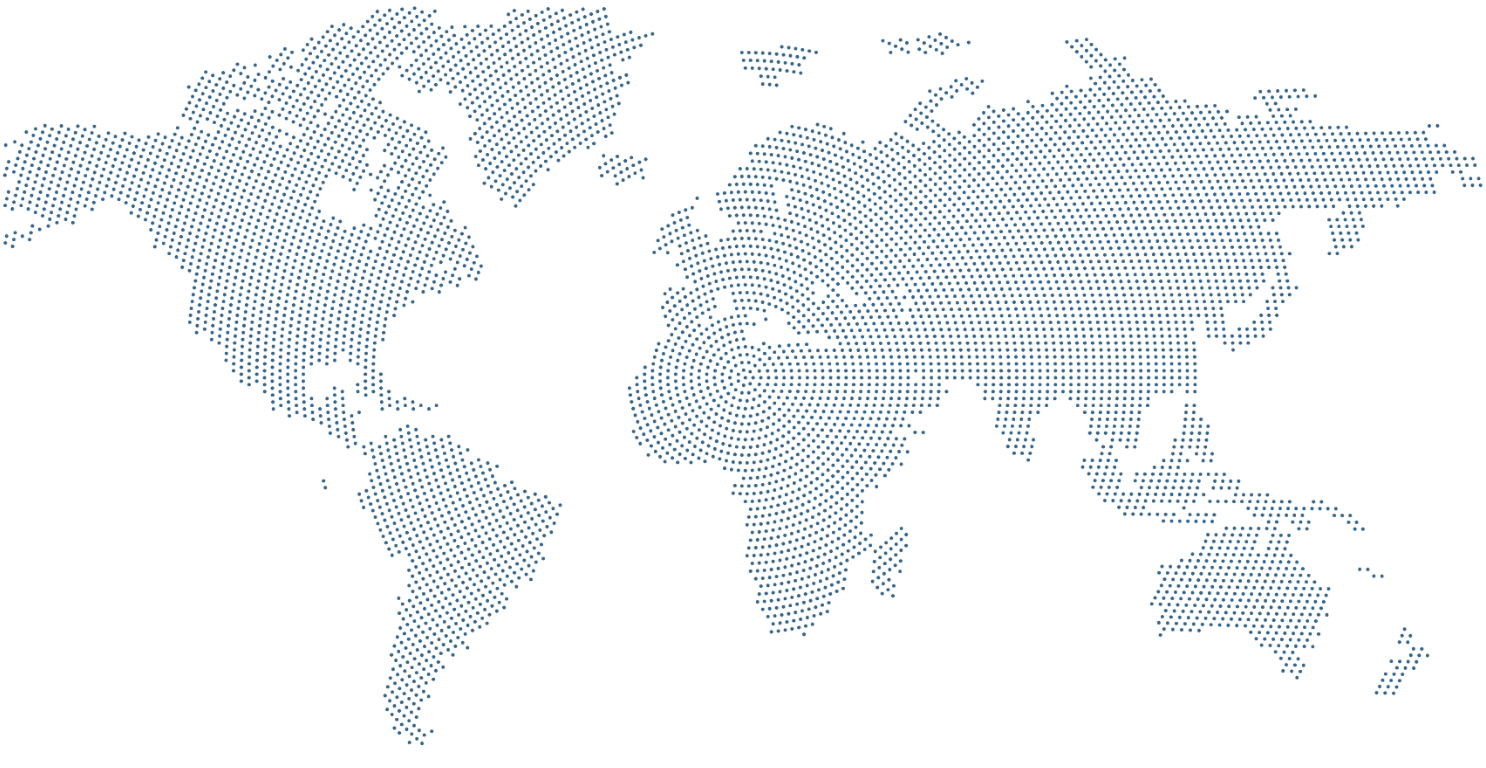
HM Government

Prosperity Fund

Overview of the performance of the UK Prosperity Fund in 2019/2020

Fund-Level Evaluation Cycle 2



March 2020

Version History

C02_04	Overview of the Performance of the UK Prosperity Fund In 2019/20		
Revision	**Written By**	**Checked By**	**Approved By**
Revision 1	Valerie McDonnell-Lenoach, Claire Howard, Fionn O'Sullivan	Ulrike Hotopp, Eunica Aure, Liisa Kytola	
Revision 2	Valerie McDonnell-Lenoach, Claire Howard	Elbereth Donovan	
Revision 3	Valerie McDonnell-Lenoach, Claire Howard	Elbereth Donovan, Rachel Linn	Daniel Davis

