



PAVING THE WAY FOR BUSINESS
BUILDING A BETTER INVESTMENT CLIMATE

Year 5 Quarter 1 report

April to June 2016



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List of abbreviations

ACCA	Association of Chartered Certified Accountants
ARC	African Risk Capacity
BGS	British Geological Survey
DFID	Department for International Development
FCO	Foreign & Commonwealth Office
GAD	Government Actuary's Department
HMT	Her Majesty's Treasury
IC	Investment climate
ICAEW	Institute of Chartered Accountants in England and Wales
ICPAR	Institute of Certified Public Accountants of Rwanda
IFUSE	Investment Facility for Utilising UK Specialist Expertise
IPO	Infrastructure and Projects Authority
MA	IFUSE managing agent
MoU	Memorandum of Understanding
NAO	National Audit Office
NCA	National Crime Agency
NCHMF	The National Center for Hydro-meteorological Forecasting
PPP	Public Private Partnership
RD	Regulatory Delivery
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 One (Q1) of Year 5 of IFUSE from April to June 2016. The main highlights of this reporting period are summarised below:

In Q1 there were two outward deployments, two inward deployments, one small conference and one desk based review. These deployments listed below are described in more detail in Annex A.

April:

- ICAEW / Tanzania (deliverable 1.1) – train-the-trainer on International Financial Reporting Standards & International Public Sector Accounting Standards;
- ICAEW / Nepal (second deployment) - train-the-trainer on International Financial Reporting Standards, International Public Sector Accounting Standards and International Standards on Auditing;

May:

- ICAEW / Tanzania (deliverable 1.2) - train-the-trainer on International Financial Reporting Standards & International Public Sector Accounting Standards;
- IPA / Afghanistan - Public Private Partnerships (PPP) training for government officials;

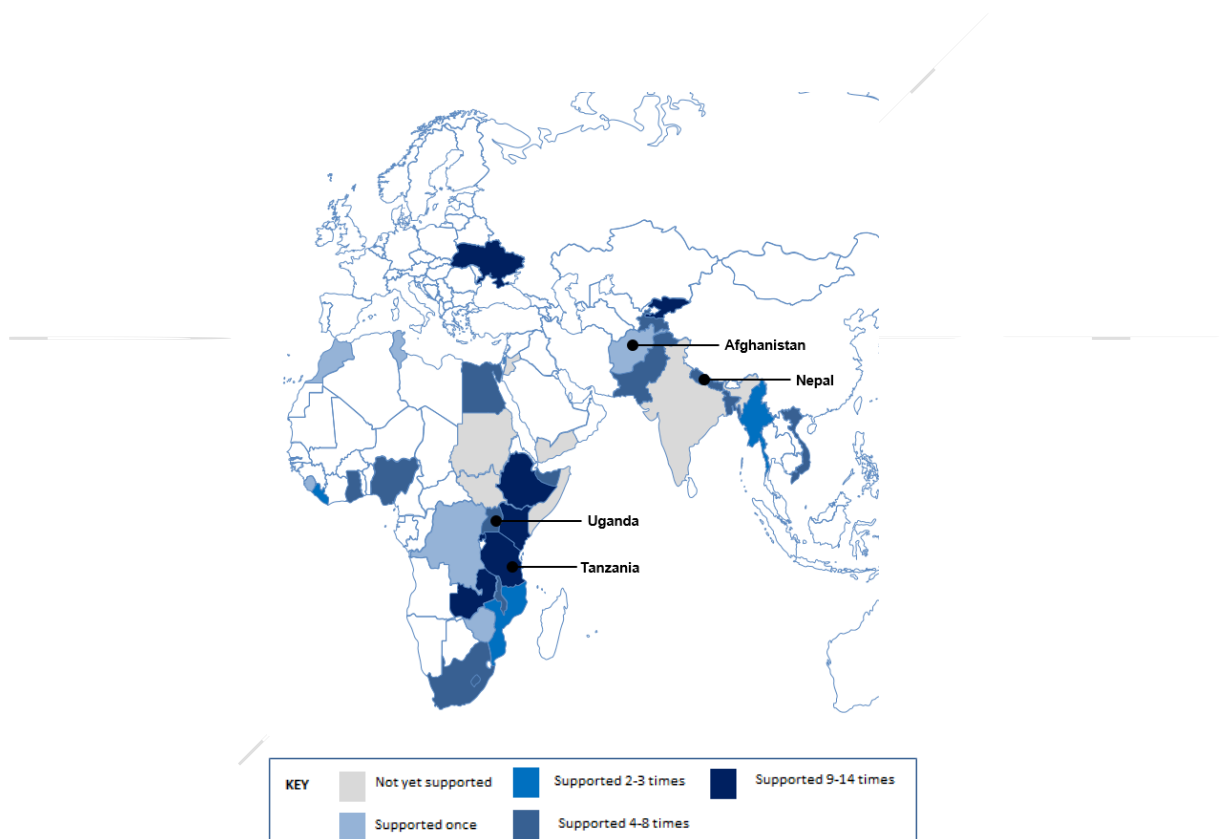
June:

