



PAVING THE WAY FOR BUSINESS
BUILDING A BETTER INVESTMENT CLIMATE

Year 4 Quarter 2 report

July to September 2015



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List of abbreviations

ACCA	Association of Chartered Certified Accountants
BGS	British Geological Survey
BIS	Department for Business, Innovation and Skills
BRDO	Better Regulation Delivery Office
CBI	Confederation of British Industry
CIPFA	Chartered Institute of Public Finance & Accountancy
CMA	Competition and Markets Authority
DFID	Department for International Development
FAQs	Frequently Asked Questions
FCO	Foreign & Commonwealth Office
GAD	Government Actuary's Department
HMRC	Her Majesty's Revenue and Customs
HSL	Health and Safety Laboratory
IC	Investment climate
ICAEW	Institute of Chartered Accountants in England and Wales
iCPAR	Institute of Certified Public Accountants of Rwanda
IUK	Infrastructure UK
IFUSE	Investment Facility for Utilising UK Specialist Expertise
MA	IFUSE managing agent
MoUs	Memorandum of Understanding
NAO	National Audit Office
ODA	Overseas development assistance
PPP	Public Private Partnership
RICS	Royal Institute of Chartered Surveyors
ToRs	Terms of Reference

1. Summary of progress for this period

1.1. Summary of progress for this period

This report covers Quarter Two (Q2) of Year 4 of IFUSE implementation from July to September 2015. This is the second quarterly report of the IFUSE extension (Phase 2) period. Below is a summary of the main highlights from this reporting period:

- **Compared to previous summer quarters, IFUSE experienced high levels of deployment activity.** Thirteen deployments were delivered in Q2 of Year 4: four deployments were completed in July, five in August and four in September:

July: ICAEW / Zambia; Met Office / Tanzania; BGS / Kenya (3rd deployment); ACCA / Rwanda.

August: ACCA / Rwanda (2nd deployment); BRDO / Somaliland; Bank of England / Ukraine; BGS / Tajikistan and Kyrgyzstan; Land Registry / Rwanda – Marketing (2nd deployment).

September: ICAEW / Nepal; BGS / Sierra Leone; Bank of England / Kenya (inward); BGS / Morocco.

Of the 13 deployments delivered in Q2, 4 were follow up deployments. The types of deployments in Q2 included one small conference, one inward visit to the UK and eleven outward deployments. Annex 1 provides more detail on each of the IFUSE deployments completed in Q2.

