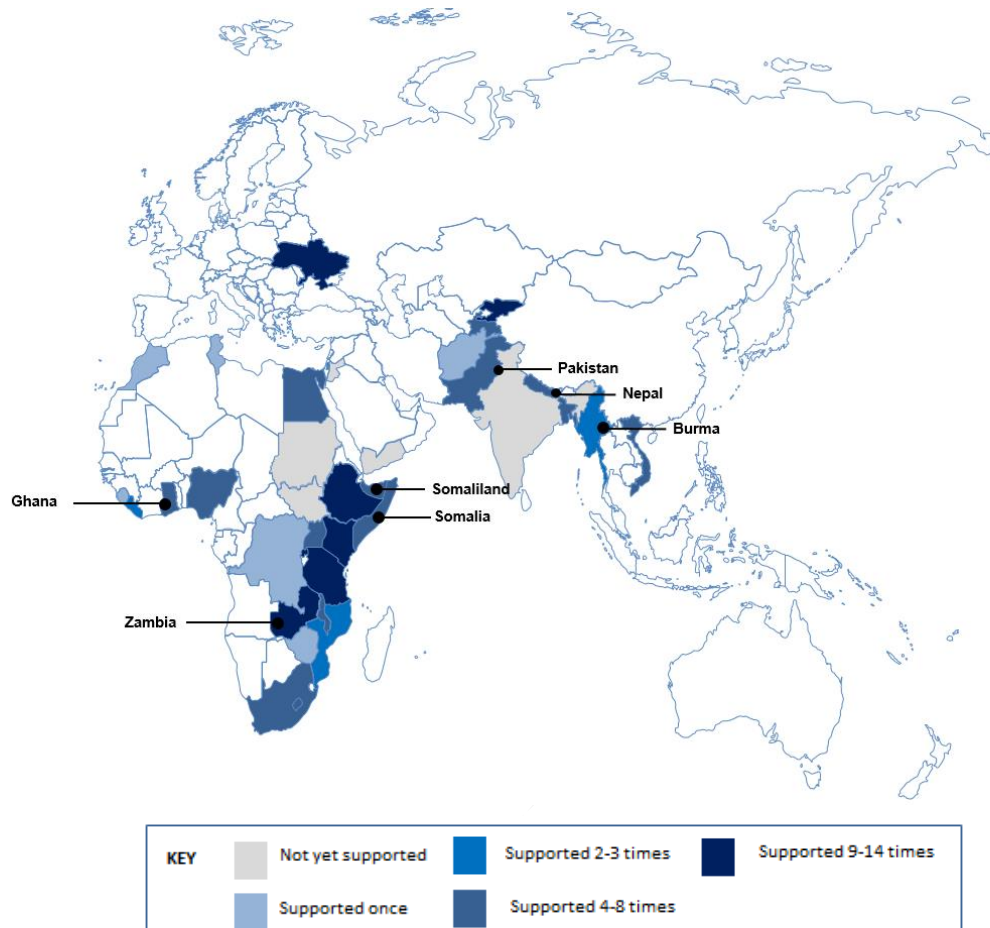
December:

- Due to the holidays December is traditionally a quiet month in terms of deployments and we did not deliver any deployments.

1.2. DFID countries and regions supported in Year 5 Q3

In Q3, IFUSE supported seven DFID priority countries and regions: Pakistan, Somaliland, Somalia, Nepal, Burma, Ghana and Zambia. A total of 37 countries have been supported by IFUSE since the beginning of the programme.

The map below illustrates the countries supported by IFUSE to date, highlighting the countries supported in Q3¹



1.3. Number of Completed Deployments

As with previous quarters, the majority of requests received in this quarter came from DFID and UK Partner organisations. The table below details the source of requests for the deployments completed in Phase 2 of IFUSE to date:

Source of TA requests	Year 5 to date	Year 4
DFID	4	20
UK Partner organisation	8	15
Beneficiary	3	5
Foreign & Commonwealth Office (FCO)	0	0
Third party ²	0	1
Total	15	41

¹ Note that this diagram covers individual countries supported to date but not the regions that have formed the focus of IFUSE deployments.

² 'Third party' here indicates organisations outside of the beneficiaries and UK Government.

1.4. Pipeline Update

The pipeline of potential deployments stands at forty-one, as of 31 December 2016. Of these, sixteen requests are supported by a completed ToR, and IFUSE are awaiting submission of completed ToRs for the remaining enquiries. IFUSE is therefore on track to deliver its target deployments and has agreed with DFID to meet additional demand where budget allows.

