



PAVING THE WAY FOR BUSINESS
BUILDING A BETTER INVESTMENT CLIMATE

Year 4 Quarter 3 report

October to December 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
FCAS	Fragile and Conflict Affected State
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 relates to Quarter Three (Q3) of Year 4 of IFUSE from October to December 2015. The main highlights of this reporting period are summarised below:

- **November was the busiest month for deployments in the history of IFUSE.** During November saw a record nine deployments compared to a previous maximum of six deployments in a one-month period. The variety of IC themes and countries supported by IFUSE this month ranged from scoping missions in the mining sector of Central Asia to supporting the Office of the Auditor General in Nigeria, as well as a multiple inward visit to the UK by Ugandan and Rwandan delegations. This made a huge contribution to the thirteen deployments delivered in Q3 and brought the total number of deployments for Year 4 to 56 against an overall target of 55 for Year 4. Deployments delivered in Q3 are listed below:

October:

- Land Registry / Rwanda (2nd deployment) ;
- ACCA / Myanmar;
- GAD / Pandemics

November:

- BGS / Kyrgyzstan and Tajikistan (2nd deployment);
- NAO / Ukraine (5th deployment);
- IUK / Uganda;
- IUK / Rwanda;
- BRDO / Ethiopia (conference);
- BRDO / Ethiopia;
- CMA / Kenya;
- ICAEW / Zambia;
- NAO / Nigeria

December:

- ICAEW / Tanzania

This represented a wide range of different types of deployments and included one small conference, three inward visits to the UK, one desk-based review, and eight outward deployments. Of the 13 deployments delivered in Q3, 3 were follow up deployments. Annex 1 provides more detail on each of the IFUSE deployments completed in Q3.

- **A wide range of IC themes were supported in this quarter including:** land mapping legislation, registration and title transfers; natural resources management/extractive industries; regulatory reform; financial sector regulation and supervision; accountancy and actuarial standards; competition law and policy, and consumer protection; and Public Private Partnerships (PPPs).
- **UK Partner organisations were invited to renew their partnership arrangement with IFUSE for Phase 2 of the programme.** The renewed IFUSE MoU was supported by a revised IFUSE Handbook which sets out updated IFUSE policies and procedures for Phase 2.
- **The first IFUSE newsletter was issued to UK Partner organisations this quarter.** The purpose of the newsletter is to communicate with UK Partner organisations in the interim period between Oversight Committee Meetings and provide updates on upcoming deployments, share relevant information on investment climate and IFUSE achievements. The second IFUSE newsletter will be issued in Q4.

- **IFUSE Impact Summary and M&E Framework were completed.** During this quarter, the Review of Impact during years 1-3 was completed and a Summary Report issued. The Impact Summary report set out the findings of the review and highlighted the characteristics of the programme which have contributed to its success. It set out also recommendations to further demonstrate the impact of IFUSE deployments on the investment climate of DFID priority countries. A review of the programme's M&E Framework was also completed. An M&E Framework Report supplemented the Impact Summary Report and identified the practical changes required to strengthen the monitoring and evaluation framework so that programme impacts could be more effectively tracked, monitored and reported.

The report highlighted that IFUSE's most significant impacts related to three key aspects of Investment Climate:

- IFUSE deployments have reduced monetary time and cost of doing business, most notably through reforms to inspection regimes, digital integration of tax and custom systems, and improvements to communications infrastructure.
- IFUSE deployments have shown evidence of not only improving the predictability of IC, but also increasing the predictable quality of IC. IFUSE has been particularly strong in addressing issues of harmonising beneficiary countries to international regulatory standards around, for example, accounting and tax.
- IFUSE has been successful at improving the capacity of governments and regulatory bodies to ensure a level playing field exists for businesses of all sizes. This has had a beneficial impact on IC through improving the conditions for market entry for both potential internal and external investors.

