

Lessons from an effective verification system

Produced by e-Pact, the Monitoring and Verification Team, for the DFID WASH Results Programme

May 2020

About this Guidance Note

We have written this note in response to demand from DFID for guidance on third-party verification of Payment by Results (PbR), built on our experience as the monitoring and verification (MV) team for the DFID Water, Sanitation & Hygiene (WASH) Results Programme (see Box 2). The intention of this note is to support DFID and other organisations when commissioning third-party verification services as part of PbR contracts; we suggest therefore that this note is read alongside guidance on other aspects of results-based commissioning.¹ We think our learning will be useful to commissioners of PbR, but you should keep in mind that the WASH Results Programme may differ from other PbR programmes in ways that are relevant for verification (see Box 2). We encourage you to reflect on how the programme you are considering differs from the WASH Results Programme and how that shapes application of the lessons outlined here.

Acknowledgements

While the opinions and any errors are those of the authors (e-Pact, the MV team for the WASH Results Programme), we are grateful for the reference group² who advised us on the content of this guidance note and who shared their reflections on draft text. We are particularly thankful to Stephen Lindley-Jones at DFID for his support throughout the production of this note.

Box 1: A brief PbR glossary

Across the WASH Results Programme commonly used terms have been interpreted differently. For this guidance paper we have adopted the following definitions:

Suppliers are the organisations contracted to implement programme activities, and who are responsible for achieving the relevant **results**.

Result has been used to refer to: the intended areas of achievement (outputs and outcomes in water, sanitation and hygiene); achievements claimed by the supplier; and, what is subsequently verified. All uses appear in this paper.

Targets are the specific values attached to results, for the purpose of determining whether satisfactory performance has been achieved, e.g., 300,000 people with access to clean drinking water.

Indicators are agreed for each area of work (e.g., water, sanitation and hygiene), which are used to measure a Supplier's achievements.

¹ We recommend readers look at: DFID (2014) *DFID's Strategy for Payment by Results: Sharpening incentives to perform* (<https://www.gov.uk/government/publications/dfids-strategy-for-payment-by-results-sharpening-incentives-to-perform>), Webster, R (n.d.) *Payment by Results: An interactive tool for commissioners, investors and providers* (<http://pbr.russellwebster.com/>) NAO (2014) *Payment by Results: analytical framework for decision-makers* (<https://www.nao.org.uk/wp-content/uploads/2015/06/Payment-by-results-analytical-framework-for-decision-makers.pdf>) and GoLab's technical guides on outcome-based commissioning and social impact bonds (<https://golab.bsg.ox.ac.uk/technical-guides/>).

² Lisa Rudge, Aishah Afzal, Anne Joselin, Gertrude Kihunrwa, Lukas Kwezi and Guy Howard.

Box 2: About the WASH Results Programme

(Water, Sanitation and Hygiene results programme to support scale-up efforts, [GB-1-203572])

The WASH Results Programme aims to support poor people in 12 countries to access improved water and sanitation, and to introduce improved hygiene practices. Three consortia ('suppliers') of non-governmental organisations (NGOs) were initially contracted by DFID to deliver results by December 2015 (known as the Outputs Phase of the programme) as part of the United Kingdom government's response to the Millennium Development Goals. This was followed by the Outcomes Phase which ran initially to March 2018, extended to November 2018, and aimed to strengthen local systems and build local capacity to help sustain these results. The contracts signed under this original phase targeted 4.9 million people.

In response to DFID's commitment to the Sustainable Development Goals and as part of DFID's strategy to tackle extreme poverty by delivering the 'basics' of development, including extending access to clean water and sanitation, the WASH Results Programme was expanded to ensure an additional 2.5 million people gain access, to be completed in 2021.

The service provider for monitoring and verification (MV) of WASH Results was contracted separately by DFID to verify that the suppliers' reporting on results is accurate and realistic. Working with DFID and suppliers, the MV team created a verification system for the programme – tailored specifically to each supplier's monitoring and reporting systems. So far it has worked effectively; the majority of results reported by suppliers have been verified by the MV team and payments made by DFID, on time.

Some defining features of the WASH Results Programme

- The first phase featured payments for **activities** (e.g., workshops held) and **outputs** (e.g., toilets built) while the second phase's payments are linked almost exclusively to achievement of **outcomes** (e.g., continued use of toilets), with a small proportion of payments linked to indicators of **sustainability of outcomes**.
- The WASH Results Programme is delivered by international NGOs ('suppliers') working in consortia or individually, not by national government agencies or multilateral agencies; all Suppliers were contracted separately and negotiated their own targets.
- Suppliers had **no up-front financing**; 100% of payments to suppliers are triggered by the independently verified delivery of pre-specified 'results'.
- The majority of payment indicators were **linked to programme beneficiary numbers**, and data already collected by supplier monitoring and evaluation (M&E) systems.
- It relies largely on **independent verification of supplier-generated data** about results, alongside some data generated by the MV team.

Further information available from:

Development Tracker: <https://devtracker.dfid.gov.uk/projects/GB-1-203572/>

The MV team blog 'Learning About Payment By Results': <https://washresultsmve.wordpress.com/>

Lessons from an effective verification system

Getting the foundations right:

- #1 Build the system on a results framework agreed with your suppliers and with input from verification experts
 - #2 Base the verification process on the likelihood of unreliable data being submitted and the potential consequences
 - #3 Use an inception period to build mutual understanding and agreement
 - #4 Recognise that verification needs to be dynamic and responsive
-

Designing the verification system:

- #5 Get a strong understanding of suppliers' monitoring systems
 - #6 Organise around a clear verification cycle
 - #7 Use a range of methodologies to triangulate data
 - #8 Scrutinise suppliers' data collection methods in detail, especially surveys
-

Resourcing and the PbR commissioner's role:

- #9 PbR may require commissioners to engage with the programme differently
 - #10 Invest in relationships, especially between suppliers and the MV team
 - #11 Be clear on roles, responsibilities and governance
 - #12 Ensure local expertise by bringing in-country verifiers into the MV team
-

Some other things to consider...

If your verification system is guided by our 12 Lessons, we think you will be on the right track. But there may be some benefits you would like from the verification which will not necessarily happen unless you deliberately build them into the design. These could include:

Balancing the needs of multiple stakeholders: The PbR commissioner's main interest may be accountability, while the supplier may be looking for opportunities to learn, in which case does the verification system support both?

Downward accountability: How much of this do you need in your programme? PbR is accused of ensuring upward accountability only, but it has the potential (if designed with this in mind) to also make suppliers accountable to beneficiaries.

Alignment with national systems and stakeholder capability: We have seen how verification that is aligned with local monitoring systems can strengthen them, but this does not happen automatically. You will need to check whether monitoring and verification systems are parallel to national systems and if these are enhancing or undermining local capacity.