Of the sixteen ToRs received, ten have been approved in principle and relate to the following key investment climate themes:

- accountancy and actuarial standards
- financial sector regulation and supervision
- land mapping legislation
- natural resources management
- public-private partnership
- regulatory reform.

Looking ahead to the final quarter of the programme, a deadline for submission of final deployment requests by 27 January 2017 has been communicated to all UK Partners and DFID Country Offices.

Example of current requests include:

- Regulatory Delivery (RD) / Pakistan – The manner in which regulation is delivered by government agencies has been identified as having a direct impact on private sector businesses, and their ability to grow and succeed. The Government of Punjab has thus requested assistance with designing and prioritising reform of the regulatory environment, in an aim to improve the business environment and encourage private sector trade and investment. To make this target a reality, the Punjab Government is in the process of establishing an Investment Climate Reform Unit (ICRU). To support this, two RD experts will undertake a week-long scoping mission to discuss the importance of regulatory reform with key government officials and private sector representatives. The aim is to assess the regulatory landscape in the Punjab region, including the current regulatory structures, the specific challenges that are faced and provide expert advice on priorities for reform that are relevant to the local context.
- Association of Chartered Certified Accountants (ACCA) Public Sector Conference - This is a global event that will be held in Johannesburg, South Africa and will bring together individuals working in public sector finance roles globally. Themes that will be addressed at the conference include: corporate governance, risk, better public financial management and capacity building. Concurrent to the conference, ACCA and the International Federation of Accountants will hold a closed workshop for senior government officials. This will include individuals such as Ministers, Accountant Generals and Auditor Generals, who are charged with moving to internationally recognised financial reporting standards – the conference aims to support them to do this in a holistic and robust way. This workshop will enable attendees to develop clear plans for their respective jurisdictions and will provide opportunities to network, share learning, and work with other leaders directly.
- British Geological Survey (BGS) / Sierra Leone - The BGS has carried out two previous IFUSE deployments to Sierra Leone. This deployment will build on these previous visits and aims to lay the foundations for partnership working between the BGS, the National Minerals Agency (NMA) and Petroleum Directorate (PD) in Sierra Leone. The deployment will involve delivering an evidence-based assessment of the data, capacity and capability gaps at these organisations. The overall aim of this partnership is to improve governance and transparency in the mining and

petroleum sectors of Sierra Leone, including improved availability of baseline data for these sectors, and increased capability to collect, gather and disseminate data.

- Met Office/ Vietnam - This deployment is a follow-up to three previous deployments which have all focused on Sharing UK Expertise in Weather Forecasting in South East Asia. In South East Asia climate and changes in the climate, including extreme weather events are increasingly being seen to impact adversely on human safety, health and security, natural ecosystems, food production and food security, and livelihood resilience. The objective of the assignment will be to support the National Hydro-Meteorological Service (NHMS) of Vietnam in their World Meteorological Organisation (WMO) remit to become a Regional Severe Weather Forecast Support Centre through the demonstration and delivery of a regional forecasting Guidance Product suitable for Severe Weather Forecasting in the region.

Please refer to Annex B for full list and details of the confirmed requests pending at the end of Y5 Q3.

2. Summary of activities planned for Q4 of Year 5

The table below sets out the key activities associated with the IFUSE extension which are planned for the next reporting period alongside the core Managing Agent (MA) management tasks and deployment-specific activities. These are structured by theme: operations, monitoring and evaluation and governance.

Key activities planned for next period	Comments
Operations	
Pipeline management	With three months remaining on the programme, the MA will continue to work closely with DFID country offices and UK Partner organisations to facilitate the requests currently on the pipeline and any future requests submitted before the agreed pipeline close date.
Monitoring & Evaluation (M&E)	
Preparation for Phase 2 Impact Summary	Following agreement with DFID on methodology for the IFUSE Programme Impact Summary, the Monitoring & Evaluation team will conduct a series of interviews with selected UK Partners, DFID Country Offices and beneficiaries to establish the impact of deployments. It is also planned to hold a discussion in the Oversight Committee Meeting (OCM) to establish secondary benefits for UK Partners.
Governance	
Budget and deployment configuration	It is anticipated that the deployment target for the programme will be met. We have agreed with DFID to respond to additional demand where limited budget allows.
Project Close	Pipeline close date of 27 January 2017 has been agreed and project close communication sent out to inform all UK Partner organisations. As part of the communications IFUSE have asked all UK Partners to consider submitting any final requests by this date.

