

DFID Management Response to the Independent Commission for Aid Impact recommendations on:

DFID's Trade Development Work in Southern Africa

| ICAI Recommendation | Accept/ Reject | Action already taken | Action to be taken | Target date |
|---|-------------------|--|--|---------------|
| All recommendations need to be read in the light of the decision to close the TMSA programme. | | | | |
| <p>Recommendation 1:</p> <p>DFID should continue to take swift action, as it started to do when we raised our concerns, to ensure effective management of TMSA, including financial oversight, procurement, target setting and monitoring.</p> | Accept | <p>ICAI has already noted the swift action DFID took once ICAI raised concerns about TMSA earlier in the year. In December, the Secretary of State took the decision to commence the closure of TMSA with immediate effect. The Secretary of State has now given 3 months' notice to close TMSA.</p> | <p>As the TMSA programme winds down in March 2014 DFID will maintain strict oversight of TMSA activity and progress.</p> | March 2014 |
| <p>Recommendation 2:</p> <p>DFID should urgently work to raise awareness of the results of TMSA's recent economic modelling to countries of the Tripartite, undertake further analysis and support poorer countries to address potential negative impacts of trade growth.</p> | Accept | <p>An analysis of the Tripartite Free Trade Agreement which determines the potential economy-wide impacts of what will be Africa's largest free trade agreement has been undertaken by the Institute of Development Studies and was launched in October 2013.</p> | <p>DFID will disseminate the recent TMSA economic modelling work via DFID country offices and FCO posts in the region as part of our continued support to the Tripartite agenda.</p> | February 2014 |

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| <p>Recommendation 3:</p> <p>If DFID decides to continue with its support to regional integration in Southern Africa, it should identify a more suitable mechanism to deliver technical assistance to the Tripartite, with a focus on accelerating progress and drawing, as appropriate, on international expertise.</p> | Accept | DFID is mapping current policies, programmes, mechanisms and plans to inform options any future support to regional trade and integration in Southern Africa. Assessment of alternative mechanisms to TMSA support to the Tripartite agenda is part of this work. | DFID is assessing how best to continue to support trade and regional integration in Southern Africa drawing on the work now in hand in the region and also from other trade programmes operating elsewhere. | June 2014 |
| <p>Recommendation 4:</p> <p>As a prerequisite of any future trade development programme, DFID should undertake comprehensive analysis of the impact on trade and the poor both at the outset and throughout implementation and build in mitigating action to alleviate any negative effects.</p> | Accept | The work described under recommendation 3 will help to ensure that any future trade development programme builds in appropriate poverty analysis. | We will ensure that any trade programme tracks impacts on poverty and considers the case for mitigating actions. | June 2014 |