- GAD / ARC - independent assessment of the performance of the African Risk Capacity risk pool;
 - IPA /Uganda – PPP training for government officials.
- **A range of Investment Climate (IC) themes were supported in this quarter:** IFUSE deployments were provided in support of Public Private Partnerships (PPPs); financial sector regulation and supervision; and accountancy and actuarial standards.
 - **The IFUSE Oversight Committee was held on Tuesday, 21 June 2016.** Twenty of the twenty-nine UK Partner organisations attended the meeting along with DFID representatives and the IFUSE team. The meeting included an update on GREAT for Partnership, a new DFID programme, under which IFUSE is expected to operate post March 2017. The GREAT for Partnership programme will leverage the skills and expertise from a range of UK institutions and supply them to DFID partner countries, based on tailored demand and is designed to ensure UK expertise is more easily accessed in DFID partner countries. GREAT for Partnership will bring together and align a number of already existing partnership programmes (such as IFUSE, ROLE, etc.) with a greater focus on the Health, Extractives and Financial Accountability & Anti-Corruption sectors. The meeting also shared the findings from the post-deployment calls with experts and DFID country offices and to make UK Partners aware of specific requests for technical assistance.

1.2. DFID countries and regions supported in Year 5 Q1

In Q1, IFUSE supported four DFID priority countries and regions: Afghanistan, Nepal, Tanzania and Uganda. A total of twenty five 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 Q1¹.



¹ Note that this diagram covers individual countries supported to date but not the regions that have formed the focus of IFUSE deployments.

1.3. Sources of requests

The majority of requests in this quarter came from DFID and UK Partner organisations. The table below details the source of requests for the 6 deployments completed in Q1 of Year 5:

Source of TA requests	Year 5 to date	Year 4
DFID	3	20
UK Partner organisation	2	15
Beneficiary	1	5
Foreign & Commonwealth Office (FCO)	0	0
Third party ²	0	1
Total	6	41

1.4. Pipeline update

At the time of writing, the pipeline of potential deployments stands at forty seven – of these, fifteen are formal requests³ supported by a completed ToR and a further thirty two are enquiries for which ToRs are still to be submitted.

Of the fifteen formal requests received, twelve have been confirmed which reinforces demand for support in key investment climate themes: financial sector regulation and supervision and accountancy and actuarial standards. Some of the requests are:

- NCA / Burma (Myanmar) – provide training and resources to improve Anti-Money Laundering and Countering Financing of Terrorism regulations;
- IPO / South Africa – train companies and Intellectual Property Commission to prepare for the forthcoming change in Intellectual Property Law;
- LR / Zambia – request from DFID Zambia to provide support to the Ministry of Lands on the development of a land administration policy;
- IPA / Uganda – to provide technical support for the newly established PPP Unit within the Ministry of Finance Planning and Economic Development.

Please refer to Annex B for full list and details of the confirmed requests pending at the end of the Q1.