Getting the foundations right

- #1 Build the system on a results framework agreed with your suppliers and with input from verification experts
- #2 Base the verification process on the likelihood of unreliable data being submitted and the potential consequences
- #3 Use an inception period to build mutual understanding and agreement
- #4 Recognise that verification needs to be dynamic and responsive

By the time you appoint the service provider for verifying a PbR programme, you are likely to have made several key decisions that will affect how smoothly verification goes. In this section, we look at some of those decisions and how these could be managed to help verification be more effective and efficient, drawing on the range of experiences within the WASH Results Programme. Above all else in this guidance note, our Golden Rule is that **whenever decisions are being made that affect or depend upon verification, involve verification experts.** If the programme's verifiers are not in place yet, draw on in-house expertise or external consultants.

#1 Build the system on a results framework agreed with your suppliers and with input from verification experts

Agreeing the proposed results for PbR programmes is a complex negotiation between the commissioner and the supplier about what can be achieved (realistically) for what price across the lifetime of the programme. The upshots of these discussions form the results framework that is at the heart of the management of the programme. We suggest calling on advice from verification experts at this stage; but with verification of PbR programmes still being a relatively new field of work, it may not be possible to seek advice from someone with prior experience of PbR in your specific sector.³ In that case, we recommend looking for advice from people who are sector/thematic experts and who have in-depth experience of designing and monitoring robust and measurable indicators, and are comfortable working with detailed information.

Consider the implications of *when* you fix the details of the results framework

The results framework will form the main basis of the contract between you and the supplier, so wherever possible, specify in it any agreed targets, measurement approaches, verification criteria and payment milestones. If the PbR programme has more than one supplier, we recommend harmonising targets, payment milestones and evidence requirements across suppliers, if feasible (see Box 3).

Box 3: Should you harmonise suppliers' results frameworks?

If all the suppliers have the same overall outcome targets, then ideally, you should harmonise the specific targets, payment milestones and evidence requirements. Harmonisation enables efficiencies in verification, generates comparable data and ensures equal expectations of suppliers.

Harmonisation is inhibited by the need for results frameworks to respond to differences in suppliers' programme design, operating contexts, existing monitoring systems and ability to pre-finance activities.

³ The DFID Senior Responsible Owner for the WASH Results Programme touches on this point in this blog post: <http://washfunders.org/blog/the-power-of-incentives-lessons-learned-from-designing-and-implementing-results-based-wash-programs/>

Even if overall results frameworks are harmonised, the precise definitions of indicators will almost certainly vary based on local and national norms. This can limit the comparability of results. In addition, your PbR project is likely to comprise only a small part of suppliers' overall funding, and this will affect how much influence you have over their processes. The recruitment of an MV team is easier when strategic decisions on the results framework have been made during the contracting phase. It also allows an inception phase (see #3) to be about operationalising those decisions, such as getting on with establishing baselines for the main results.

In a verifier's ideal world, a detailed set of proposed results and indicators would be issued to potential implementing organisations (the suppliers) as part of the tender. In practice, PbR commissioners may have good reasons for fixing some aspects of the results framework after contracting. This could include to encourage any potential bidders who would be put off either by the amount of unpaid work⁴ required to design a detailed results framework, or through lack of sufficient experience or other information on which to base targets, e.g., programmes in remote and otherwise hard-to-reach populations. In practice, the WASH Results Programme has shown that it is possible to be flexible on when to pin things down; results framework details were fixed upfront in some

Box 4: What needs to be considered when contracting PbR verification?

In designing a PbR programme, one of the key decisions is at what point to contract the MV team. There are advantages and disadvantages to each option, for example:

Contract MV team <i>before</i> suppliers	Contract MV team <i>after</i> suppliers
MV team can input into the finalisation of suppliers' results frameworks, ensuring that verification and supplier indicators and outcomes are aligned.	MV team cannot input into supplier's results frameworks, and must design verification around agreed frameworks. This may lead to inefficiencies in verification and, if there are multiple suppliers, necessitate the design of multiple verification systems.
Organisations bidding to be the MV team do not have full information on suppliers' countries of implementation, activities or payment-linked results when preparing proposals, making it difficult to prepare detailed proposals, and for the commissioner to assess proposals.	Organisations bidding to be the MV team can be provided detailed information on supplier programmes to inform proposal preparation.

There is no single, correct, point at which to contract the MV team, but our experience from the WASH Results Programme is that ensuring a minimum level of information is available when tendering, could help organisations develop more relevant proposals (and in turn provide a basis for commissioners to assess proposals effectively). We would suggest that, at a minimum, the following information is available when inviting proposals for verification services:

- an indication of the scale of the programme – in terms of beneficiaries, not only funding;
- the number of countries included (and which regions, if not the exact countries);
- the key results that need to be verified;
- the type of data that suppliers will be submitting for verification (e.g., household surveys);
- the frequency of supplier data collection and payment points (which may not align).

When this information is available will vary for each programme, perhaps due to the route to market used by the commissioning organisation.

⁴ See DFID (2017) *Supplier Access to Prefinance in Payment by Results Contracts* <https://www.gov.uk/dfid-research-outputs/supplier-access-to-prefinance-in-payment-by-results-contracts>

cases, and, in others, agreed later as information became available. However, commissioners need to be aware of the time, effort and flexibility required of all the stakeholders to make *post hoc* finalisation work. Box 4 covers some of the trade-offs involved in what the MV team knows and when, and how this might inform decisions on contracting.

Clear definitions are essential

We have found that the devil is often in the detail when it comes to definitions (see Box 5). Ideally, tender documents will include a clear set of technical specifications for targets and how to achieve them. This is particularly important when different definitions could affect contract value, for example where households are surveyed and assumptions about family size may affect the estimated numbers of beneficiaries.

Targets, indicators and their measurement need to be aligned

In our experience, targets need to be agreed with reference to the indicators that will be used to assess achievements and the proposed measurement approaches for these indicators (see Box 6 for a simplified example from hygiene promotion and Box 7 for further thoughts on indicators).

These key metrics of achievement affect the value of the supplier's contract, so are central to the contract negotiation; their agreement should not be left until later. Before finalising the contract, suppliers need to have thought through how they will measure and evidence results in their proposals within a monitoring and evaluation (M&E) framework; and commissioners will need to check that key measurement approaches are appropriate, reasonable and meet the contract requirements. Input from expert verifiers is useful here.

Box 5: Sanitation definitions are more important under PbR

In sanitation, opinions and perspectives vary widely on what an 'improved sanitation facility' looks like, and how access and use of such facilities should be measured. Suppliers have to balance alignment with national definitions and contributions to global monitoring processes, e.g., for the Sustainable Development Goals, against the imperative to report to the funder in order to be paid.

In conventional programmes (where toilet quality or condition are rarely checked in any detail), definitions and criteria may be used imprecisely or interchangeably. But these definitions and the measurements methods need to be clearly agreed under PbR, and have thus assumed more importance.

