



PAVING THE WAY FOR BUSINESS
BUILDING A BETTER INVESTMENT CLIMATE

Year 4 Quarter 4 report

January to March 2016



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List of abbreviations

ARP	Asia Risk Pool
BGS	British Geological Survey
DFID	Department for International Development
FCO	Foreign & Commonwealth Office
GAD	Government Actuary's Department
IC	Investment climate
ICAEW	Institute of Chartered Accountants in England and Wales
ICAN	Institute of Chartered Accountants of Nepal
iCPAR	Institute of Certified Public Accountants of Rwanda
IFUSE	Investment Facility for Utilising UK Specialist Expertise
MA	IFUSE managing agent
MoU	Memorandum of Understanding
NAO	National Audit Office
PCRAFI	Pacific Catastrophe Risk Assessment and Financing Initiative
PPP	Public Private Partnership
SRO	Senior Reporting Officer
ToR	Terms of Reference
ZICA	Zambia Institute of Chartered Accountants

1. Summary of progress for this period

1.1. Summary of progress for this period

This report relates to Quarter Four (Q4) of Year 4 of IFUSE from January to March 2016. The main highlights of this reporting period are summarised below:

The number of IFUSE deployments delivered has exceeded the target for Year 4. A weighted total of sixty one deployments have been delivered against a weighted target of fifty five for Year 4. In Q4 there were four outward deployments and one desk based review. The four outward deployments were follow up deployments and are listed below with further information in Annex A.

January:

- NAO / Ukraine (sixth deployment) ;
- ICAEW / Tanzania (deliverable 2.1 - second deployment);
- ICAEW / Tanzania (deliverable 2.2 - third deployment);
- BGS / Sierra Leone (second deployment)

February:

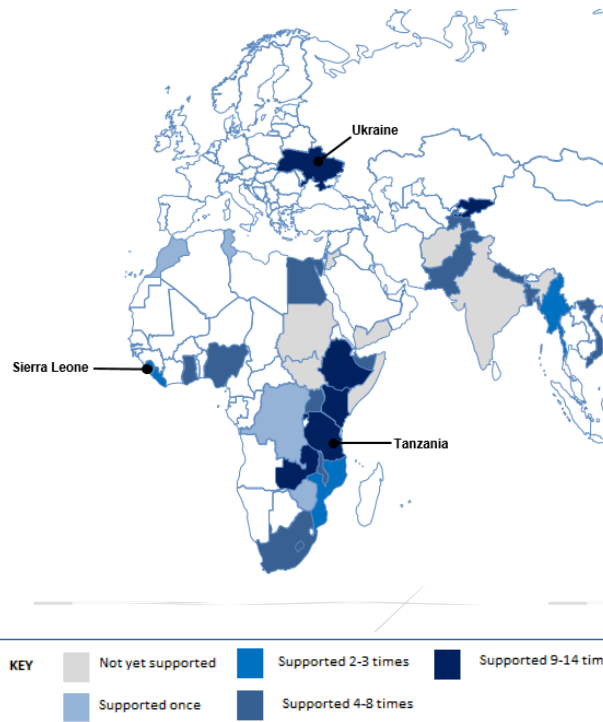
- GAD / Pacific Catastrophe Risk Assessment and Financing Initiative (PCRAFI) & Asia Risk Pool (ARP)

- **A range of IC themes were supported in this quarter including:** IFUSE deployments were provided in support of natural resources management/extractive industries; financial sector regulation and supervision; and accountancy and actuarial standards.
- **We continue to implement the recommendations from the Impact Summary Report.** During the month of March, we have undertaken additional follow-up activities to measure the impact of IFUSE deployments on Investment Climate. This has involved carrying out twenty structured post-deployment calls with the experts who delivered IFUSE deployments in Year 4 in order to understand and capture impact of their deployments. We have also begun scheduling a series of calls during April with twelve selected DFID country offices to support IFUSE alignment with regional IC priorities, gather feedback on IFUSE deployments from a country office perspective. These calls are chaired by the DFID IFUSE SRO with input from the IFUSE Programme Director, Programme Co-ordinator and the IC Specialist. Further calls with beneficiaries of IFUSE technical assistance will be scheduled in the next quarter.