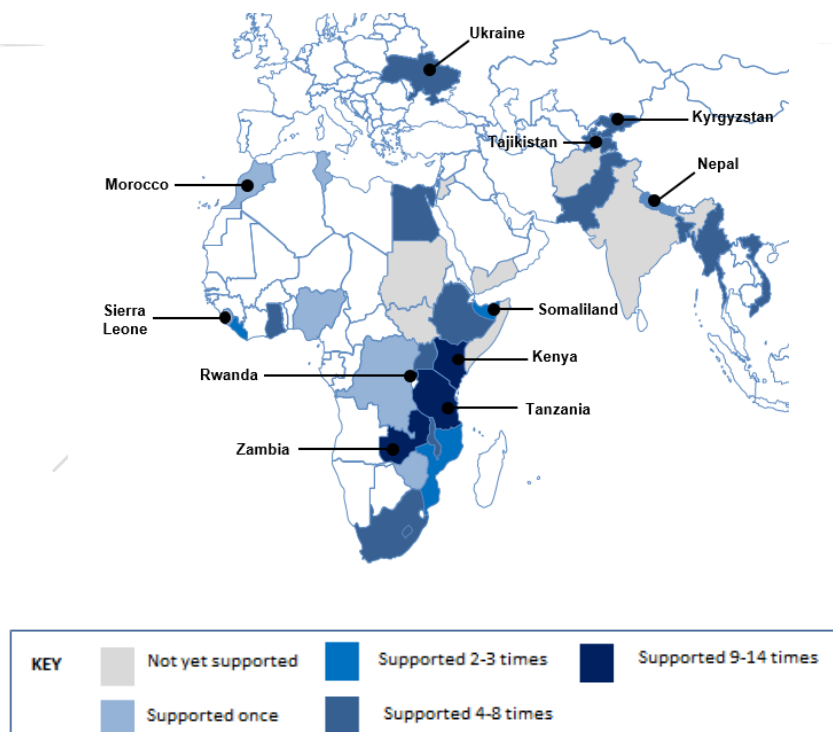
- **The IC themes supported in this quarter include:** land mapping legislation, registration and title transfers; natural resources management/extractive industries; regulatory reform; financial sector regulation and supervision, accountancy and actuarial standards.
- **We continued to expand the number of countries and institutions which received IFUSE support:** Both Sierra Leone and Morocco received their first IFUSE support in Q2 of Year 4. In addition to these new countries, IFUSE supported another 9 DFID priority countries and regions in Q2: Kenya; Nepal; Rwanda; Somaliland; Tajikistan; Kyrgyzstan; Tanzania; Ukraine; and Zambia.
- **In August, IFUSE facilitated its first small conference.** BRDO experts delivered the Regulatory Delivery Mechanisms training module of the World Bank programme to support the Government of Somaliland. Although IFUSE was unable to send UK experts to Somaliland for security reasons, we worked closely with BRDO and the World Bank to facilitate delivery of this technical assistance in the neighbouring country of Ethiopia. This involved bringing 25 Somaliland participants to the training event in Addis Ababa. The conference was attended by mid-level civil servants and technical champions and aimed to help develop capacity within local government to implement key reforms. The training event was extremely well received and feedback from the World Bank emphasised the importance and ground-breaking nature of this event.
- **Bank of England delivered its first IFUSE deployments in Q2 Y4.** Bank of England undertook its first IFUSE deployments in August and September. The first deployment involved a visit by the Assistant Private Secretary to the Governor of the Bank of England to Ukraine to support the National Bank of Ukraine in the reform of its institutional, organisational and HR set up. The second deployment involved an inward visit to the UK by 2 senior personnel from the Central Bank of Kenya to attend training on the structure and operations of the interbank market at the Bank of England's headquarters in London.

- A BGS expert visited to 2 counties, Tajikistan and Kyrgyzstan, as part of the same deployment.** The objective of this deployment was to carry out a preliminary assessment of the quantity and quality of “geodata” and information available in both countries, assess and review recent and ongoing projects by other donor agencies with the host geological surveys/ministries in the mining sector, and undertake a review of the current capacity of the geological survey departments in both countries. A follow-up visit is planned for Q3 which will involve a team of 4 BGS experts. The team will visit both countries to carry out a detailed assessment and gap analysis of the quality of geological data, information and capacity. These deployments will provide critical input to the establishment of a 4-year programme of work in the mining sector which is a key priority for DFID in Central Asia.
- IFUSE continues to deliver against objectives set out in the programme Logframe.** A copy of DFID’s formal measurement reporting tool, the programme logical framework, can be found on DevTracker, or is available on request by emailing IFUSE@uk.pwc.com. Risk Register is included in Annex 2.

1.2. DFID countries and regions supported in Q2

In Q2 , IFUSE has supported 11 DFID priority countries and regions: Kenya; Kyrgyzstan; Morocco; Nepal; Rwanda; Sierra Leone; Somaliland; Tajikistan; Tanzania; Ukraine and Zambia. The total number of countries supported by IFUSE to date is 24.

The map below illustrates the countries supported by IFUSE to date, highlighting the countries supported in Q2¹.



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

1.3. Sources of requests

The table below details the source of requests for the 13 deployments completed in Q2 of Year 4:

Source of TA requests	Year 4
DFID	6
UK partner organisation	5
Beneficiary	2
Foreign & Commonwealth Office (FCO)	0
Third party ²	0
Total	13

The majority of requests in this quarter came from DFID and UK partner organisations, and, no requests were received directly from FCO or third party organisations.