Box 6: Why aligning targets, indicators and measurement is important in hygiene promotion

Different approaches to measurement may affect the apparent results and should be considered when negotiating the results framework.

People are often aware that they should wash their hands with soap and, as a result, tend to over-report the practice. Consequently, a handwashing campaign will be likely to overestimate success in changing behaviour if the result is only measured through self-reported and handwashing practice or the presence of handwashing facilities.

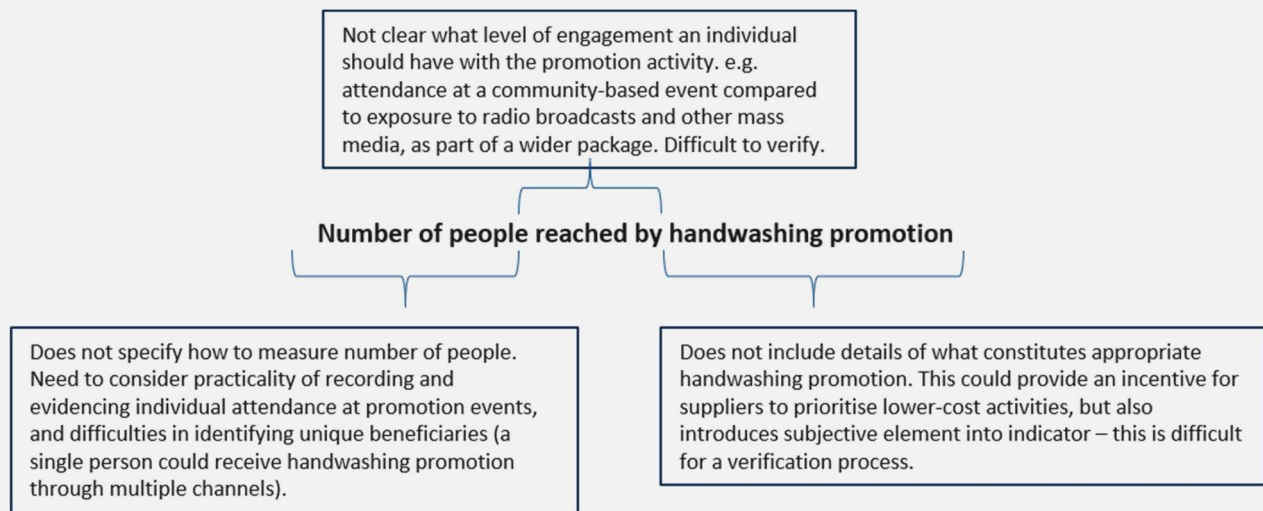
In large-scale programmes – where structured observation may be unrealistic – using combined 'ask and observe' questions might present a more accurate picture of changes in behaviour.

Setting a target (and associated payment points) before the detail of the indicator and measurement is agreed could lead to unrealistically ambitious, or disappointingly unambitious, targets.

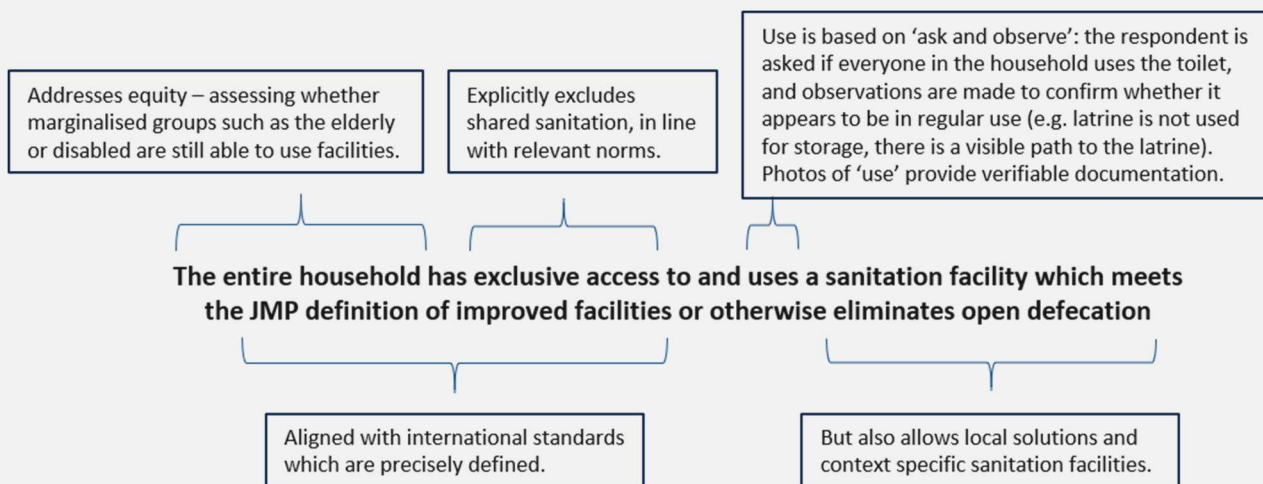
Box 7: What makes a good indicator in a PbR programme?

In PbR programmes, the design of indicators needs to consider how they will be measured and what evidence will be available to the service provider verifying them. We explore some of the features of good PbR indicators in an accompanying *Verification in Practice* note. However, below is a commentary on two indicators (based on examples from the WASH Results Programme) to illustrate some of the issues which need to be considered to make sure indicators are verifiable. The *first* indicator requires more definition as to what is necessary for achievement ahead of verification; the *second* provides a good indicator.

Example 1 – handwashing promotion outputs: a high-level indicator that required more definition



Example 2 – sanitation outcomes: a detailed and effective indicator



Explore and agree implications for payment if results are not achieved (before it happens)

As well as agreeing how much suppliers will get paid for reaching targets, as early as possible the results framework should outline the implications for payment if the verification process does *not* confirm that suppliers have met targets. This can be complex, as payment milestones may comprise a package of different results achieved across multiple locations. Two approaches to verification of results are used in WASH Results: **binary** (all or nothing) and **pro rata**, wherein the proportions of verified results reached, and associated payment implications are specified.⁵ Another option is the **postponement of results** (and their verification), usually in response to exceptional events, e.g., results postponed for six months due to natural disasters that slowed implementation.

Be aware of borderlines

We recommend thinking through in advance how to handle marginal verification decisions before you encounter a situation where the verified results mean the supplier very narrowly misses or passes a target (with associated financial implications). In WASH Results, a pragmatic approach is taken; a borderline fail prompts the MV team to seek additional evidence that would support verification of a pass.

#2 Base the verification process on the likelihood of unreliable data being submitted and the potential consequences

A defining characteristic of PbR is the transferral of risk, from the commissioner to the supplier (and in some cases from the supplier on to local implementing agents). Independent verification of results is intended to minimise the risk of commissioners paying for results that have not actually been achieved.