1.2. DFID countries and regions supported in Q4

In Q4, IFUSE supported four DFID priority countries and regions: Ukraine, Tanzania, Sierra Leone and the Pacific Region. A total of twenty four DFID priority 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 Q4¹.



1.3. Sources of requests

The majority of requests in this quarter came from DFID and UK Partner organisations. There were no requests were received directly from beneficiaries, FCO or third party organisations. The table below details the source of requests for the 5 deployments completed in Q4 of Year 4:

Source of TA requests	Quarter 4	Year 4
DFID	3	18
UK Partner organisation	2	20
Beneficiary	0	3
Foreign & Commonwealth Office (FCO)	0	2
Third party ²	0	2
Total	5	45

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

At the time of writing, the pipeline of potential deployments stands at thirty nine – of these, twelve are formal requests³ supported by a completed ToR and a further twenty seven are enquiries for which ToRs are still to be submitted. Compared with the pipeline for the previous quarters, there has been some reduction in the number of requests as anticipated due to the holiday period over Easter.

Of the twelve formal requests received, seven have been confirmed which reinforces demand for support in key investment climate themes: financial sector regulation and supervision and accountancy and actuarial standards. Please refer to Annex B for full details of the confirmed requests pending at the end of the Q4.

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.

2. Summary of activities planned for Quarter 1 of Year 5

This 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 management tasks and deployment-specific activities. These are structured by theme: operations, communications and engagement, monitoring and evaluation, and governance.

Key activities planned for next period	Comments
Operations	
Implementation of M&E activities	Implement follow-up activities with experts, DFID partner countries and beneficiaries for Year 5 deployments.
Communications & Engagement	
IFUSE newsletter	Second IFUSE newsletter issued to UK partner organisations in the next quarter.
Monitoring & Evaluation (M&E)	
Update IFUSE logframe	As part of implementation of recommendations contained in the Impact Summary Report, the logframe will be revised and updated to reflect the current status of the programme.
Revised documentation for ToR, feedback and Mission Reports.	In line with the Impact Summary Report recommendations, documentation for ToRs, feedback and Mission Reports has been revised to focus on the link to investment climate and ensure clear tracking of outcomes and impact. Revised documentation will be implemented in May.
Implementation of Monitoring and Evaluation recommendations from revised Impact Summary Report.	Complete calls with selected DFID country offices by May. Post-deployment calls with beneficiaries will also be scheduled in the next quarter.
Governance	
Oversight Committee Meeting (OCM)	The next IFUSE Oversight Committee Meeting will be held on Tuesday, 21st June with sixteen UK partner organisations confirming attendance to date.

Annexes

Annex A: IFUSE deployments in Q4 of Year 4

	Delivery country	Sierra Leone
	Deployment dates	18 – 22 January, 2016
	Beneficiary	Department for International Development, Sierra Leone
	UK Partner organisation	British Geological Survey (BGS)
	Type of deployment	Outward deployment
	Was the deployment a first or follow-up?	Follow - up
	Investment climate theme	Natural resources management / extractive industries
	Objective	To carry out an assessment of capacity and institutional development needs to help ensure that the National Minerals Agency (NMA) is established as a competent and independent regulator for Sierra Leone's mining sector. The objective of this deployment is to develop a business case to improve governance and management of Sierra Leone extractive sectors (especially mining and oil).
	Delivery country	Ukraine
	Deployment dates	18 – 22 January, 2016
	Beneficiary	Accountancy Chamber of Ukraine (ACU)
	UK Partner organisation	National Audit Office (NAO)
	Type of deployment	Outward deployment
National Audit Office	Was the deployment a first or follow-up?	Follow-up
	Investment climate theme	Financial sector regulation and supervision
	Objective	To support work undertaken in previous IFUSE deployments to provide advice and guidance to the ACU as it prepares for the implementation of revised legislation on international accounting standards.