Table of Acronyms

Abbreviation	
ASEAN	Association of Southeast Asian Nations
BEIS	Department for Business, Energy and Industrial Strategy
COP26	The 26th UN Framework Convention on Climate Change Conference of the Parties
CSSF	Conflict, Stability and Security Fund
DAC	OECD Development Assistance Criteria
DCMS	Department for Digital, Culture, Media and Sport
DFID	Department for International Development
DIT	Department for International Trade
EL	Evaluation and Learning
EQuALS	Evaluation Quality Assurance and Learning Services
EU	European Union
FCO	Foreign and Commonwealth Office
G&I	Gender and inclusion
ICAI	Independent Commission for Aid Impact
ICF	International Climate Finance
IDC	International Development Committee (of the House of Commons)
INVENT	Innovative Ventures and Technologies for Development
JFU	Joint Funds Unit
MAINTAINS	Maintaining essential services after Shocks Programme
MREL	Monitoring, reporting, evaluation and learning
NHS	National Health Service
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OGD	Other government department
PF	Prosperity Fund
PFDU	Prosperity Fund Delivery Unit of the Foreign & Commonwealth Office
SB	Secondary benefits
SRO	Senior Responsible Owner
SDGs	Sustainable Development Goals
ToC	Theory of change

Abbreviation	
UNDP	United Nations Development Programme
VfM	Value for Money

Contents

TABLES

FIGURES

BOXES

ANNEXES

2019/20 Annual evaluation headline findings

- The Prosperity Fund made good headway between April 2019 and March 2020 in setting up and moving programmes into delivery. However, the impact of delays will substantially reduce the achievement of expected results unless timelines for delivery are confirmed up to 2023 and extended beyond this point.
- Overall, evaluation evidence indicates that the Prosperity Fund is likely to succeed in its goals of enabling inclusive growth while generating opportunities for business given enough time. However, as programme designs are finalised, there is a need for ongoing oversight, monitoring and evaluation to ensure the Fund delivers both its primary purpose and secondary benefits objectives.
- The Prosperity Fund is just starting to demonstrate results, as the majority of programmes are still at an early stage of implementation. There have been some early achievements (set out in more detail below), which include results that both enable inclusive growth and generate opportunities for business.
- The Prosperity Fund is contributing to global good, and emerging evidence suggests its impact will be broader than currently envisaged. This is not adequately captured at the moment, and is likely to include positive contributions to climate change and the development of third-country access to markets and global trade.
- The Prosperity Fund has increased the capacity of its staff and is acting as an incubator for learning. The Fund is making concerted efforts to promote and act on organisational learning, both across the Fund and within individual programmes.

What this review is about

The Prosperity Fund (PF) is a GBP 1.2 billion cross-government fund that aims to reduce poverty by supporting inclusive economic growth in partner countries[1] while creating opportunities for business. The Fund began operation in 2016–17 and will run until 2023.[2] It supports a range of sectors and industries in which the UK is a leader or has a competitive edge and there is a high potential for inclusive growth.

The Fund's focus is on middle-income countries eligible for Official Development Assistance (ODA), where around 60 per cent of the world's poor live and where 60 per cent of global growth is expected to come from by 2030.[3] Figure 1 presents the geographical and sectoral coverage of the Fund. Annex 4 sets out more background information on the Fund.

This Fund-Level Note was prepared by the independent Evaluation and Learning (EL) provider responsible for evaluating the Fund's progress and performance in annual cycles. It was developed in February–March 2020 and

The UK Prosperity Fund supports inclusive economic growth through 27 programmes worth GBP 1.2 billion over 7 years.