Use risk assessment to focus verification

The verification process should be based on an assessment of the risks associated with the monitoring and reporting of results. Verification effort should then be concentrated on high risk areas, for example where results might be gamed or fraudulently reported, or where hard to measure results provide insufficient evidence for reliable verification and require that additional checks are made. For example, for one Supplier the MV team's analysis of survey design noted that only a small number of households were sampled in each programme community. It was felt that this posed a risk that these households could be selected (either accidentally or purposively) to favour certain sections of the village. The MV team considered this a systematic risk, which could have a major impact on survey results, so an additional check (using GPS co-ordinates and satellite maps) was introduced to ensure spatial distribution of surveyed households.

Taking a risk-based approach to verification is particularly relevant when the evidence of results is provided by a supplier's monitoring and reporting systems. The associated analysis requires a good understanding of the supplier's implementation processes and its monitoring and reporting systems. These should be based on approaches that the suppliers have tried, tested and adapted over time, but the MV team will still need to invest time into identifying possible weaknesses in monitoring and reporting systems, and potential risks to the reliable and accurate verification of results.

⁵ In the WASH Results Programme there was typically a minimum achievement for pro-rata results, below which no payment would be made.

How much is enough for verification?

Proportionality should also be considered when designing and setting up a verification system to get the right balance between rigour, cost and burden. However, measuring the cost and burden of verification is by no means straightforward. You will need to consider, for example:

- the frequency and scheduling of the verification process, and the size of the sample of results verified at each point;
- the size of the team;
- the cost to the supplier, such as building into their M&E system a pre-submission round of quality assurance;
- the value of the result to be verified (i.e. no need to invest heavily in complex verification of small results);
- resources needed for verification do not necessarily directly scale with the size of the intervention: there are likely to be fixed costs (i.e. the effort needed to verify a representative survey will be similar whether it covers a population of 500,000, or 2.5 million);
- appropriateness and relevance of evidence sought, generated, analysed and interpreted.

There is little publicly available documentation on the costs of verifying PbR programmes. However, for the original programme of works⁶ under the WASH Results Programme, monitoring and verification costs were approximately 3.6% of the implementation budget.

#3 Use an inception period to build mutual understanding and agreement

Building mutual understanding of the implementation systems that lead to results (and M&E systems that will evidence them) demands a significant investment of time at the outset by all three parties, particularly where systems-based verification (using evidence of results provided by the supplier systems) is adopted.

We believe that a key lesson learned from contracting the first phase of WASH Results was the need for an inception period before implementation (see Box 8).

Investing time to improve verification VFM

For the MV team, an inception period offers several opportunities to improve the value for money (VFM) of verification by:

- Reviewing the suppliers' programmes in detail and discussing which tools, methods and approaches would be most appropriate to use.
- Setting out clear guidelines, definitions of indicators and what is eligible and ineligible from the start.
- Identifying potential for verification efficiencies across suppliers.

Box 8: What might a PbR inception period look like?

- Split into phases (mobilisation, intermediate design and delivery of final inception outputs).
- Include MV team visits to country programmes to begin building relationships with suppliers.
- Final inception outputs that trigger payment for suppliers and verifiers including agreed supplier M&E and verification frameworks.
- Early systems appraisals and related agreement on adequate results-reporting systems and processes (if suppliers, rather than third parties, evidencing their achievements).
- Where relevant, review baseline measurement approaches to ensure that all results have appropriate and reliable baseline values.
- Run a 'dry' verification round where payments are guaranteed to suppliers irrespective of target achievement so that early verification issues can be sorted out without escalating stress levels.

⁶ This is based only on the original contracts issued by DFID. Although there were subsequent contract amendments for suppliers and the MV team, these were for different durations so are not directly comparable.

No time for inception?

While there may be consensus on the value of an inception period, tight procurement timelines may constrain what is possible, as was the case with WASH Results and its extension. In those cases, the commissioner would need to look into the risks (for example in creating inefficiencies as the MV team require additional information beyond that planned to be collected by suppliers) that a lack of inception period presents for the programme, and explore other ways to build mutual understanding and agreement as early as possible in the programme timeline.

#4 Recognise that verification needs to be dynamic and responsive

A PbR programme is intended to encourage constant revision and improvement to implementation approaches through the life of the programme. The associated verification process and systems may need to adjust to some of the changes that occur, so it is important that the verification design allows for flexibility and evolution.

As we have hopefully made clear, we believe that mutual understanding should be prioritised in any verification system. This also applies to negotiated changes around targets, achievements and their verification (see **#2**).

Verification should respond to learning

The MV team itself can drive change, as over time, its understanding of the programme, including the verification risks, deepens. As a result, the verification process must also evolve and strengthen. Our experience suggests that, even with the best attempt at planning there will be a need for modifications or agreed changes based on lessons learned from the early verification rounds.

During these changes, it is essential to:

- Maintain effective two-way communication with suppliers (and the trust the MV team has built with them).
- Update verification risk assessments and respond to any exceptional circumstances that affect verification, e.g., conflict, extreme flooding and erosion, etc. (see **#3**).

Designing the verification system

- #5 Get a strong understanding of suppliers' monitoring systems
- #6 Organise around a clear verification cycle
- #7 Use a range of methodologies to triangulate data
- #8 Scrutinise suppliers' data collection methods in detail, especially surveys

In this section, it should become clear how different the practice of verification of the WASH Results programme is to that of typical M&E. Perhaps the most striking being its heavy reliance on assessing the robustness of suppliers' monitoring systems (#5) and the pressure at the start to get the verification framework right given that Suppliers will only get paid for results that have been verified (#6).

While many of the tools used by the MV team are also in the M&E toolkit, we have found that the PbR setting of WASH Results puts extra demands on how they are used (#7 and #8).

#5 Get a strong understanding of suppliers' monitoring systems

Unlike some PbR programmes, in the WASH Results Programme the evidence submitted to DFID about suppliers' achievements comes from data collected by suppliers themselves (or their contracted partners). As well as potentially reducing costs, the advantages of this approach include:

- Suppliers' monitoring is strengthened, which should improve the quality of their work and its sustainability.
- Data play a role in suppliers' relationships with a range of partners. Data can be used (with and between individual partners) to develop trust, unearth difficult issues, create clarity and build accountability.
- Suppliers collect more data than verification requires, to inform their programming, learning and strategy adjustments.

If you follow this path, however, the verification approach will need to put a clear focus on appraising the robustness of suppliers' internal systems. In WASH Results, we call this a "systems-based approach" to verification, the core elements being:

- a regular supplier systems appraisal;
- verification of supplier-generated data;
- cross-checking using limited data generated by the independent verifier.

Systems appraisals give verifiers confidence in the suppliers' data

If the MV team is to have confidence in a supplier's data, the team needs to understand and trust the systems through which the data are generated. Our verifiers achieve this through systems appraisals.