1.4. Pipeline update

The pipeline of potential deployments demonstrates a continued strong demand for the type of support that IFUSE provides. At the time of writing, the pipeline stands at 47 – of these, 22 are formal requests³ supported by completed ToRs and a further 25 are enquiries for which ToRs are still to be submitted.

Of the 22 formal requests received, 15 have been confirmed and these further reinforce demand for support in key investment climate themes: financial sector regulation and supervision, natural resources management / extractive industries, Public Private Partnerships (PPPs), regulatory reform and competition law & policy and consumer protection. Please refer to Annex 3 for full details of the confirmed requests pending at the end of the Q2.

1.5. Requests received in Q2

During Q2 we received 8 new formal requests for technical assistance from the following range of countries and investment climate themes:

Ethiopia:	Regulatory reform
Kyrgyzstan & Tajikistan:	Natural resources management / extractive industries
Tanzania:	Financial sector regulation and supervision
Rwanda:	Land mapping legislation, registration and title transfers
Uganda:	Public Private Partnerships (2 requests)
Vietnam:	Natural resources management / extractive industries

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

³ 'Formal request' is defined as one where terms of reference have been produced in accordance with the IFUSE criteria, as opposed to a simple preliminary enquiry or proposal.

1.6. Status update on programme activities

The table below summarises progress against programme related activities planned in this reporting period alongside the core IFUSE deployment activity.

Key activities planned	Progress made in this period
Operations	
Update handbook and FAQs following review of processes carried out in Q1	We undertook a comprehensive review of IFUSE processes and policies to take account of developments in the programme as it moves into Phase 2, and have revised the IFUSE handbook, programme brochure and other engagement documentation.
Communications & Engagement	
IFUSE newsletter	The IFUSE Newsletter will be issued to UK Partner organisations in Q3 to provide an update on case study deployments and sector news.
Hold “roundtable” discussions by IC themes with UK partner organisations who are from the same sector.	As part of our ongoing efforts to work more closely with IFUSE Partner organisations, we invited representative UK Partner organisations to participate in 2 round table discussions around key investment climate themes. The meetings are a chance to share an understanding of what investment climate means for each theme, discuss how UK Partner organisations might work collaboratively on future deployments together and share ideas on other potential organisations which might complement current expertise and strengthen our IFUSE offer. During this period meetings took place covering Regulatory Reform and land/Natural Resources. A further round table meeting with Financial Sector Partners is planned to take place during the next quarter.
Monitoring & Evaluation	
Impact Summary	Work to complete the Impact Summary and new M&E Framework are ongoing and will be completed by the end November.
Governance	
Oversight Committee Meeting	Due to unforeseen circumstances, the IFUSE Oversight Committee Meeting planned for October in London had to be postponed. The rescheduled OCM will be held prior to Christmas.

Annexes

Annex 1: IFUSE deployments in Q2 of Year 4



Delivery country	Zambia
Deployment dates	09 – 16 July 2015
Beneficiary	Zambia Institute of Chartered Accountants (ZICA)
UK partner organisation	Institute of Chartered Accountants in England and Wales (ICAEW)
Type of deployment	Outward deployment
Was the deployment a first or follow-up?	Follow - up
Investment climate theme	Financial sector regulation and supervision
Objective	To deliver workshops and on-site mentoring for the practice reviewers; provide audit firms with access to an ISA compliant audit practice manual and support training; and a report with recommendations and a roadmap for strengthening the ZICA professional qualification.



Delivery country	Tanzania
Deployment dates	06 – 17 July 2015
Beneficiary	Tanzania Meteorological Agency's (TMA) - National Met Training Centre (NMTC)
UK partner organisation	Met Office
Type of deployment	Outward deployment
Was the deployment a first or follow-up?	First
Investment climate theme	Natural resources management / extractive industries
Objective	To conduct a Needs Assessment of the TMA NMTC to understand its current capacity, assess the training requirements from within the TMA to function as a national training centre in meteorology and to draft an implementation plan for the capacity development of the TMA NMTC.