The Prosperity Fund is overseen by the Joint Funds Unit. Five government departments lead the delivery of Prosperity Fund programmes, supported by a number of other government departments and agencies.

[1] www.gov.uk/government/publications/cross-government-prosperity-fund-programme/prosperity-fund-map.

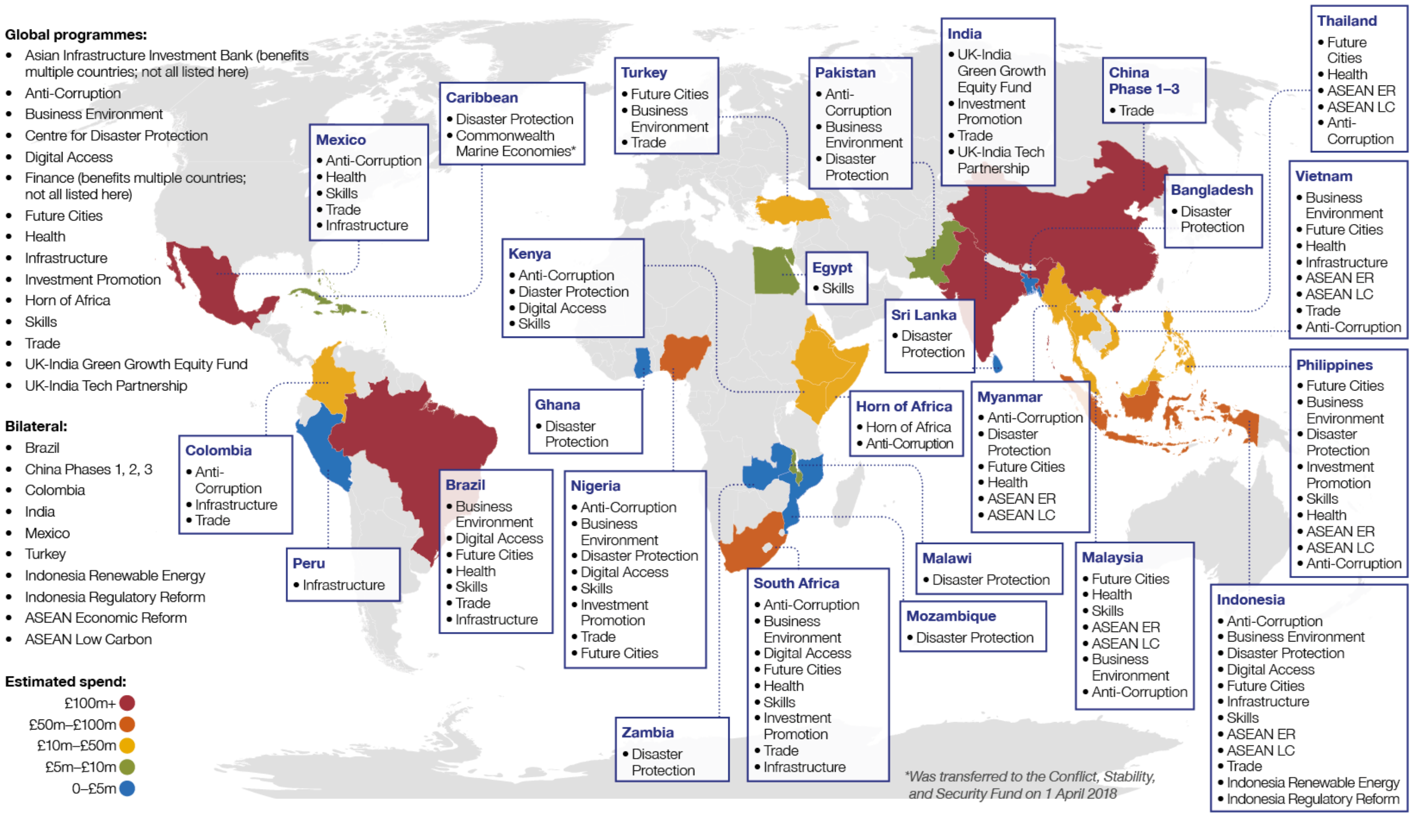
[2] Provisionally agreed by HM Treasury, but subject to final approval after the Comprehensive Spending Review.