The robustness of supplier's systems is reviewed against five areas (see Box 9). We use this analysis to identify which aspects of the supplier reporting system are prone to risk and then document any recommendations for changes to be made to strengthen the rigour of data. If the systems appraisal identifies an issue which has potentially significant implications for data quality (a 'red flag'), a supplier may be required to undertake mitigating action before the data are submitted.

Systems appraisals need to be done more than once

Appraisals are particularly pertinent at the start of a programme but need to continue. As the MV team gains confidence in the supplier's monitoring and reporting systems, appraisals will only be needed on any specific areas of risk that were identified previously. If a supplier uses multiple data collection systems – for example, surveys conducted by a third party plus regular monitoring – then multiple systems appraisals may be required.

Box 9: Systems appraisals of the WASH Results Programme's suppliers cover:

- **Result monitoring and reporting structure, functions and capabilities:** e.g., staff roles and responsibilities and levels of training.
- **Verification indicator definitions and reporting guidelines:** e.g., are relevant Supplier staff clear on definitions and are reporting processes logical?
- **Data collection and reporting tools:** e.g., have standard reporting formats been developed and are they fit for the purpose of results reporting?
- **Data management processes:** e.g., are quality assurance procedures in place to address late, inaccurate or incomplete reporting?
- **Alignment with national reporting systems:** e.g., is results reporting aligned with relevant national indicators and standards?

6 Organise around a clear verification cycle

Verification confirms whether the supplier delivered the agreed results and is at the heart of any PbR modality: Suppliers only get paid for results that have been verified, so failure of the verification system has substantial implications. This creates immense pressure at the start to get the design of a verification framework right.

Verification in PbR is a cycle of actions, most of which will need to be performed during each verification round (see Figure 1 for the cycle used by the WASH Results Programme's MV team). This cycle needs careful timing and sequencing to ensure that:

- efforts on implementation and verification are in balance: verification does not disrupt implementation of suppliers' programme;
- verification is efficient: costs are commensurate with the size of the results programme (including the costs incurred and anticipated benefits) being verified;
- there is space for learning for all parties involved.

The actions within the verification cycle are explained in more detail in a companion document: *Verification in Practice #1, The Verification Cycle: Step by Step*.

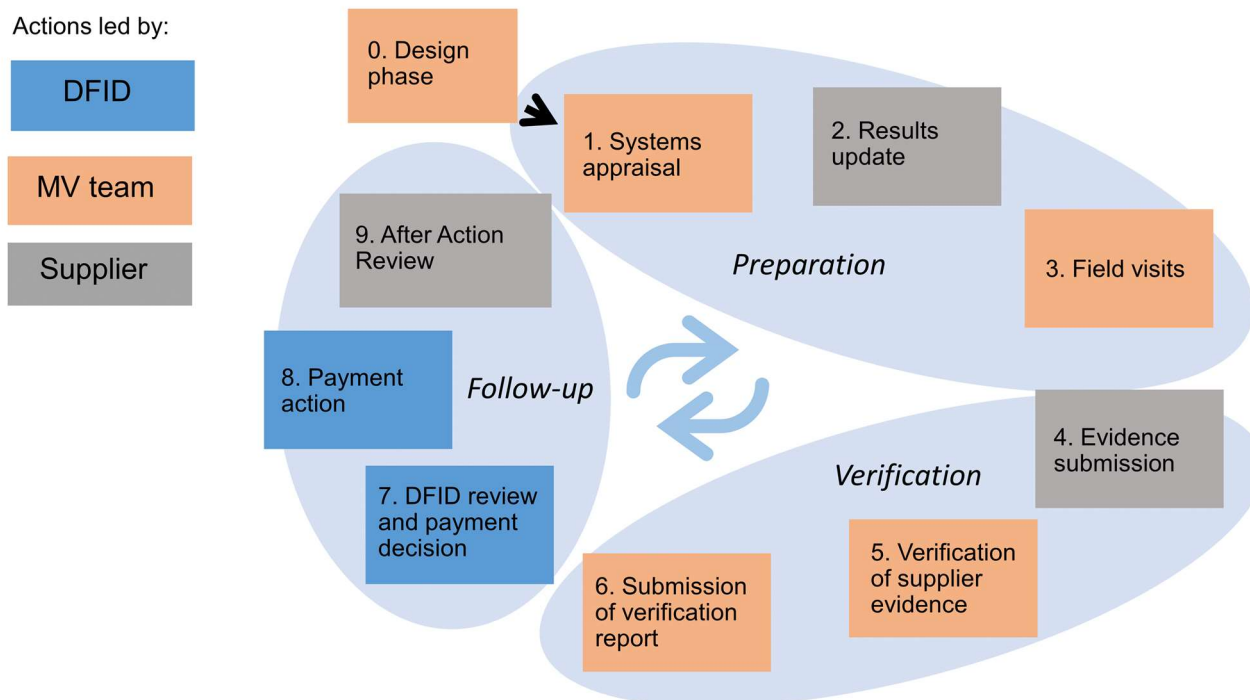


Figure 1: The WASH Results Programme's nine step verification cycle

Building efficiency into the cycle

While verification is integral to PbR, there are ways it can be designed to reduce the burden on everyone involved, including:

- Drawing on existing data and documentation collected by suppliers, as far as possible. By making smart choices about the evidence that is demanded, verifiers can help suppliers reduce the amount of paperwork that is produced purely for verification.
- Looking for opportunities to take a consistent (and more efficient) verification approach in programmes with multiple suppliers, such as agreeing appropriate measures for results if suppliers are adopting similar interventions.

#7 Use a range of methodologies to triangulate data

If a systems-based verification approach is being used, where verifiers are largely reliant on data provided to them by the supplier, then it is important that the MV team uses other sources to check that the supplier's evidence of results is well supported. This involves reviewing the process of data collection and the quality of data collected.

To check that the supplier's data collection process is working

When looking at *how* a supplier collects data, it does not help accompanying the village-level process (as field staff/enumerators are likely to do what they are supposed to when observed), instead we use the following tools:

- **interviews and focus groups** with field staff, enumerators and survey managers to check that their surveying is working as expected, that they have been trained properly and are following the protocols;
- **map checks**, using GPS, to double-check that household skipping (in interval sampling) is being used correctly and that samples appear to cover different parts of a community;
- **reviews of process documentation** to ensure that the suppliers' internal processes and quality assurance are working effectively.

To check the quality of the supplier's data

When the data come in from the supplier, an early task for the MV team is to check that there are no gaps (or if they need to go back to the supplier to ask for more data). Verifiers can then move on to check the accuracy of the data through a range of methods (see Box 10).