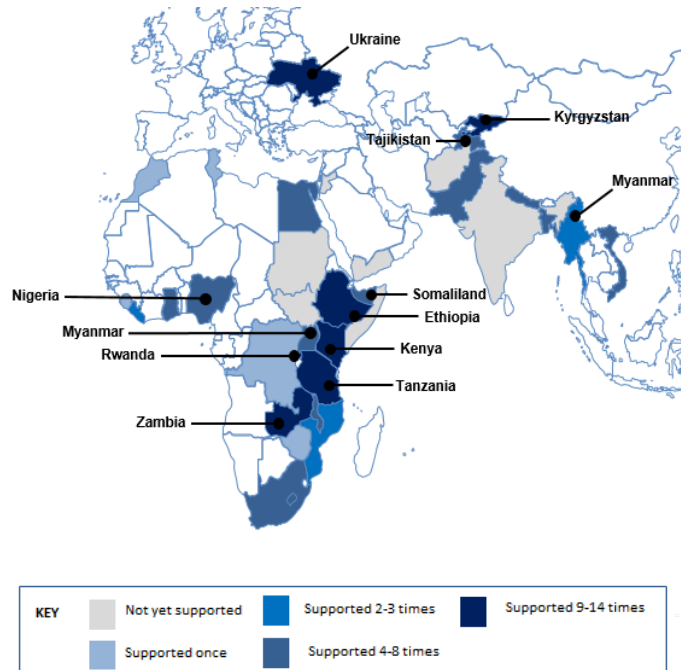
The IFUSE Oversight Committee was held on 15th December. Twenty of the twenty-nine UK Partner organisations attended the meeting as well as members of DFID and the Managing Agent team. DFID's Director General for Economic Development, David Kennedy, opened the meeting with a presentation on the importance of the IFUSE programme in supporting the delivery of DFID' priorities. The focus of meeting was on the IFUSE Impact Summary which generated positive discussion on the future focus of IFUSE. The full Impact Summary report was shared with the UK Partner organisations and they were invited to comment on the findings and recommendations.

- **DFID appointed a new SRO for the IFUSE programme.** Robbie Barkell took over the role from Natalie Skerritt in December 2015.

1.2. DFID countries and regions supported in Q3

In Q3, IFUSE supported 12 DFID priority countries and regions: Ethiopia; Kenya; Kyrgyzstan; Myanmar; Nigeria; Rwanda; Somaliland; Tajikistan; Tanzania; Ukraine; Uganda and Zambia. A total of 24 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 Q3¹.



1.3. Sources of requests

The table below details the source of requests for the 13 deployments completed in Q3 of Year 4:

Source of TA requests	Year 4
DFID	5
UK Partner organisation	6
Beneficiary	1
Foreign & Commonwealth Office (FCO)	1
Third party ²	1
Total	13

The majority of requests in this quarter came from DFID and UK Partner organisations, and only three requests were received directly from beneficiaries, FCO or third party organisations.

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. Requests received in Q3

During Q3 we received 8 new formal requests for technical assistance from the following range of countries and investment climate themes:

Burma (Myanmar):	Financial sector regulation and supervision
Tanzania:	Financial sector regulation and supervision
Rwanda:	Accountancy and Actuarial Standards
Zambia:	Financial sector regulation and supervision

1.5. Pipeline update

At the time of writing, the pipeline of potential deployments stands at 39 – of these, 16 are formal requests³ supported by completed ToRs and a further 23 are enquiries for which ToRs are still to be submitted. Compared with the pipeline for the previous quarter, there has been some reduction in the number of requests as expected due to the holiday period in December.

Of the 16 formal requests received, 11 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 and Accountancy and Actuarial Standards. Please refer to Annex 3 for full details of the confirmed requests pending at the end of the Q3.

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 4



This table below sets out the key activities associated with the IFUSE extension which are planned for the next reporting period alongside the core MA 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	
IFUSE Impact Summary	Implement the recommendations of the IFUSE Impact Summary by engaging with DFID in-country office to ensure alignment with DFID and regional government priorities for IC reform, and improve the quality of impact monitoring, opportunities to work in FCAS countries and to promote gender equality.
Communications & Engagement	
Roundtable discussions with UK Partner organisations by IC theme.	Meetings will be scheduled in Q4 with UK Partners supporting the IC themes of 'Accountancy and Actuarial Standards' and 'Financial sector regulation and supervision'. This represents the last of the round table discussions planned for Year 4.
IFUSE newsletter	Second IFUSE newsletter will be issued to UK Partner organisations in the next period.
Monitoring & Evaluation	
Update IFUSE logframe	As part of implementation of recommendations contained in the M&E Framework Report, the logframe will be revised and updated to reflect the current status of the programme.
Revised documentation for ToRs, feedback and Mission Reports.	In line with the M&E Framework Report recommendations, documentation for ToRs, feedback and Mission Reports will be revised to focus on the link to investment climate and ensure clear tracking of outcomes and impact.
Implementation of monitoring and evaluation recommendations from revised M&E Framework report.	Carry out follow-up calls with UK experts, DFID in-country offices and beneficiaries to gather feedback on the impact of completed deployments.
Governance	
MoUs	Finalise signature of all MoUs .