Delivery country	Pacific region
Deployment dates	On-going deployment
Beneficiary	Department for International Development (DFID)
UK Partner organisation	Government Actuary's Department (GAD)
Type of deployment	Desk based review
Was the deployment a first or follow-up?	First
Investment climate theme	Financial sector regulation and supervision
Objective	To review and provide advice and quality assurance in relation to DFID's investment in the Pacific Catastrophe Risk Assessment and Financing Initiative (PCRAFI) and the Asia Risk Pool (ARP). The objective is to provide guidance on key issues and risks identified in the PCRAFI technical note and to advise on expected modelling and financial analysis to inform DFID's request of the World Bank; and to provide pre-proposal advice in relation to ARP, namely the insurance, risk and financial aspects DFID should be aware of when considering a potential investment in ARP.



Delivery country	Tanzania
Deployment dates	18 – 22 January & 25 – 29 January, 2016
Beneficiary	National Board of Accountants and Auditors (NBAA)
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	Accountancy and Actuarial Standards
Objective	To deliver train-the-trainer workshops on International Financial Reporting Standards & International Public Sector Accounting Standards for local trainers from the NBAA which is responsible for ensuring that the accountancy profession in Tanzania is able to prepare financial statements and conduct audits using international accounting and auditing standards.

Annex B: Confirmed requests

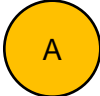

This table sets out, in chronological order by target deployment date, the 7 confirmed requests pending at the end of the reporting period for Q4 (31 March 2016).






These confirmed requests are included amongst the 41 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
Tanzania	NBAA	ICAEW	Financial sector regulation and supervision	Follow up deployment. A 5-day visit by 3 NBAA practice reviewers to the UK hosted by 2 ICAEW consultants. ICAEW will guide NBAA on what actions NBAA should take in the area of NBAA/Tanzania bye laws for auditors.	Phase 3 – Pre - deployment	04-Apr-16
Nepal	ICAN	ICAEW	Financial sector regulation and supervision	Follow up deployment. A 5.5 day consultation visit will be conducted by two ICAEW consultants to engage with ICAN, key employers, universities and other stakeholders in roundtables and forums on the proposed reforms to the training and certification of professional accountants.	Phase 3 – Pre - deployment	08-Apr-16
Tanzania	NBAA	ICAEW	Accountancy and Acturial Standards	Follow up deployment. A 10 day visit by 2 ICAEW consultants to Tanzania for continued mentoring for practice reviewers with a focus on implementing improvements.	Phase 2 - Confirm resource and work plan	May - 16
Rwanda	ICPAR	Land Registry	Land mapping legislation, registration and title transfers	Follow up deployment. Technical assistance for a Network expert and a Systems specialist to address issues in RNRA network and conduct on-job training to RNRA IT team	Phase 2 – Confirm resource and workplan	May-16
Zambia	ZICA	ICAEW	Accountancy and Acturial Standards	Follow up deployment. A 5 day train-the-trainer workshop on for local trainers on the CCH PCAS audit system.	Phase 2 – Confirm resource and work plan	Jun - 16
Zambia	ZICA	ICAEW	Accountancy and Acturial Standards	Follow up deployment. 10 days of on-site mentoring for practice reviewers in medium and large sized firms to improve the effectiveness of practice review.	Phase 2 – Confirm resource and work plan	15-Jun-16
Zambia	ZICA	ICAEW	Accountancy and Acturial Standards	Follow up deployment. Providing audit firms with access to an ISA complaint audit practice manual and supporting training	Phase 2 – Confirm resource and work plan	27-Jun-16

Annex C: 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 up-take 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. 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 		Medium	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. 		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	High
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	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 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