#8 Scrutinise suppliers' data collection methods in detail, especially surveys

Surveys are a key tool for monitoring and verification of outputs and outcomes and are likely to be used in a PbR programme. While suppliers may have prior experience of designing and running surveys, they will almost certainly need to meet a higher standard under PbR than other funding modalities. Improvements to data quality have budget implications; we therefore advise reaching agreement early on minimum requirements of surveys and the consequences of falling short of these. This agreement can be reached through principles laid out in the contracting documents and discussion and agreement of detail between the MV team and the supplier. Our experience in the WASH Results Programme is that suppliers have been willing to invest in significant improvements to their M&E structures and systems, which has provided much higher quality information.

Getting survey design right from the start

Weaknesses in survey design can cause problems later when the data are submitted for verification, not least the possibility that a survey will need to be repeated, incurring significant costs. We think it is crucial for the MV team to be involved in reviewing aspects of design before any data are collected. Agreement on precise wording, for example, on survey forms may be critical in satisfying the MV team that the survey responses align fully with the agreed indicators. For periodic surveys, the MV team should sign off on the survey design and check the resulting data. It may also be appropriate to look at aspects of survey implementation.

Box 10: Some of the methods used by the MV team to check supplier data in the WASH Results Programme

- **Photo checks** – randomly selecting images from those submitted as supporting evidence and checking that the descriptions provided by the supplier are correct.
- **Field spot checks** – unannounced visit to a small set of locations to check that supplier-generated data are correct; however, the small number of checks means they will not be representative of the supplier's activity. (Note that if this highlights issues, such as conflicting data, then an agreed response is required both from the supplier and the MV team.)
- **Reviews of supplier data sets** – to check whether there are inconsistencies (e.g., a village beneficiary claim that is larger than the recorded village population).
- **Recalculating indicator results** – some indicators involve quite complex logic, so it is easy to make mistakes. We recalculate the results reported by suppliers to check calculations and ensure the logic and assumptions used (e.g., on population data) are reasonable.

Sampling is a critical stage

In survey design we have found that the quality of the sample frame needs particular attention and suggest that the MV team request sample frames from suppliers prior to sampling taking place; lists of households or villages are not always complete and could exclude those that are less likely to have been reached by interventions. The MV team should then check that the sampling method avoids bias.

Take a flexible approach to checking quality of monitoring

The MV team needs to reassure itself that suppliers' monitoring and the resulting data are of sufficient quality, but they should use their judgement as to how and when it is best to do this (see Box 11). Once confidence is built in data collection processes, reviews can become less process focused. But as the complexity and quantity of data increases during implementation, more time is likely to be required in examining the data.

Value of using technology

The PbR demand for data has prompted some suppliers in WASH Results to adopt technology-enabled data collection approaches. Although not always feasible for political, geophysical and connectivity reasons, where technology-enabled data collection has been introduced, it has generated efficiency gains for the supplier and the MV team. Whilst technology cannot compensate for poorly designed or implanted data collection (and assessing this remains central to our verification methodology) it can permit remote checking of large number of data points more efficiently than field visits.

Smartphone software can be particularly helpful in providing detailed information on the location, timing and findings of each survey record, and allowing simple verification checks to be performed remotely (and at low cost). Such checks have on occasion identified problems with third-party enumerators' work, allowing suppliers to address issues rapidly – for example where GPS coordinates appear to show that sampling has been clustered, or where photographic evidence has helped to identify issues in the categorisation of latrines.

Box 11: Flexible quality checking in practice

Choices about how and when to check suppliers' monitoring are also influenced by how the supplier is collecting data. If the supplier is running multiple surveys, for example, then the focus may be on iterative improvement.

For the first survey the MV team could check that the survey design is correct, and the process is working, but over time there would be little value in going back to the design, and it would be more cost-effective to do desk-based remote checks to pre-empt issues.

Resourcing and the PbR commissioner's role:

- #9 PbR may require commissioners to engage with the programme differently
- #10 Invest in relationships, especially between suppliers and the MV team
- #11 Be clear on roles, responsibilities and governance
- #12 Ensure local expertise by bringing in-country verifiers into the MV team

Whichever aid modality a programme uses, its success relies on the people involved and how resources are invested. In our experience of verifying PbR, some aspects of this are especially important: resources at management level for all three parties, good relationships framed within a tripartite governance framework and critically, getting clarity on roles and responsibilities early on.

#9 PbR may require commissioners to engage with the programme differently

Our experience of the WASH Results Programme is that PbR changes the points of engagement between commissioner and supplier, and also the levers that can be used to influence what programmes do and the quality of implementation. While detailed quarterly reviews of progress against budget were not required under the WASH Results Programme, the high frequency of verification cycles (quarterly during the outputs phase) has still required significant inputs from DFID – both involvement in the verification process and in making decisions.

Regular submission of detailed progress reports allows the PbR commissioner to more closely monitor progress towards programme targets and, if necessary, undertake course-correction. However, using the detailed information effectively also has resource implications. Commissioners may need to switch rapidly from a high-level overview of the programme (as PbR is in many ways blind to implementation activities) to understanding the detail of monitoring and verification – for example, how changes to sampling strategy (to minimise the risk of survey bias) impact on the work of survey and implementation field staff.

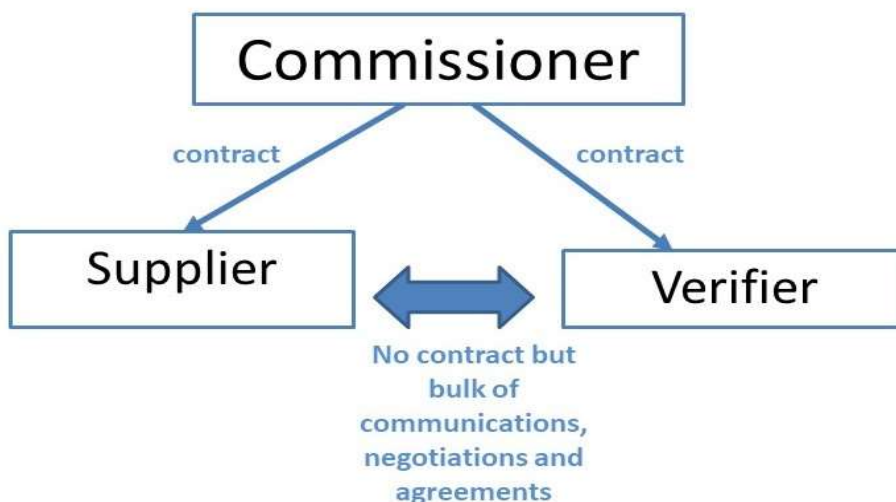


Figure 2: Contractual relationships between the key stakeholders of PbR programmes

The lack of a contractual relationship between the MV team and the supplier (see Figure 2) requires additional management input from the commissioner; for example, making final decisions if the MV team and supplier are unable to reach agreement over aspects of verification methodology or the means of measurement.