[3] www.oecd.org/dev/pgd/economydevelopingcountriessettoaccountfornearly60ofworldgdpby2030accordingtonewestimates.htm.

summarises the progress of the PF during FY 2019–20. It provides evidence to respond to three evaluation questions,[4] which will be consistently assessed over the life of the Fund:

- What has been or is likely to be achieved as a result of the PF?
- What factors have contributed to or hindered these achievements?
- What can be learned from the Fund's experience to date to improve ongoing and future programming?

Figure 1: Official Development Assistance country/region and sector focus 2017–2023



Source: Prosperity Fund Annual Report 2018/19, September 2019

Evaluation approach

All PF evaluations use a standard approach, contribution analysis, which tests the strength of programme contributions to observed outcomes or results. However, as the Fund is at an early stage of implementation with results still nascent, the focus of this report is primarily on assessing the strength of overall design and delivery systems. The aim is to evaluate if the Fund has been set up for success, and if it is on a trajectory likely to deliver results over time.

This report synthesises findings from analysis of almost 70 documents, including all external, independent EL evaluations and internal (partially independent) Annual Reviews of programmes completed during 2018 and 2019, as well as other relevant documents. Additional evidence was gathered during 26 interviews with senior officials in UK government departments and staff from six PF Programme teams. Partner country stakeholders were not directly contacted for this Fund-level

[4] For more details on these evaluation questions and their sub-questions, see Annex 6.

evaluation but have been consulted as part of each of the individual programme evaluations that contributed to its evidence base.

There are some limitations to this evaluation approach. Many programmes are in early stages of implementation, so only seven full programme evaluations and three readiness reviews were completed during the period under review (out of a total of 23 programmes currently being implemented), along with four cross-Fund thematic studies. However, this report additionally draws on Annual Review reports to ensure that progress on all programmes that have started have been considered.

Since not all programmes have completed their development stage, final designs including theories of change and result frameworks are not yet in place for the full portfolio. This somewhat limited the extent to which the evaluation could comprehensively assess all programmes in terms of their ambition and likelihood of success. Findings from stakeholder interviews were used to supplement the evidence base on these issues where possible.

More details on the evidence and sources used for this evaluation are included in Annexes 2 and 3. A more extensive background to the PF, this evaluation and summary descriptions of PF programmes are provided in Annexes 4, 5 and 6. Details of the approach and methodology, detailed findings and recommendations are included in Annexes 7, 8 and 9 respectively. The JFU response to recommendations detailed in this report can be found in Annex 1.

Findings

Each of the three evaluation questions was broken down into a set of fifteen sub-questions (see Annex 7). This report provides explicit answers to both the overarching questions and sub-questions. More details of findings are found in Annex 8.

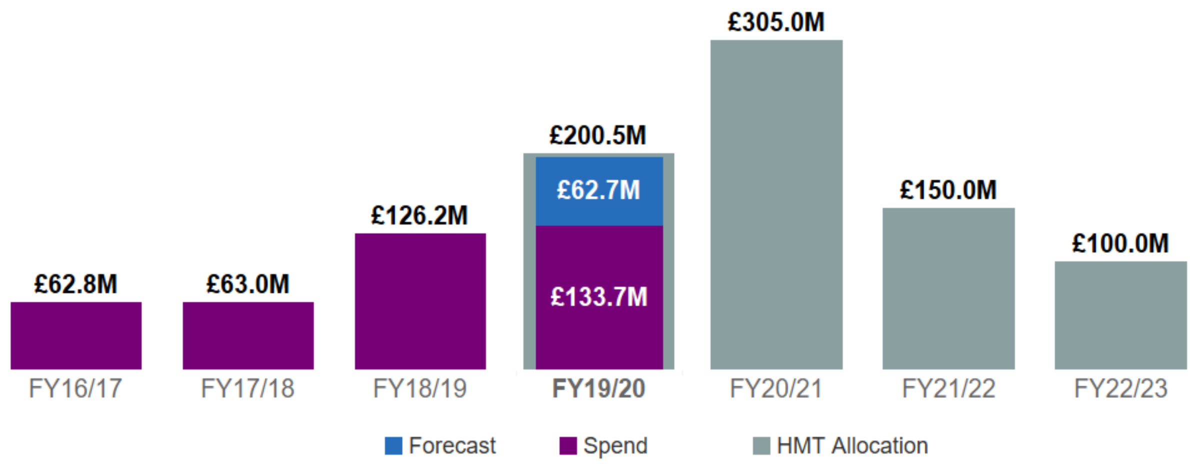
What has been or is likely to be achieved by the Prosperity Fund?