Annexes



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Delivery country	Conference
Deployment dates	11-13 October 2016
Beneficiary	Various
UK Partner organisation	Regulatory Delivery (RD)
Type of deployment	Inward deployment (multiple)
First or follow-up deployment?	Follow-up
Investment climate theme	Regulatory Reform
Description	<p>The conference was delivered by RD in partnership with Foreign and Commonwealth Office, World Bank Group, DFID and the OECD.</p> <p>The conference was designed for all countries wishing to develop their regulatory environment to increase trade and investment opportunities, provide certainty and confidence to business and generate global growth and prosperity.</p> <p>IFUSE funded the attendance of a total of 13 delegates from the following countries: Zambia, Pakistan, Somaliland, Somalia, Nepal, Burma, and Ghana.</p> <p>One of the Zambian delegates that attended the conference reflects below on their positive experience,</p> <p><i>‘Through their sponsorship, IFUSE facilitated the participation of BRRA in the conference which allowed for interaction and sharing of experiences and best practice in regulatory delivery with peers and experts from various parts of the World. I enjoyed the presentation on the primary authority and my study visit to the advertising regulatory authority.’</i></p>



**Government
Internal Audit
Agency**

Delivery country	Ghana
Deployment dates	17-18 November 2016
Beneficiary	Ghana Audit Service
UK Partner organisation	Government Internal Audit Agency
Type of deployment	Inward deployment
First or follow-up deployment?	First
Investment climate theme	Accountancy and Actuarial Standards
Description	<p>The Ghanaian Internal Audit Agency (GIAA) required assistance to increase its effectiveness in providing assurance to government, as well as building capacity, internally and for the Internal Audit Units of the Ministries, Departments and Agencies, and the Local Government institutions.</p> <p>This assignment was completed in two stages. Stage one: an initial assessment, via the completion of a diagnostic questionnaire, was conducted to evaluate the current maturity and capability of the government internal audit arrangements in Ghana. The second part of the assignment involved, the analysis of the questionnaire and the development of an action plan for the Ghanaian Internal Audit Agency.</p> <p>Finally, there was an internal visit by the Acting Director General of the Internal Audit Agency Ghana who attended the Chief Internal Auditor Conference and a workshop with GIAA's Agency Development Programme team to review the Ghanaian Internal Audit Agency plans and ambitions.</p> <p>John Kelly from GIAA (UK) commented that from the deployment, <i>'GIAA (UK) has developed a new relationship with GIAA (Ghana). The beneficiary's recipient attended our 'Head of Internal Audit' event on 18.11.16 as part of the deployment. This was an opportunity to hear expert presentations on current initiatives, good practice and technical developments; and to network and make contacts with UK Central Government Internal Auditors.'</i></p>

	Delivery country	Zambia
	Deployment dates	28 November – 9 December 2016
	Beneficiary	Zambia Institute of Chartered Accountants (ZICA)
	UK Partner organisation	The Institute of Chartered Accountants in England and Wales (ICAEW)
	Type of deployment	Outward deployment
	First or follow-up deployment?	Follow-up
	Investment climate theme	Accountancy and Actuarial Standards
Description		<p>The objective of this visit was to help strengthen the current ZICA capability for AQM (periodic inspection visits) so that ZICA can monitor all audit firms and not just small and medium practices (SMPs) as at present.</p> <p>Firstly, a workshop was held to finalise visit approach to firms, adapt ZICA's existing methodology to better suit large firm audit visits and to develop agendas for ISQC1 (International Standard on Quality Control) meetings. The two ICAEW experts also accompanied ZICA reviewers on three large firm visits and mentored them throughout the onsite process, this involved opening meeting, file reviews, ISQC1 review work and meetings and closing meetings. Finally, a feedback session was delivered taking the reviewers and Practice Review Director through the learning points of the visits.</p> <p>Linda Barnes (ICAEW) commented that,</p> <p><i>'The immediate impact was high as evidenced by the improvement in the reviewers' performance and knowledge during the deployment.'</i></p>

Annex B: Confirmed requests

This table sets out the ten confirmed requests pending at the end of the reporting period for Q3 Year 5 (31 December 2016).