² 'Third party' here indicates organisations outside of the beneficiaries and UK Government.

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 2 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	
SAFE training.	As per DFID FCO Security Training and Awareness policy, UK experts undertaking IFUSE deployments in specified fragile environments will attend SAFE training delivered by Kellogg Brown and Root.
Monitoring & Evaluation (M&E)	
Continued implementation of Monitoring and Evaluation recommendations from revised Impact Summary Report.	Carry out post-deployment calls with Year 4 beneficiaries by September. Schedule follow-up activities with experts, DFID partner countries and beneficiaries for Year 5 deployments.
Governance	
Budget and Deployment Configuration.	Bi-monthly updates with DFID to review remaining budget against pipeline.

Annexes

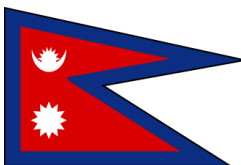
Annex A: IFUSE deployments in Q1 of Year 5



Delivery country	Tanzania
Deployment dates	04 – 08 April & 16 – 20 May, 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 & Inward deployment
Was the deployment a first or follow-up?	Follow-up
Investment climate theme	Accountancy and Actuarial Standards
Objective	To train local trainers from the NBAA on International Financial Reporting Standards & International Public Sector Accounting Standards. The NBAA 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.



Delivery country	Nepal
Deployment dates	11 – 15 April, 2016
Beneficiary	Institute of Chartered Accountants of Nepal (ICAN)
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 courses on International Financial Reporting Standards (IFRS), International Public Sector Accounting Standards (IPSAS) and International Standards on Auditing (ISA) for suitably qualified professional trainers from the accountancy profession in Tanzania.



Delivery country	Afghanistan
Deployment dates	25 – 27 May, 2016
Beneficiary	The following Ministries of Government of Afghanistan: <ul style="list-style-type: none"> i) Ministry of Finance, mainly PPP Unit; ii) Presidential Adviser – Private Sector Development; iii) Ministry of Economy; iv) Ministry of Public Health; v) Ministry of Commerce and Industry; and vi) Leading businesses.
UK Partner organisation	Infrastructure and Projects Authority (IPA)
Type of deployment	Small conference
Was the deployment a first or follow-up?	First
Investment climate theme	Public Private Partnerships (PPPs)
Objective	To increase the senior Government officials' understanding of the concept of Public Private Partnership (PPP), awareness on opportunities and challenges associated with PPPs and on how to achieve good value for money through the use of PPPs.



Delivery country	African region
Deployment dates	On-going deployment
Beneficiary	African Risk Capacity (ARC)
UK Partner organisation	Government Actuary's Department (GAD)
Type of deployment	Desk based review
Was the deployment a first or follow-up?	Follow-up
Investment climate theme	Financial sector regulation and supervision
Objective	To provide DFID's investment facility in Africa with an independent expert critical assessment of the performance of the African Risk Capacity (ARC) risk pool managed by ARC Ltd Insurance. .



Delivery country	Uganda
Deployment dates	13 – 17 June, 2016
Beneficiary	The PPP Unit of the Ministry of Finance Planning and Economic Development of the Government of Uganda
UK Partner organisation	Infrastructure and Projects Authority (IPA)
Type of deployment	Inward deployment
Was the deployment a first or follow-up?	First
Investment climate theme	Public Private Partnerships (PPPs)
Objective	To train key officials to increase their understanding of the PPP concept and provide a general overview on best practice in order to implement the recently approved PPP law.

Annex B: Confirmed requests

This table sets out, in chronological order by target deployment date, the 12 confirmed requests pending at the end of the reporting period for Q1 Year 5 (30 June 2016).

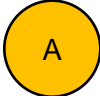

These confirmed requests are included amongst the 47 requests and enquiries that make up the IFUSE pipeline at the time of writing.