Overall implementation status

The Prosperity Fund made good headway in the last year in setting up and moving programmes into delivery. After its launch two and a half years ago, the Fund is moving into implementation mode. Business cases for 25 of the 27 planned programmes are in place, and 23 programmes have formally started delivery. Most programmes are on track to deliver their anticipated outputs, as shown in the 2019 Annual Review scores. Nineteen programmes (83 per cent) are deemed to be meeting expectations, and only four programmes were rated as slightly off track or moderately not meeting expectations.

However, there have been significant delays, which will adversely affect the achievement of expected results unless timelines for delivery of the Fund are confirmed up to 2023 and extended beyond. Significant delays were reported in 20 of the 23 programmes' 2019 Annual Review reports. For the Fund to deliver its objectives, an extension beyond 2023 will be critical, alongside other improvements discussed in this Note. Stakeholders interviewed were clear that it has taken longer than expected to move the Fund from approval and contracting into delivery, and also that delivery has not proceeded at the rate originally intended. In 2019/20 only two thirds of allocated funds were spent, as shown in Figure 2 below.

Figure 2: Allocation of Prosperity Fund funding across financial years



Source: Prosperity Fund Portfolio Board Report, February 2020

There were multiple reasons for these delays. External factors include elections and government changes in partner countries, as well as time needed to develop good working relationships with partner country governments and implementers. Internal factors, however, were the most prevalent reasons for delays. Issues relating to procurement and contracting processes (accounting for 27 per cent of the reasons reported for delays) and recruitment of programme staff (accounting for 15 per cent of the reasons reported for delays) were the most commonly cited findings in the Annual Review reports. Delays in internal approvals accounted for a further ten per cent of the reasons for delays.[5] Stakeholders at central level and in Programme teams shared concerns about these delays and their potential impact on the Fund's results. Future PF programmes will need to factor in more realistic timescales for set-up, and consider how approval and assurance processes could be made less arduous and more proportionate to spend. Some of this will fall outside the scope of influence of the PF itself and needs to be resolved by the departments involved.

Prosperity Fund achievements to date

Most programmes are still at an early stage of implementation. However, Annual Reviews of individual programmes illustrate that results are beginning to emerge. Box 1 below provides some examples of achievements related to the Fund's primary purpose, inclusive economic growth and poverty reduction in partner countries, claimed by programmes. While it is highly plausible that the Fund has contributed to these results, the level of contribution has not yet been independently assessed due to timing of evaluations vis-à-vis result claims. Ongoing programme evaluations and next year's Fund-level review will aim to do this.

[5] For more details, see Section 8.1.2.1 in Annex 8.