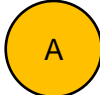
These confirmed requests are included amongst the forty-one requests and enquiries that make up the IFUSE pipeline at the time of writing.

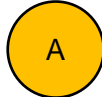
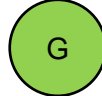

Country or region	Beneficiary	Target UK Partner	IC theme	Type of support	Status of deployment	Target deployment date
Pakistan	Investment Climate Reform Unit, Punjab Province	RD	Regulatory reform	A week-long scoping mission of two RD experts to Pakistan to assess the investment climate regulatory landscape in the Punjab region	Phase 3 – Pre - deployment	23 – 27 January 2017
Sierra Leone	National Minerals Agency (NMA) and Petroleum Directorate (PD)	BGS	Natural Resources Management and Extractive Industries	This deployment aims to lay the foundations for partnership working between the British Geological Survey (BGS) and the NMA and PD in Sierra Leone, and to deliver an evidence-based assessment of the data, capacity and capability gaps at those organisations	Phase 3 – Pre - deployment	30 January - 3 February 2017
Uganda	Ministry of Finance and Economic Planning	IPA	PPPs	Delegates will receive PPP training designed to develop a better understanding of models, procedures and processes required to manage an effective PPP unit	Phase 3 – Pre - deployment	06 - 10 February 2017
Various	Various	ACCA	Financial Sector Regulation and Supervision	IFUSE will fund the attendance of 15 countries at the Global Public Sector Conference in South Africa. This will be followed by a workshop designed to provide further encouragement, support and guidance for adapting internationally recognised financial reporting standards	Phase 2 - Confirm resource and work plan	14 & 15 February 2017
Morocco	Ministry of Energy, Mines, Water and the Environment	BGS	Natural resources management	To work with staff in the Geology Directorate, Morocco to provide initial data management training and to create a structured workflow for development of a national, digital geological map and database	Phase 2 - Confirm resource and work plan	20 - 24 February 2017
Zambia	Ministry of Lands Zambia	LR	Land mapping legislation, registration and title transfers	Experts will undertake a scoping mission to assess and make recommendations on the computerised Land Information System, focusing on strategy and effective service delivery	Phase 2 – Confirm resource and work plan	20 - 24 February 2017
Tanzania	Tanzania Met Agency (TMA)	Met Office	Natural Resources Management and Extractive Industries	To support the (TMA) training department in delivery of aviation compliance training to meet World Meteorological Organisation (WMO) and International Civil Aviation Organisation (ICAO) regulations	Phase 2 - Confirm resource and work plan	20 February - 03 March 2017
Kenya	Ministry of Mining	BGS	Natural resources management	Assist the Kenyan Directorate of Geological Surveys to improve the databases and its infrastructure of the newly established Geodata Centre	Phase 2 - Confirm resource and work plan	20 - 24 March 2017



Country or region	Beneficiary	Target UK Partner	IC theme	Type of support	Status of deployment	Target deployment date
Vietnam	National Centre for Hydro-Meteorological Forecasting (NCHMF) as part of the NHMS within the Ministry of Natural Resources and Environment	Met Office	Natural Resources Management and Extractive Industries	To support the National Hydro-Meteorological Service (NHMS) of Vietnam in their World Meteorological Organisation (WMO) remit to become a Regional Severe Weather Forecast Support Centre through the demonstration and delivery of a regional forecasting Guidance Product suitable for Severe Weather Forecasting in the region	Phase 2 - Confirm resource and work plan	20 - 31 March 2017
Zimbabwe	Institute of Chartered Accountants of Zimbabwe (ICAZ)	ICAEW	Accountancy and Actuarial Standards	A 5 day consultation visit will be conducted by two consultants to review and benchmark the current ICAZ professional qualification.	Phase 2 - Confirm resource and work plan	TBC

Annex C: Risk register

The table below sets out a list of risks which were agreed with DFID as part of the programme extension process, and against which we will report, along with any new risks, each quarter. Their current status and mitigating actions are set out in the table below:

No.	Risk/issue	Actions	Status	Impact	Likelihood
1.	Insufficient demand for IFUSE	<ul style="list-style-type: none"> DFID senior level support to champion IFUSE at DFID HQ and DFID country office level to generate increased demand. DFID senior level support to engage with FCO and encourage FCO up-take of IFUSE. The MA to engage with DFID offices and FCO to share IFUSE literature, good news stories and lessons learned to generate and sustain interest in IFUSE. As part of increased Monitoring and Evaluation activities resulting from implementation of Impact Summary recommendations, the MA to follow up on deployments to gather specific feedback from beneficiaries and DFID country offices to assess the quality, effectiveness and impact of IFUSE deployments, and to understand DFID's county office investment climate priorities in order to target future opportunities. There is some scope to introduce additional partner organisations to allow the programme to expand the breadth of expertise and skills which can be delivered through IFUSE. Communications advising of Programme close encourage UK Partner organisations to submit any new requests by 27 January 2017. 		High	Low
2.	The programme is in high demand and, as a result, requests cannot be satisfied.	<ul style="list-style-type: none"> During Year 5, bi-monthly update meetings with DFID will support regular consultation, forecasting and prioritisation based on the IFUSE pipeline (updated on a weekly basis) and the associated budget position. Agreement between DFID and PwC that high impact will be determined through level of resources, potential for impact and DFID country office buy in. 		High	High

No.	Risk/issue	Actions	Status	Impact	Likelihood
3.	Deployments take longer to launch than expected. This makes forecasting difficult and substantially increases transaction costs. It also renders IFUSE less attractive to DFID offices and other requesters seeking rapid assistance.	<ul style="list-style-type: none"> The MA to continue to refine IFUSE procedures to make the programme more efficient and cost effective. This includes analysing the main reasons for delays in the deployment process in order to understand how blockages can be addressed. Deployments (typically outward) that can be arranged quickly can be agreed and delivered between January and March 2017. It is unlikely that any further conferences or inward deployments will be agreed post January, given complexities and visa timelines. 		High	Medium
4.	The current UK Partner organisations may not sufficiently cover the investment climate issues required by the IFUSE programme.	<ul style="list-style-type: none"> The addition of new partner organisations may allow some of these gaps to be addressed by broadening the scope of the programme. The MA to engage with DFID in forward planning to ensure the on-boarding of any new UK Partner organisations is in line with investment climate priorities for DFID and beneficiary countries. – DFID have agreed to on-board three new UK Partner Organisations during Year 5 of the programme to respond to requests from DFID offices for technical assistance in the area of Financial Regulation (Financial Conduct Authority, National Crime Agency and Government Internal Audit Agency). 		Low	Low
5.	A weak design or poor management could result in IFUSE funds being used for objectives other than DFID's own of poverty reduction.	<ul style="list-style-type: none"> Strong quality assurance on the design of ToR is important. Safeguards are in place to ensure that the objectives of IFUSE are clear. This includes: <ul style="list-style-type: none"> The MA to critically investigate each request on an individual basis with input from an investment climate specialist and including consultation with relevant DFID country offices and DFID IFUSE SRO, as required.; The ToR documentation for Phase 2 has been revised in response to recommendations from the Phase 1 Impact Summary. This includes stronger baselining data on the anticipated impact of each deployment; Additional Monitoring & Evaluation activities have been implemented in Phase 2 to improve assessment of the impact of IFUSE deployments. 		High	Low

No.	Risk/issue	Actions	Status	Impact	Likelihood
6.	New partner organisations may have higher fee rates for experts, pushing up IFUSE costs over time.	<ul style="list-style-type: none"> The MA will be aware of the need to deliver value for money and will consider all proposed rates in line with IFUSE policies and in consultation with DFID. Any changes to costs will be flagged to DFID on a timely basis. DFID and the MA will periodically review the rate card for organisations to ensure they remain within budgets and reflect costs accurately. During Year 5, bi-monthly budget update meetings with DFID will ensure accurate monitoring of budget position and forecasting based on the IFUSE pipeline. 		Low	Medium
7.	Partner organisations are unclear on what the programme will and will not fund.	<ul style="list-style-type: none"> The MA will continue to actively communicate the IFUSE principles and policies to UK Partner organisations, including our processes for managing out of scope requests. The ToR sets out guidance on selection criteria which helps inform how opportunities are assessed. 		Medium	Low

We certify that any expenditure shown above in this report and detailed in the accompanying Statement of Expenditure has been actually and necessarily undertaken on behalf of the project as specified in the Project Document and as agreed by the Department for International Development. Any forecast of expenditure shown above and detailed in the accompanying Forecast of Expenditure represents a realistic forecast of payments to be made by the end of the forecast period.