Annexes

Annex 1: IFUSE deployments in Q3 of Year 4

 	Delivery country	Rwanda
	Deployment dates	05 – 18 October, 2015
	Beneficiary	Rwanda Natural Resource Agency (RNRA)
	UK Partner organisation	Land Registry (LR)
	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 provide technical input to the Lands and Mapping Department of the RNRA on issues related to performance and maintenance of their IT systems.	

 	Delivery country	Myanmar
	Deployment dates	19 -21 November, 2016
	Beneficiary	Myanmar Federation of Chambers of Commerce and Industry
	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	Financial sector regulation and supervision
Objective	To deliver, in partnership with the UK Financial Services Taskforce, two events focusing on financial accountability and risk management – key aspects of corporate governance that will need to be addressed within local businesses to enhance transparency and encourage external investor confidence.	



Delivery country	African 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 carry out a high level review of the proposal for a Pandemic Emergency Facility (PEF) and the report and other outputs of "The Modelling Engagement for Epidemic Cover" consultancy.



Delivery country	Kyrgyzstan and Tajikistan
Deployment dates	02 – 13 November, 2015
Beneficiary	The Main Geology Directorate under the Government of Tajikistan and State Agency for Geology and Mineral Resources of the Government of the Kyrgyz Republic
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 a preliminary assessment of the quantity and quality of currently available geodata and to review the current capacity of the geological surveys department in both countries to manage geological data and information.



National Audit Office

Delivery country	Ukraine
Deployment dates	09 – 13 November, 2015
Beneficiary	Accountancy Chamber of Ukraine (ACU)
UK Partner organisation	NAO
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 help Ukraine develop an improved understanding of the work needed to strengthen the ACU and its relationship with the Ukraine parliament.



Better Regulation Delivery Office

Delivery country	Ethiopia
Deployment dates	16 – 17 November, 2015
Beneficiary	Government institutions such as Ministry of Trade, Food, Medicine and Health Care Administration and Control Authority (FMHACA), Ministry of Culture and Tourism, Ministry of Agriculture, Environment Ministry and the Investment Commission.
UK Partner organisation	Better Regulation Delivery Office (BRDO)
Type of deployment	Outward deployment
Was the deployment a first or follow-up?	First
Investment climate theme	Regulatory reform
Objective	To develop the skills of front – line inspectors in Ethiopia to improve the efficiency and effectiveness of the inspection process.



Delivery country	Ethiopia
Deployment dates	18 – 20 November, 2015
Beneficiary	Government of Ethiopia, Somaliland, Zambia, Rwanda & Uganda
UK Partner organisation	Better Regulation Delivery Office (BRDO)
Type of deployment	Small conference
Was the deployment a first or follow-up?	Follow up
Investment climate theme	Regulatory reform
Objective	To promote a sustainable approach to business environment reforms by exploring the links between business regulation and public sector reform as a way to support sustainable economic growth and public protection with Government officials in the East and Horn of Africa.



Infrastructure UK

Delivery country	Rwanda
Deployment dates	16 – 20 November, 2015
Beneficiary	Rwanda Development Board
UK Partner organisation	Infrastructure UK (IUK)
Type of deployment	Inward deployment
Was the deployment a first or follow-up?	First
Investment climate theme	Public Private Partnerships (PPPs)
Objective	The main objective of the assignment is to enhance the capacity of the staff of the Strategic Investment Department to deliver on its mandate and acquire skills that enable the team to derive value for money from the government partnership with the private sector.



Delivery country	Uganda
Deployment dates	16 – 20 November, 2015
Beneficiary	The PPP Unit of Ministry of Finance Planning and Economic Development
UK Partner organisation	Infrastructure UK (IUK)
Type of deployment	Inward deployment
Was the deployment a first or follow-up?	First
Investment climate theme	Public Private Partnerships (PPPs)
Objective	To enhance the capacity of the PPP Unit to deliver its mandate as provided in the PPP Act, 2015 through training and setting up a strong and efficient governance structure.



Infrastructure UK



Delivery country	Kenya
Deployment dates	21 – 23 November, 2015
Beneficiary	Kenyan Telecom regulator and Competition Authority
UK Partner organisation	Competition and Markets Authority (CMA)
Type of deployment	Outward deployment
Was the deployment a first or follow-up?	First
Investment climate theme	Competition law and policy, and consumer protection
Objective	The objective of this assignment is to safeguard and encourage competition in the communication sector through pro-competitive regulations/rules agreed by the Communications Authority of Kenya (CA) and the Competition Authority of Kenya (CAK), effective antitrust enforcement and merger control, and joint advocacy for competition in sector.





