

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

Assessing the Impact of the Scale-up of DFID's support to Fragile States

ICAI Recommendation	Accept/ Reject	Action already taken	Action to be taken	Target date
<p>Recommendation 1:</p> <p>DFID needs to develop coherent guidance on working in fragile states, drawing on adaptations developed at country level, new research and learning and the evolved systems being developed in DFID centrally.</p>	Accept	DFID is already building evidence about how to work effectively in fragile states, drawing on lessons from recent research and practical experience. To support this, we have also restructured and strengthened our central policy capacity, and introduced new 'Smart Rules' to update DFID's operating framework. They include the specific challenges involved in designing and managing programmes in fragile states.	<ul style="list-style-type: none"> DFID will update its peacebuilding and state-building guidance to support work in fragile states drawing on a wide range of evidence, including from country practice. 	March 2016
<p>Recommendation 2:</p> <p>DFID should ensure that country-level targets realistically reflect the challenges of scaling up and the longer-term timescales needed for lasting impact in fragile states and calibrate funding accordingly. The targets should reflect the entire country portfolio, taking account of small as well as large programming through qualitative and quantitative targets.</p>	Partially accept	DFID already uses a range of tools to set targets and monitor performance at different levels. The DFID Results Framework (DRF) provides a central overview. In addition, country level Operational Plans and individual project documents provide more granular detail and a wider range of targets and results covering the entire portfolio. These cover small and large programmes and use a range of qualitative and quantitative indicators.	<ul style="list-style-type: none"> DFID will review its target setting and performance monitoring framework later this year. As part of this, we will draw on emerging knowledge and lessons from the review and consider how best to cover the whole country portfolio. 	March 2016

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<p>Recommendation 3:</p> <p>DFID needs to provide guidance on the inclusion of targeted infrastructure components in development programmes to enhance sustainable impact in fragile states programming.</p>	Partially accept	<p>DFID issued guidance in 2012 in a study entitled Supporting Infrastructure Development in Fragile and Conflict-Affected States. This was shared widely with DFID programme teams, including 47 infrastructure advisors, 81 social development advisors, and 165 economists. A new infrastructure policy framework, <i>Sustainable infrastructure for shared prosperity and poverty reduction: A policy framework</i>, was approved by the Secretary of State in January 2015, and is currently being widely disseminated. It was accompanied by a refreshed approach to economic appraisals for infrastructure projects.</p>	<ul style="list-style-type: none"> DFID will consider updating its guidance on infrastructure in fragile states in the light of experience with the new policy framework. 	March 2016
<p>Recommendation 4:</p> <p>DFID needs clarity about its appetite for risk in fragile environments: there needs to be explicit alignment between the centre and the field about potential for failure and its consequences.</p>	Accept	<p>In October 2014, DFID appointed a Deputy Director, Head of Risk and Control to develop and drive forward risk and assurance across the organisation. This work will include guidance on how to articulate DFID's risk appetite in all programmes and spending departments, including those in fragile environments. DFID is improving its risk management processes, and accepts that some programmes may not achieve all their objectives, often for reasons related to inherent uncertainties on the ground beyond DFID's control.</p>	<ul style="list-style-type: none"> DFID will develop additional internal guidance. 	October 2015
<p>Recommendation 5:</p> <p>DFID should leverage its learning about operating in fragile states and take a clearer global leadership role, in particular to work</p>	Accept	<p>DFID is working closely with the World Bank, African Development Bank, IMF, EU and UN as part of an international approach to increase the reach and focus of multilaterals in fragile states,</p>	<ul style="list-style-type: none"> DFID will continue to play an active role in influencing the international community. This year we will use the Mid-Term Reviews of the African Development Fund 	Dec 2015

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with the international community to advance thinking about how effectively to work in fragile states.		including better linkages with humanitarian agencies. This work includes reviewing the UN's strategic plans for 2014-17 and through the DFID-led UN Portfolio Delivery Review process, and working with the EU on the 11 th European Development Fund (2014-2020), the EU's National Indicative Plans and the new EU State-Building Contracts.	13 and World Bank's International Development Association 17 commitments and the on-going DFID-led UN Portfolio Delivery Review process to help multilateral organisations and international financial institutions review experience with different approaches to fragile states.	