Country or region	Beneficiary	Target UK Partner	IC theme	Type of support	Status of deployment	Target deployment date
Zambia	ZICA	ICAEW	Accountancy and Actuarial Standards	A 10 day visit by 2 ICAEW experts to Zambia for continued mentoring for practice reviewers with a focus on implementing improvements and Big 4 AQM visits.	Phase 3 – Pre - deployment	22-Aug-16
Zambia	ZICA	ICAEW	Accountancy and Actuarial Standards	Six month trial access to the CCH PCAS audit system for all audit firms in Zambia.	Phase 2 - Confirm resource and work plan	TBC
Zambia	ZICA	ICAEW	Accountancy and Actuarial Standards	A 5 day train the trainer workshop for local trainers will be delivered by one ICAEW expert.	Phase 2 - Confirm resource and work plan	TBC
Rwanda	ICPAR	ACCA	Accountancy and Actuarial Standards	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.	Phase 2 - Confirm resource and work plan	TBC
Somalia	Government of Somalia	RD	Regulatory reform	To deliver the Evidence Based Policy Making module of The Somalia Reform Champion Programme to reform champions. And to develop the skills of reform champions in evidence based policy making giving them the tools they need to support business reform activities in Somalia.	Phase 3 – Pre - deployment	08-Aug-16
Somaliland	Government of Somaliland	RD	Regulatory reform	To deliver the Evidence Based Policy Making module of The Somaliland Reform Champion Programme to reform champions. And to develop the skills of reform champions in evidence based policy making giving them the tools they need to support business reform activities in Somaliland.	Phase 3 – Pre - deployment	08-Aug-16
Vietnam	NCHMF	Met Office	Natural resources management	Follow-up deployment. To support the National Hydro-Meteorological Service (NHMS) of Viet Nam in their World Meteorological Organisation (WMO) remit to become a Regional Severe Weather Forecast Support Centre through the demonstration and delivery of a regional forecasting Guidance	Phase 3 – Pre - deployment	09-Aug-16

				Product suitable for Severe Weather Forecasting in the region.		
Africa region	ARC	GAD	Financial sector regulation and supervision	Follow-up deployment. To provide an independent expert critical assessment of the performance of the African Risk Capacity risk pool managed by ARC Ltd Insurance Company.	Phase 3 – Pre - deployment	01-Jun-16
Burma (Myanmar)	Government of Burma	NCA	Financial sector regulation and supervision	To strengthen Burma's Financial Intelligence Unit in two key ways: 1. Increasing the FIU's connectivity and coordination with other government bodies and the private sector. 2. Updating the FIU's working practices through, for example, providing a digital STR Analysis System for recording, searching and acting upon suspected instances of money laundering or the financing of terrorism.	Phase 2 - Confirm resource and work plan	TBC
Nigeria	Office of the Auditor General for the Federation (OAuGF), Nigeria	NAO	Financial sector regulation and supervision	To support the Office of the Auditor General strengthen its ability to hold Ministries, Departments and Agencies (MDAs) to account in a transparent way by strengthening its financial/regularity audits.	Phase 3 – Pre - deployment	25-Jul-16
South Africa	South Africa – Companies and Intellectual Property Commission	IPO	Intellectual property	To help the Companies and Intellectual Property Commission better prepare for the forthcoming change in Intellectual Property Law.	Phase 3 – Pre - deployment	15-Aug-16
South Africa	South African National Treasury	HM Treasury	Financial sector regulation and supervision	To help policy makers and civil servants develop policy and institutional arrangements for SIBs, outcomes based contract development and negotiation skills and a better understanding of how social investment can be raised and used as a policy tool.	Phase 3 – Pre - deployment	22-Aug-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. During Year 5, bi-monthly budget update meetings with DFID will ensure accurate monitoring of budget position and forecasting based on the IFUSE pipeline. 		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. During Year 5, bi-monthly budget update meetings with DFID will ensure accurate monitoring of budget position and forecasting based on the IFUSE pipeline. 		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

		<ul style="list-style-type: none">• During Year 5, bi-monthly budget update meetings with DFID will ensure accurate monitoring of budget position and forecasting based on the IFUSE pipeline.			
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