Delivery country	Zambia
Deployment dates	30 November – 04 December, 2015
Beneficiary	Zambian Institute of Chartered Accountants
UK Partner organisation	Institute of Chartered Accountants in England and Wales (ICAEW)
Type of deployment	Inward deployment
Was the deployment a first of follow-up?	Follow up
Investment climate theme	Accountancy and Actuarial Standards
Objective	Deliver a 5 day workshop for practice reviewers covering practice review procedures, report templates and work pack documentation in order to improve the effectiveness of practice review.



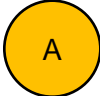

Delivery country	Nigeria
Deployment dates	30 November – 11 December, 2015
Beneficiary	Office of the Auditor General for the Federation (OAuGF), Nigeria
UK Partner organisation	NAO
Type of deployment	Outward deployment
Was the deployment a first or follow-up?	First
Investment climate theme	Financial sector regulation and supervision
Objective	To support Nigeria's Public Accounts Committee and Office of the Auditor General develop a shared vision that enables the development of a realistic engagement strategy to strengthen the OAuGF's ability to hold Ministries, Departments and Agencies (MDAs) to account in a transparent way.








Delivery country	Tanzania
Deployment dates	14 – 18 December, 2015
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 of follow-up?	First
Investment climate theme	Accountancy and Actuarial Standards
Objective	Train-the-trainer courses on ISA for suitably qualified professional trainers from the accountancy profession in Tanzania.

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 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

Annex 3: Confirmed requests

This table sets out, in chronological order by target deployment date, the 11 confirmed requests pending at the end of the reporting period for Q3 (31 December 2015).

These confirmed requests are included amongst the 39 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
Sierra Leone	DFID	BGS	Natural resources management / extractive industries	Follow up deployment. To develop a business case to improve governance and management of Sierra Leone extractive sectors.	Phase 3 – Pre - deployment	18-Jan-16
Tanzania	NBAA	ICAEW	Financial sector regulation and supervision	Follow up deployment. A 5-day train-the-trainer workshop on IFRS for local trainers to strengthen compliance with international standards through courses in IFRS, ISA and IPSAS.	Phase 3 – Pre - deployment	18-Jan-16
Ukraine	Accountancy Chamber of Ukraine	NAO	Financial sector regulation and supervision	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 3 – Pre - deployment	18-Jan-16
Tanzania	NBAA	ICAEW	Financial sector regulation and supervision	Follow up deployment. A 5-day train-the-trainer workshop on IPSAS for local trainers to strengthen compliance with international standards through courses in IFRS, ISA and IPSAS.	Phase 3 – Pre - deployment	25-Jan-16
Tanzania	NBAA	ICAEW	Financial sector regulation and supervision	Follow up deployment. A 5-day visit by NBAA practice reviewers to the UK comprising an opening 1-day workshop, 3 days of mentoring visits to UK audit firms and a 1-day wrap-up. ICAEW will also guide NBAA on what actions NBAA should take in the area of NBAA/Tanzania bye laws for auditors.	Phase 2 – Confirm resource and workplan	22-Feb-16
Zambia	ZICA	ICAEW	Financial sector regulation and supervision	Follow up deployment. 10 days of on-site mentoring for practice reviewers to improve the effectiveness of practice review.	Phase 2 – Confirm resource and workplan	07-Mar-16
Kenya	MoM	BGS	Natural resources management / extractive industries	Follow up deployment. 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	Follow up deployment. Provide access to the Commerce Clearing House (CCH) Private Company Audit System (PCAS) audit system for an initial six month trial period for all audit firms.	Phase 2 – Confirm resource and workplan	TBC

Zambia	ZICA	ICAEW	Financial sector regulation and supervision	<p>Follow up deployment.</p> <p>A 5 day train-the-trainer workshop for local trainers on the CCH PCAS audit system to provide audit firms with access to an ISA compliant audit practice manual and supporting training.</p>	Phase 2 – Confirm resource and workplan	TBC
Tanzania	NBAA	ICAEW	Financial sector regulation and supervision	<p>Follow up deployment.</p> <p>10 days of on-site mentoring for practice reviewers covering audit firms of different sizes to cover regulatory procedures, reporting requirements and templates.</p>	Phase 2 – Confirm resource and workplan	TBC
Rwanda	ICPAR	ACCA	Accountancy and Actuarial Standards	<p>Follow up deployment.</p> <p>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.</p>	Phase 2 – Confirm resource and workplan	TBC