

**DFID Management Response to the Independent Commission for Aid Impact recommendations on:
DFID's Approach to Delivering Impact, July 2015**

ICAI Recommendation	Accept/Partially Accept/Reject	Action already taken	Action to be taken	Target date
<p>Recommendation 1: At the departmental level, DFID should develop a Results Framework that better reflects the range of impacts it seeks to achieve, capturing not just the breadth of its engagement but also its transformative impact, including successes in institution building and policy influence. To do so, it will need to look beyond quantitative indicators towards other ways of capturing the impact of UK aid.</p>	Partially Accept	<ul style="list-style-type: none"> DFID has already invested heavily in strengthening its focus on results, and the DFID Results Framework (DRF) has been a key part of this. Beyond the DRF, operational plans and project logframes measure the full range of results that we seek to achieve. Logframes include measures at impact level and both qualitative and quantitative indicators can be included. A new Aid Management Platform is under development that will improve our results management. 	<ol style="list-style-type: none"> DFID's new Single Departmental Plan will provide the overarching performance framework for the Department. Beyond that, we are reviewing our future priorities for results reporting and will consider opportunities to improve how we measure and report the full range of impacts of our programmes. 	April 2016
<p>Recommendation 2: At the country portfolio level, DFID's Country Poverty Reduction Diagnostic (CPRD) should pay more attention to longer-term change processes, both</p>	Partially Accept	<ul style="list-style-type: none"> Long term fundamental change processes feature strongly in the CPRD framework and guidance. CPRDs are used to establish how we can make the most transformational investments in our partner countries. 	<ol style="list-style-type: none"> As part of the strategic planning and resource allocation processes for the next Spending Review Period, CPRDs will continue to consider longer term change processes, and will directly inform resource allocation decisions. 	April 2016

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<p>looking backwards to understand the trajectory of achievements and forward towards potential long-term paths out of poverty and fragility. Its operational plans should contain stronger links between the analysis and programming choices, with more emphasis on how different programmes and sectors interact to produce wider impact.</p>		<ul style="list-style-type: none"> • 2014 was the first time that CPRDs were developed for our country portfolios. We have learnt lessons from this first round of implementation and have identified areas to strengthen. • DFID is already implementing an Inclusive Growth Diagnostic tool in our partner countries. This has been implemented in two stages to ensure a strong link between analysis and programming choices. 		
<p>Recommendation 3: At the programme level, DFID's business cases should be more explicit about the route towards long-term impact, including policy and institutional change, setting out the building blocks and pathways required to achieve transformative impact over time. This includes looking beyond the life of the programme to the follow-up actions required</p>	Partially Accept	<ul style="list-style-type: none"> • We broadly agree with this recommendation but would note that it is generally not possible for business cases to say with certainty what actions will be needed after the programme is complete, as that will depend on the impact of the programme itself and a wide range of external factors. Every DFID programme has a delivery plan which keeps track of changes in context, assumptions and follow-up actions needed as a programme evolves. • DFID's guidance on business cases recommends approaches for setting out 	<p>3. DFID will consider this recommendation in the context of its next update of Smart Rules – the operating framework for programmes - and through ongoing work to introduce a more flexible and adaptive approach to programming.</p>	March 2016

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and exploring how to work with other programmes and initiatives to achieve mutually reinforcing results.		<p>how and why the intervention contributes to a long-term impact and a wide variety of outcomes, while being explicit about risks and assumptions and factoring in planned activities of other actors. Guidance also recommends that programmes ensure sustainability of outcomes at closure, something that needs to be built into project design and delivery.</p> <ul style="list-style-type: none"> • Many of DFID's largest programmes are in at least their second phase, meaning that the length of the programming cycle is in effect often much longer than the average single programme length. DFID also has a pipeline of evaluations in place to assess impact over the longer term. 		
<p>Recommendation 4: Annual reviews should include an assessment of the assumptions and risks set out in the logframe and theory of change. DFID should work to tighten feedback and learning loops, to enable real-time adjustment of programmes.</p>	Partially Accept	<ul style="list-style-type: none"> • Annual reviews already assess and score progress against the logframe, and include a consideration of assumptions and risks to determine any changes required to the programme. Annual reviews and project completion reviews are key sources of information for future programme management and design. • DFID has already worked to strengthen feedback and learning loops. Guidance on 	4. DFID will consider this recommendation in the context of its next update of Smart Rules – the operating framework for programmes - and through ongoing work to introduce a more flexible and adaptive approach to programming.	March 2016

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		<p>adaptive programming encourages iterative approaches based on real time feedback. Some country offices are innovating with new approaches to gathering feedback from stakeholders and beneficiaries to better understand how DFID and its programmes are perceived and to allow for course correction.</p>		
<p>Recommendation 5: DFID should engage with intended beneficiaries throughout the programme cycle, in design, delivery and monitoring. DFID should anchor its interventions in sustainable community structures that are integrated into wider governance systems.</p>	<p>Partially Accept</p>	<ul style="list-style-type: none"> • Within DFID's Smart Rules, beneficiary feedback is already mentioned as a key principle of good programme management. DFID has developed and is actively implementing guidance and training for programme managers to strengthen the quality of beneficiary engagement throughout the programme cycle. • Different approaches to beneficiary engagement are used across the portfolio depending on what is most suitable for the context and programme. In the humanitarian sector, for example, we are proactively engaging our implementing partners to prioritize community engagement approaches. In addition, a research programme will generate evidence to understand the impact and effectiveness of social and political action, 	<p>5. We will strengthen our package of support on beneficiary engagement - including guidance materials, case studies and programme management training for DFID staff.</p>	<p>March 2016</p>

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		including in relation to community structures and links with wider governance systems.		
<p>Recommendation 6: In its ongoing review of its risk-management processes, DFID should explore how to achieve an explicit and balanced risk profile in its country programmes, including high-risk programming with the potential for transformative impact. High-risk interventions should be identified as such from the outset, with the rationale for action clearly stated, and then be subject to appropriate risk management arrangements.</p>	Accept	<ul style="list-style-type: none"> DFID is currently developing a set of risk management guidance, examples of good practice, and tools. The aim of this is to strengthen how we identify and manage high risk interventions, and to improve how we manage a balanced spread of risk across our country portfolios. DFID has developed a draft tool that allows the risk and return of programmes to be classified in a standard and consistent way, with the aim of providing a basis for comparing programmes offering differing risk and return profiles. 	<p>6. As part of the ongoing work to improve risk management, DFID will complete the pilot testing of the draft risk-return tool across a range of business areas to ascertain how it can be used to inform portfolio strategy and programme selection in countries.</p>	December 2015
<p>Recommendation 7: In its procurement processes, DFID should carefully consider both the merits of transferring outcome risk to</p>	Accept	<ul style="list-style-type: none"> DFID's procurement processes aim to carefully consider risk in contracts, to ensure an appropriate allocation of risk between DFID and its suppliers which can maximise development impact and value 	<p>7. DFID will update and disseminate guidance setting out best practice for payment by results contracting.</p>	December 2015

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<p>implementers, particularly in high-risk environments and the likely impact on its objectives, its supplier base and its overall costs. It should work towards clear guidance on what forms of results-based contracting to use in which circumstances, so as to avoid needless rigidity in programming and unhelpful incentives that do not enhance actual impact.</p>		<p>for money. We recognise that there is room to further strengthen our guidance, and to ensure existing best practice in payment by results contracting is mainstreamed.</p> <ul style="list-style-type: none"> • DFID is undertaking a commercial capability review which will identify how to strengthen and improve our current commercial vision and strategy. 		