Regular management input required

Management level input will be needed from suppliers, the MV team and the commissioner at multiple points of the verification cycle (see #6). This is particularly important when initially establishing the verification framework and for the subsequent Payment Decision Meetings (see Box 12), including preparation for them, and After Action Reviews to pick up lessons for future meetings. The commissioner will be likely to have regular bilateral meetings with the MV team, and with each of the suppliers, and if there is any negotiation around targets and their measurement, that will need senior management involvement too. Senior level input therefore needs to be adequately resourced; with a management decision-maker member of the MV team being available whenever required.

Timing is often tight

Timing on verification cycles is often tight; delays at any point can have knock-on effects including on when suppliers are paid. Management staff in all parties need to be able to prioritise their responsibilities on the programme in relation to other commitments to meet deadlines, and to schedule regular Payment Decision Meetings (and their follow up).

Put time into keeping good records

Important discussions need to be documented in detail as a record for all stakeholders to ensure clarity around decisions. We used various tools in the WASH Results Programme to capture this information, such as issues logs and minutes of meetings that include decision points, outstanding actions and recording of version control. These have proven to be a key resource in tracing previous decisions and during handovers to new senior staff.

#10 Invest in relationships, especially between suppliers and the MV team

The nature of the relationship between supplier and MV team is likely to be new and has the potential to be uncomfortable for both parties but must be close and productive for a PbR programme to succeed. While a good understanding is essential, and they need to cooperate for the verification process to work smoothly, a certain distance needs to be maintained between suppliers and the MV team to ensure objectivity in verification.

Box 12: What happens at WASH Results Programme Payment Decision Meetings?

Who attends: Representation of DFID (technical and finance), supplier (management and monitoring), MV team (management and lead verifier assigned to the supplier).

How it works: The meeting typically lasts about one hour during which:

- a brief overview of the previously submitted verification report is given by the lead verifier, with the key points described and recommendations made;*
- a response to this presentation is made by the supplier; a response to the verification report may have been submitted in advance;
- a decision is made by DFID on the verification level, and on payment.

** MV team recommendations are typically on process or evidence improvements for future verification rounds. The MV team may also, if requested by DFID, present a series of options for DFID to select from: e.g., the impact on achievement of using different indicator definitions; or different payment scenarios for partial achievement.*

Box 13: Where to invest for good relationships

- Establish a clear set of roles and responsibilities within and between stakeholders.
- Establish regular and effective communications that avoid mixed messages while ensure inclusion.
- Face-to-face meetings are a vital supplement to telephone meetings, especially in the early stages, to inform good relationships.
- Getting a first version governance framework agreed early on (see #11).

The supplier and the MV team both must be able to acknowledge, raise and resolve any issues that come up on either side, but in a PbR programme, with no formal contractual relationship to support this, it is important that both sides dedicate resources to building and maintaining good relationships (see Box 13). Some of the benefits of investment in relationships and developing mutual respect come from a reduction of risk: reducing the loss of institutional memory after changes of staff that can delay subsequent verification processes, avoiding a disconnect between headquarter and field staff, fewer misunderstandings or differing perceptions of discussions, etc.

Work on the foundation for these relationships should start early in the programme (see #4) and at every level across and within each stakeholder group, internationally and at national level (including within the MV team who may be distributed globally). We found it worthwhile putting time into clarifying roles and responsibilities, and

getting a governance system in place (see #7) sooner rather than later.

Organise responsibilities in the MV team to support relationships

We think it is important that suppliers each have a single point of contact in the MV team and that person should be well versed with their assigned supplier and able to discuss all aspects of verification with them. Instead of organising around intervention type (sanitation, water, hygiene promotion), our MV team therefore adopted a supplier-oriented structure with a lead verifier assigned to each supplier (see #12 and Box 14 for more on this).

Practical activities that support relationships

There are various tools, tactics and approaches you can use to strengthen and enhance these relationships. We recommend, where possible: a tripartite inception meeting; face-to-face meetings early on between suppliers and MV team to agree reporting and verification mechanisms; maintaining a log of issues that arise, agreements reached and outstanding issues for the commissioner to resolve; conducting bilateral or trilateral reviews after each verification round (we use the After Action Review format); and having annual tripartite learning events (involving the commissioner, suppliers and the MV team). We found that having verifiers make field visits (as part of the evidence verification cycle and general country monitoring activity) helped to strengthen relationships with programme staff, clarify issues and bring to light different

Box 14: Why choose a supplier-oriented team structure?

Because it:

- maximises ability of MV team to respond to supplier contracts;
- helps build relationships with the supplier teams;
- and verification is less complicated than organising around intervention type.

A supplier-oriented structure requires verifiers to be able to work across all the areas being verified (water supply, sanitation and hygiene) and for them to have sufficient knowledge of the countries in which their supplier will operate.

There is a **risk** that the nature and functioning of each lead verifier-led team diverges, reducing the potential for standardisation of verification approaches across a programme. This can be mitigated by strong quality assurance and central management functions as part of the MV team, to ensure consistency of verification approach.

understandings which could then be resolved. In the WASH Results Programme, verifiers and suppliers sought to reach consensus on any issues that did arise, only escalating them to DFID's attention when absolutely necessary.

Clear documentation is essential

In our experience, documenting the specifics of how verification will work is a key to success. WASH Results verification mechanisms are detailed in a standard format to ensure clarity, tripartite agreement and accurate communication to in-country supplier staff. These forms include the clear details of indicators (e.g., definitions of 'improved' latrine, maximum beneficiary numbers per water point or sampling mechanisms for surveys), evidence requirements for verification of payment claims, and payment implications of partial verification. Suppliers documented their monitoring and reporting commitments and how that would inform payment claims.

#11 Be clear on roles, responsibilities and governance

In each PbR programme, the MV team's activities will be different, and the contractual relationship will be with the PbR commissioner, not the supplier. But for the benefit of all parties, the MV team's role should be clearly specified in terms of the different functions it will be performing. It is just as important though to be clear about what the MV team will *not* be doing and what it is *not* responsible for, such as agreeing targets or making payment decisions which are the commissioner's responsibility.

Create and maintain a Governance Framework

Once these roles and responsibilities are clarified, we recommend that the commissioner, MV team and the supplier/s agree a framework that sets out the principles and processes that will govern the relationship between them. Establishing a Governance Framework (which is periodically reviewed and improved) and having stakeholders' roles and responsibilities specified early in the programme's implementation are key steps to mitigating the risk of disputes, delays in decision-making and conflicts of interest.