Delivery country	Kenya
Deployment dates	13 – 15 July 2015
Beneficiary	Kenyan Ministry of Mining (MoM)
UK partner organisation	British Geological Survey (BGS)
Type of support	Outward deployment
Was the deployment a first or follow-up?	Follow-up
Investment climate theme	Natural resources management / extractive industries
Objective	To support the development of a National Geodata Centre for Kenya in the Kenyan Ministry of Mining. Assess and update the Geodata Centre IT and associated infrastructure requirements as a result of the MoM's decision to locate the Geodata Centre in the new national laboratory building.



Delivery country	Rwanda
Deployment dates	20 – 22 July 2015
Beneficiary	Institute of Certified Public Accountants of Rwanda (ICPAR)
UK partner organisation	Association of Chartered Certified Accountants (ACCA)
Type of deployment	Outward deployment
Was the deployment a first or follow-up?	First
Investment climate theme	Accountancy and Actuarial Standards
Objective	To strengthen the capacity of iCPAR to develop the infrastructure and expertise to undertake Audit Quality Reviews that will help to improve the quality of, and confidence in, audit performance in Rwanda.





Delivery country	Rwanda
Deployment dates	09 – 11 August 2015
Beneficiary	Institute of Certified Public Accountants of Rwanda (ICPAR)
UK partner organisation	Association of Chartered Certified Accountants (ACCA)




Type of deployment	Outward deployment
Was the deployment a first or follow-up?	Follow-up
Investment climate theme	Accountancy and Actuarial Standards
Objective	To strengthen the capacity of iCPAR to develop the infrastructure and expertise to undertake Audit Quality Reviews that will help to improve the quality of, and confidence in, audit performance in Rwanda.






Delivery country	Somaliland
Deployment dates	17 – 21 August 2015
Beneficiary	Government of Somaliland
UK partner organisation	Better Regulation Delivery Office (BRDO)



Type of deployment	Small conference
Was the deployment a first or follow-up?	First
Investment climate theme	Regulatory reform
Objective	To deliver the Regulatory Delivery training module of The Somaliland Reform Champion Program to mid-level civil servants and technical champions with the aim of developing capacity within local government to implement key reforms. To provide materials and support for the Evidence Based Policy Making module of The Somaliland Reform Champion Program.

	Delivery country	Ukraine
	Deployment dates	17 – 21 August 2015
	Beneficiary	National Bank of Ukraine (NBU)
	UK partner organisation	Bank of England
	Type of deployment	Outward deployment
	Was the deployment a first or follow-up?	First
	Investment climate theme	Financial sector regulation and supervision
	Objective	To advise the NBU on reform of its institutional, organisational and HR set up.

	Delivery country	Kyrgyzstan and Tajikistan	
	Deployment dates	17 – 21 August 2015	
	Beneficiary	The Main Geology Directorate under the Government of Tajikistan & State Agency for Geology and Mineral Resources of the Government of Kyrgyzstan	
		UK partner organisation	British Geological Survey (BGS)
	Type of deployment	Outward deployment	
	Was the deployment a first or follow-up?	First	
	Investment climate theme	Natural resources management / extractive industries	
	Objective	To carry out a preliminary assessment of the quantity and quality of currently available geodata and information available in both countries in order to inform longer term DFID programme for the region.	






Land
Registry






Delivery country	Rwanda
Deployment dates	24 August – 04 September 2015
Beneficiary	Rwanda Natural Resources Agency (RNRA)
UK partner organisation	Land Registry
Type of deployment	Outward deployment
Was the deployment a first or follow-up?	Follow-up
Investment climate theme	Land mapping legislation, registration and title transfers
Objective	To enable RNRA to provide excellent services at affordable fees. Maximizing use of land information services above marginal costs in Rwanda through provision of Marketing expertise in defined areas.



