



HMG Response

25th March 2020

HMG response to the Independent Commission on Aid Impact's country portfolio review 'The changing nature of UK aid in Ghana', February 2020.

The Government welcomes ICAI's report into the changing nature of UK aid in Ghana and accepts or partially accepts all six recommendations. The UK is committed to deepening our relationship with Ghana based on mutual prosperity and a shared ambition to lift people out of poverty and create jobs for the future. Through a cross-Government effort, UK aid is making a real difference in Ghana and will continue to do so. The UK has supported the poorest and most marginalised to access healthcare and education, while boosting economic growth and continuing to improve the lives of millions of vulnerable people.

This is ICAI's first comprehensive review of the UK aid portfolio in a country. The report recognises that UK's support since 2011 had been "mostly effective" in helping some of the poorest and most vulnerable, highlighting how the UK had helped 200,000 children from hard-to-reach communities to go to school, and more than 100,000 patients to access mental health services. A central recommendation is about the challenge of sustaining the impact for the poorest and most vulnerable as Ghana becomes self-reliant and how DFID manages the 'transition' from financial support to social sectors in similar contexts around the world.

Recommendation 1: In transition contexts, DFID should ensure that the pace of ending the bilateral financing of service delivery in areas of continuing social need must be grounded in a realistic assessment of whether the gap left will be filled.

Partially agree.

We agree that as our development relationship with transition countries evolves, this should be done thoughtfully, based on evidence of the country's capacity to self-finance delivery of basic services such as health and education and assessment of the impact of change.

DFID's country typology framework provides conceptual foundations for the use of ODA in different 'types' of country. The central premise is that not all countries require the same type of support - as countries get richer and more stable, they are more able to 'self-finance' their own development, and therefore the level and concessionality of UK aid should vary. The typology is a framework to guide decision making about where and how the UK uses aid in development cooperation.

To allocate aid resources to where they will have most impact, DFID's aid allocation model takes into account country need, aid effectiveness and ability to self-finance. This means UK aid flows will normally reduce as countries' capacity to self-finance development increases. We expect that, in most cases, the UK should not continue to finance service delivery for extended periods where we assess that a country can afford to make its own provision but the government chooses not to. In these cases, we would continue to provide technical assistance and expertise - particularly in helping to mobilise domestic revenue through taxes, help strengthen domestic systems and institutions, stimulate investment and growth, and support evidence and debate on pro-poor choices.

Recommendation 2: DFID should require portfolio level development outcome objectives and results frameworks for its country programmes.

Agree.

DFID is progressing this through business planning processes. The business planning exercise for 2020/21 has asked country offices to set out five-year outcome objectives against DFID's strategic objectives: Planet, Prosperity, People, Peace and Partnerships. Preparatory work during 2019 asked all country offices to develop a vision for DFID's engagement with countries in ten years' time and to describe how the UK's engagement and portfolio is expected to change over the period.

Offices plan to develop portfolio level results frameworks over the course of 2020. This is a new approach to results which aims to articulate medium term development outcomes and monitor progress towards them.

Recommendation 3: DFID Ghana should learn from its own successes and failures when designing and delivering its systems strengthening support and technical assistance.

Agree.

As the review notes, the UK has responded to the Government of Ghana's (GoG) aim to move its development partnerships 'beyond aid' and has shifted resources from funding services towards supporting stronger institutions, tax reform, improving domestic financing of services and helping to foster economic transformation. DFID Ghana is already assessing the lessons learnt from technical assistance programmes and ensuring all programmes apply these, consistent with DFID's smart rules on learning. DFID Ghana is increasingly looking to develop and support knowledge and capacity building partnerships between HMG and GoG, replicating

the success of the partnership between the Ghana Revenue Authority and Her Majesty's Revenue and Customs.

Recommendation 4: In transition contexts, DFID country offices, in coordination with the multilateral policy leads, should increasingly work to influence the department's country multilateral partners on issues of strategic importance.

Agree.

We welcome ICAI's recognition of the vital role our multilateral investments and partners play as we support Ghana to move beyond aid. DFID is clear that all UK investments - bilateral or multilateral - need to be spent effectively and deliver real results on the ground, and that our country network has a vital role to play in ensuring that.

Recent business planning processes have driven a 'whole of ODA' approach, encouraging offices to: free up staff time for engagement and oversight of core contributions and performance; ensure that bilateral (country office) funding to multilateral institutions is aligned to the central reform priorities; make best value for money decisions between multilateral and other channels, considering contributing to pooled funds where appropriate, and; engage with the multilateral teams in UK to maximise the impact of our influence. Similarly, the central multilateral teams have developed new guidance to help country teams understand the multilateral institutions and created regular fora for engagement with country offices to share information, identify challenges to effective influencing at country level, and collate feedback on multilateral performance and priorities.

Recommendation 5: In order to strengthen the relevance of its aid programming and accountability to the people expected to benefit, DFID should include information on citizen needs and preferences, especially for the most vulnerable, as a systematic requirement for portfolio and programme design and management.

Partially agree.

DFID is committed to putting people at the centre of our work and ensuring that as much of our work as possible is informed by intended beneficiaries. We do this at the programme level, where it is sensible and feasible to do so, rather than the portfolio level. Our Smart Rules set out the expectations for beneficiary engagement throughout the programme life cycle:

- We listen to the views and experiences of citizens and beneficiaries and ensure that our programmes and aid instruments suit and influence the political context. (Principles)
- We ensure that the views and experiences of citizens and beneficiaries inform the design and delivery of our programmes. (Technical Quality)
- How do we know the programme is working? Are we engaging beneficiaries in monitoring and evaluation and learning processes? (Design and Delivery)

- Prioritising learning from rigorous evidence, monitoring, contractors, stakeholders and beneficiaries at all stages in the delivery chain. (Learning)

New guidance on beneficiary engagement, issued in late 2019, builds on existing good practice within the organisation and draws upon wider knowledge and experience elsewhere. The guidance includes advice on engaging with marginalised and vulnerable populations and encourages teams to work with partners to embed safe, inclusive and responsible engagement practices where appropriate to support accountable and effective programming.

Recommendation 6: The government should provide clear guidance on how UK aid resources should be used in implementing mutual prosperity to minimise risks and maximise opportunities for development.

Partially agree.

UK aid is aligned to the Sustainable Development Goals and is required to tackle poverty as its primary objective under the International Development Act. DFID is supporting other government departments and the Joint Funds Unit (which manages the Conflict, Stability and Security Fund (CSSF) and the Prosperity Fund) to manage aid effectively in various ways including representation on governance boards, staff secondments, participating in reviews, formal guidance and informal advice.

Guidance and best practice is shared regularly, for example through cross government learning events, communities of practice and the DFID cadre networks of Advisers. Recent examples include DFID Smart Guide on Engaging Business (forthcoming) and Prosperity Fund: Secondary Benefits Guidance Note.