Extending the verification role can cause tension

The MV team may appear well-placed to take on other roles for the commissioner, and there are efficiency gains in doing so, but you should be aware that it may create tension between stakeholders. In WASH Results, the MV team is also responsible for providing advice to DFID about the quality of the supplier's implementation and identifying any concerns. Our team is also commissioned to convene learning across the programme. Providing technical advice to a PbR programme's commissioner is a different role to verifying its results, and the pros and cons of conflating them into one provider has often been discussed within WASH Results. A programme's MV team may have the expertise to provide advice and there are advantages of combining this with verification activities such as field visits for data collection. Suppliers, however, may be uncomfortable with this situation, seeing a conflict of interest between the roles, and be reluctant to provide information in a learning context which could disadvantage them in verification of results. Verifiers, both at the centre and in-country, need to be clear that they should only provide advice to suppliers when it directly relates to verification, and should not be blind to the risk of suppliers being provided with inappropriate advice and subsequently under-achieving against PbR targets.

#12 Ensure local expertise by bringing in-country verifiers into the MV team

In our team structure, a technical specialist (**lead verifier**) is assigned to each supplier and supported by a **deputy verifier** and one or more locally-based **country verifiers** (Figure 3 illustrates how this might affect staffing numbers). A **team leader** is responsible for quality and accountability of delivery, supported by a **deputy team leader** who manages the team and

processes. We found it essential in our team design, to include **local country verifiers** to ensure a clear understanding of in-country conditions, facilitate access in areas where international verifiers were unable to travel and facilitate good relationships with implementing partners. These geographically dispersed staff were guided and coordinated by a central team (see Box 14 for other team design considerations).

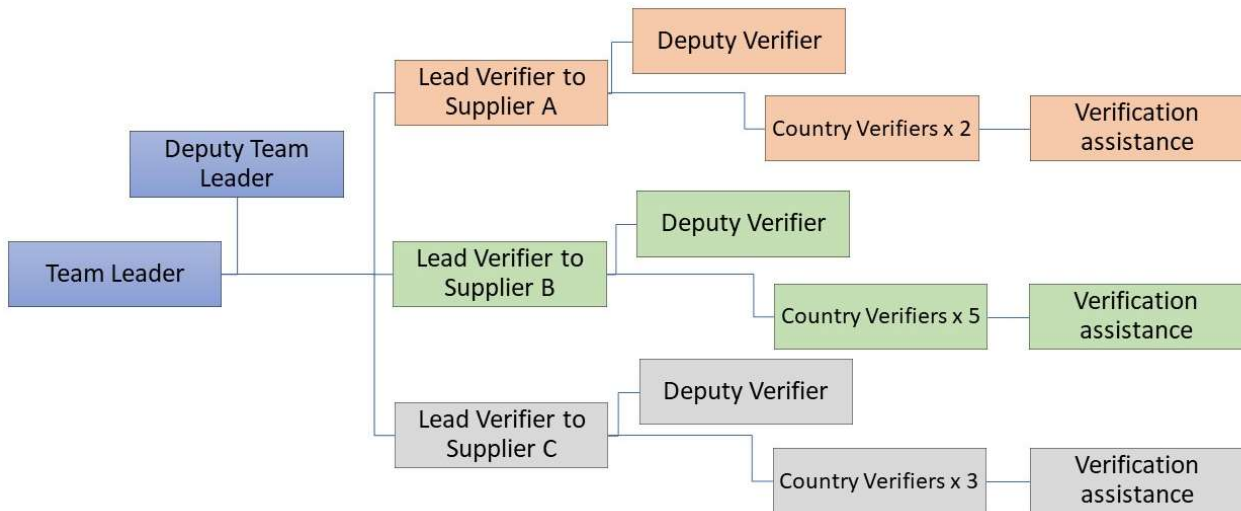


Figure 3: An MV team oriented by supplier can adapt its staffing to the suppliers' contexts

Lead and deputy verifiers enable maximum responsiveness

At the heart of our MV team structure for the WASH Results Programme are our lead verifiers who develop the verification methodology (see #5 to #8), design the systems appraisals, provide advice to DFID and are the main point of contact with the suppliers. They are responsible for the verification report, present the verification findings at the Payment Decision Meetings and respond to any questions from DFID (see #9). Lead verifiers are senior independent consultant experts in WASH M&E. Alongside WASH project implementation experience, which is vital to understanding the suppliers' perspectives, ideally lead verifiers should have relevant country experience and language skills. In our case, this is not a full-time position, which means that availability may be limited periodically. They are supported by a deputy verifier who provides a bridging contact to the supplier when the lead verifier is unavailable.

Box 15: Other things to consider when structuring an MV team:

- Are country verifiers being maximised to make verification more cost-effective?
- Is the seniority, experience and professional status of the country verifier appropriate for the verification role and specific activities being assigned?
- Does the team structure facilitate good relationships at each level across each stakeholder group?
- Does it enable direct communication between lead, deputy and country verifiers; and from and to supplier management?

Country verifiers are the local link with suppliers

Country verifiers work closely with their lead verifier to facilitate the relationship with the supplier's country team. Country verifiers review and analyse supplier-generated data, undertake primary data collection and write country reports. They have support as required from local survey experts, data analysts and research assistants. Country verifiers are an essential part of the verification process as they allow the collection or in-depth interrogation of data, locally and bring to the tasks their experience of the context.

In the WASH Results Programme, the role of country verifier has differed between suppliers in terms of autonomy, who manages the relationship with the suppliers' country team, the nature of the work and amount of time allocated per verification round. This reflects differences between suppliers' programmes (e.g., spread over a different number of countries with very differently specified results) and the verification approaches developed for each supplier.

Motivation and retention can be a problem for country verifiers

One risk associated with this team structure is the uneven work pattern which has made recruitment and retention of country verifiers challenging. While paying attention to relationships, motivation and clarity of roles and responsibilities are helpful in mitigating the risk, we also found it useful to support interaction between country verifiers and involve them in the development of verification tools.

Related resources on Payment by Results

DFID Resources

Designing and Delivering Payment by Results Programmes: A DFID Smart Guide, DFID, 2014

WASH Results Programme Outputs

Verification in Practice #1: The Verification Cycle: Step by Step, e-Pact, 2020

Verification in Practice #2: Appraising Monitoring Systems, e-Pact, 2020

Verification in Practice #3: What makes a good indicator for a Payment by Results programme?, e-Pact, 2020

About the authors

This guidance note has been prepared for DFID by the Monitoring and Verification (MV) team of the Water, Sanitation and Hygiene Results Programme. The team is composed of staff from the e-Pact consortium (Itad, IWEL and Ecorys). The process of compiling this note has been led by the learning and dissemination team of Cheryl Brown and Catherine Fisher, based on learning over the course of the programme. Guidance, comments, corrections and specific content have been provided by the MV team of Alison Barrett, Don Brown, Joe Gomme, Ben Harris, Rachel Norman, Andy Robinson, Amy Weaving and Kathi Welle.

The project manager for e-Pact is Joseph Thompson (joseph.thompson@itad.com) with Don Brown as the team leader. The contact point for DFID is Ian Belshaw (i-belshaw@dfid.gov.uk). The DFID reference number for the project is PO6507.



e-Pact is a consortium led by Oxford Policy Management and co-managed with Itad