Delivery country	Nepal
Deployment dates	14 – 18 September 2015
Beneficiary	Institute of Chartered Accountants of Nepal
UK partner organisation	Institute of Chartered Accountants in England and Wales (ICAEW)
Type of deployment	Outward deployment
Was the deployment a first or follow-up?	First
Investment climate theme	Financial sector regulation and supervision
Objective	To gain an understanding of the requirements for a successful professional accounting qualification in Nepal and a report with recommendations and a roadmap for achieving an updated ICAN Professional Qualification in line with international standards and benchmarks.

	Delivery country	Sierra Leone
	Deployment dates	21 – 25 September 2015
	Beneficiary	The Geological Survey under the Government of Sierra Leone
	UK partner organisation	British Geological Survey (BGS)
	Type of deployment	Outward deployment
	Was the deployment a first or follow-up?	First
	Investment climate theme	Natural resources management / extractive industries
	Objective	To carry out a preliminary assessment of the quantity and quality of currently available geodata and information available in the country. To prepare a report summarising the assessment and gap analysis of the quality of geological data, information and capacity to inform future DFID programmes in the country.

	Delivery country	Kenya
	Deployment dates	28 September – 02 October 2015
	Beneficiary	Central Bank of Kenya
	UK partner organisation	Bank of England
	Type of deployment	Inward deployment
	Was the deployment a first or follow-up?	First
	Investment climate theme	Financial sector regulation and supervision
	Objective	To understand the structure and workings of the inter-bank market in the UK. To recommend measures which will improve efficiency in the interbank market in Kenya and to propose new products for use in the inter-bank market; both conventional and sharia compliant.

Delivery country	Morocco
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





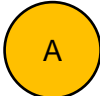

Deployment dates	30 September – 09 October, 2015
Beneficiary	Moroccan Ministry of Energy, Mines, Water and Environment
UK partner organisation	British Geological Survey (BGS)
Type of deployment	Outward deployment
Was the deployment a first or follow-up?	First
Investment climate theme	Natural resources management / extractive industries
Objective	To advise on the assessment and cataloguing of data with recommendations for a modern geospatial database structure and formatting for future delivery via web-based products.



Annex 2: Risk register

The table below sets out a new list of risks which were agreed with DFID as part of the extension process, and against which we will be reporting, 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	Criticality
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 uptake of IFUSE. The MA periodically to engage with DFID offices and FCO to share IFUSE literature, good news stories and lessons learned to generate and sustain interest in IFUSE. The MA to follow up on deployments to gain specific feedback obtaining more qualitative feedback from beneficiaries and stakeholders to reflect the quality and effectiveness of deployments going forward, and targeting of specific opportunities (as part of ongoing work on impact). The introduction of additional partner organisations to allow the programme to expand the scope of expertise and skills which it can deliver. 		High	High
2.	The programme is in high demand and, as a result, requests cannot be satisfied.	<ul style="list-style-type: none"> The MA to engage with DFID in long-term forward planning to ensure the on boarding of UK Partner organisations is in line with investment climate priorities for DFID and beneficiary countries. The MA to develop prioritisation metrics to ensure resources are focused on the highest impact activities. 		High	High
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 effective. This includes analysing the main reasons for delays in the deployment process in order to understand how blockages can be addressed. 		Medium	Medium

		<ul style="list-style-type: none"> Also see Risk 2 regarding time constraints on the availability of experts. Often longer-than-forecast lead times are the result of experts being unavailable 			
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. 		Medium	Medium
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"> Safeguards are in place to ensure that the objectives of IFUSE are clear. These are updated on a timely basis to ensure that they are upheld. Robust project management practices are in place, including clear documented processes, such as handbooks and guidance documents on how to implement IFUSE policy. 		High	Sass
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 exercise strong project management and consider any potential 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. 		Medium	Low
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 principles and policies of IFUSE to new partner organisations as part of the on-boarding process, including our processes for managing out of scope requests. 		Medium	Low

Annex 3: Confirmed requests

This table sets out, in chronological order by target deployment date, the 15 confirmed requests pending at the end of the reporting period for Q2 (30 September 2015).

These confirmed requests are included amongst the 47 requests and enquiries that make up the IFUSE pipeline at the time of writing.

Country or region	Requestor	Target UK Partner	IC theme	Type of support	Status of deployment	Target deployment date
Rwanda	RNRA	Land Registry	Land mapping legislation, registration and title transfers	To provide technical input to the Lands and Mapping Department of the RNRA on issues related to performance and maintenance of their IT systems. The assignment will focus on issues around network stability, maintaining the RNRA Active Directory and the transfer of knowledge to RNRA staff on these areas.	Phase 3 – Pre - deployment	05-Oct-15
Tajikistan & Kyrgyzstan	Ministries of Industry - Geological Survey Departments	BGS	Natural resources management / extractive industries	Follow up mission to support the Geological Surveys of Tajikistan and Kyrgyzstan.	Phase 3 – Pre - deployment	02-Nov-15
Ethiopia	Various TBC	BRDO	Regulatory Reform	Regional Inspection Reform Conference - East Africa.	Phase 3 – Pre - deployment	16-Nov-15
Zambia	ZICA	ICAEW	Financial sector regulation and supervision	A 5 day workshop for practice reviewers aimed at improving the effectiveness of practice review.	Phase 3 – Pre-deployment	30-Nov-15
Tanzania	NBAA	ICAEW	Financial sector regulation and supervision	Improve the audit quality reviews conducted by NBAA.	Phase 3 – Pre-deployment	14-Dec-15
Tanzania	NBAA	ICAEW	Financial sector regulation and supervision	Strengthen compliance with international accounting and auditing standards through train the trainer courses in IFRS and IPSAS.	Phase 1 – Finalise ToRs	Jan' 16
Tanzania	NBAA	ICAEW	Financial sector regulation and supervision	Strengthen compliance with international accounting and auditing standards through train the trainer courses in IFRS and IPSAS.	Phase 1 – Finalise ToRs	TBC
Tanzania	NBAA	ICAEW	Financial sector regulation and supervision	Strengthen compliance with international accounting and auditing standards through train the trainer courses in IFRS and IPSAS.	Phase 1 – Finalise ToRs	TBC
Ukraine	Accountancy Chamber of Ukraine	NAO	Financial sector regulation and supervision	2nd Follow up deployment- A Functional Review of the ACU describing the strengths and weaknesses of the Chamber, staffing requirements to conduct modern financial audit.	Phase 2 – Confirm resource and workplan	TBC
Ukraine	Accountancy Chamber of Ukraine	NAO	Financial sector regulation and supervision	3rd Follow up deployment- A Functional Review of the ACU describing the strengths and weaknesses of the Chamber, staffing requirements to conduct modern financial audit.	Phase 2 – Confirm resource and workplan	TBC

Country or region	Requestor	Target UK Partner	IC theme	Type of support	Status of deployment	Target deployment date
Kenya	MoM	BGS	Natural resources management / extractive industries	Follow up to support the development of a national Geodata Centre for Kenya.	Phase 2 – Confirm resource and workplan	TBC
Zambia	ZICA	ICAEW	Financial sector regulation and supervision	Strengthening Audit and the Regulation of Audit in Zambia – Provide access to the PCA's Audit System for a six month trial period for registered audit firms.	Phase 1 – Finalise ToRs	TBC
Zambia	ZICA	ICAEW	Financial sector regulation and supervision	Strengthening Audit and the Regulation of Audit in Zambia - Provide access to the PCA's Audit System for a six month trial period for registered audit firms.	Phase 1 – Finalise ToRs	TBC
Zambia	ZICA	ICAEW	Financial sector regulation and supervision	Strengthening Audit and the Regulation of Audit in Zambia - Provide access to the PCA's Audit System for a six month trial period for registered audit firms.	Phase 1 – Finalise ToRs	TBC
Rwanda	ICPAR	ACCA	Accountancy and Actuarial Standards	Follow up deployment: To strengthen the capacity of iCPAR to develop the infrastructure and expertise to undertake Audit Quality Reviews that will help to improve the quality of, and confidence in, audit performance in Rwanda.	Phase 2 – Confirm resource and workplan	TBC