Box 1: Examples of Prosperity Fund results

- **The Prosperity Fund is helping to reform the business environment.** The Global Business Environment Reform Programme has reported eight different reforms in Brazil, Nigeria, the Philippines and South Africa. These include reforms to business regulation and competition policy, public private dialogue and support for an investment ombudsman. In South Africa, the programme helped reduce the number of days required for business registration from 45 to 40, improving the process of starting a business. This is an important parameter in the 'Ease of Doing Business' rankings.
- **The Prosperity Fund is fighting corruption.** The Global Anti-Corruption Programme is one of the main donors supporting the International Anti-Corruption Coordination Centre, which has coordinated the return of over USD 2 billion to a country affected by corruption, seized some GBP 2.5 million of stolen assets there and helped arrest a public official suspected of corruption.
- **The Prosperity Fund is enabling new forms of finance.** The Global Finance Programme supported the pioneering Ghanaian Cedi bond, the first bond to be listed outside Ghana. Two more African governments are planning to issue local currency bonds on international markets in the coming year.
- **The Centre for Disaster Protection** is supporting financial innovation, working with the insurance industry and drawing on expertise in the City of London and in the Department for International Development (DFID) to improve the financial resilience of government partners to disasters.
- Some of the programmes on **green finance** are catalysing thinking in new areas (for example in Brazil) and incentivising the private sector to develop green energy products (for example in India).
- By informing **policy and strategy in the mutual prosperity space**, the Fund is supporting the creation of a network in the government working on mutual prosperity.[6] The Fund's policy influence is also evident (for example on UK Anti-Corruption Strategy, climate change policy and COP26).

The Fund is aligned to the Global Britain agenda and is supporting the government's post-Brexit work to build new trading relationships with partners in middle-income countries. In terms of achieving the Fund's secondary benefits (SBs), opportunities for business, Box 2 summarises some emergent results.

Box 2: Examples of secondary benefits

- **New relationships are being built.** The Global Better Health Programme has helped develop new stakeholder relationships for the National Health Service (NHS) Consortium, which carried out scoping visits in Vietnam. A bilateral programme for Mexican doctors in the UK has been set up as a result of PF relationships. 'Soft power' relationships are also being built: South African President Cyril Ramaphosa mentioned the programme unprompted to the UK Prime Minister during a visit.

[6] For more information on the concept of mutual prosperity, see Section 4.2.1 in Annex 4.

- In Colombia, **new UK firms have started to work in the agri-tech sector** as a direct result of the PF. Seven UK firms that had not previously worked in Colombia are now operating in partnership with local firms and non-governmental organisations.
- The India Economic Reform and Prosperity Programme has contributed to **the issue of GBP 2 billion green bonds** by Indian energy companies on the London Stock Exchange. It also contributed to the announcement by EO Charging, a British electric mobility company, that they will start manufacturing in India, creating 2,000 jobs.

Likely success of the Fund

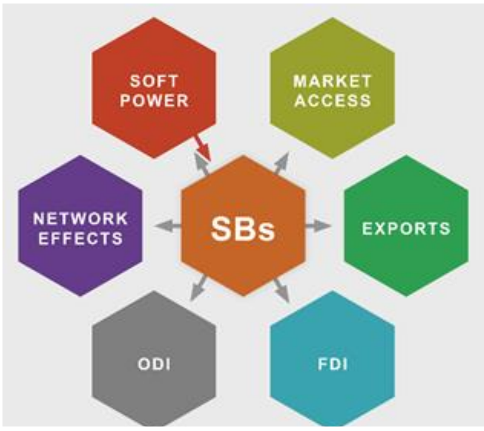
Evaluation evidence indicates the Prosperity Fund is likely to succeed in its goals of contributing to poverty alleviation through economic growth and generating opportunities for business. Independent evaluation of the theories of change of nine programmes suggests this, as do Annual Reviews carried out in 2019 of 23 programmes, 19 of which were judged to be on track in delivering planned outputs.

However, as programme designs are finalised, there needs to be ongoing oversight, monitoring and evaluation and adjustment of designs (if required) to ensure the Fund delivers both its primary purpose and secondary benefits objectives. The principles on which PF interventions are based appear sound: poverty can be alleviated through inclusive economic growth while offering benefits to the private sector, given adequate time. The strategic thinking about how the PF will achieve its aims has improved over time. There is now greater clarity on how the Fund helps drive the delivery of overall UK government mutual prosperity goals.

The objectives of achieving both poverty alleviation and secondary benefits for business are being carefully considered in the detailed design of programmes. Indeed, the PF was the first UK aid instrument to be explicit about the pursuit of opportunities for business, in parallel with supporting inclusive economic growth, which is needed to reduce poverty, in partner countries. Supported by inputs from the Department for International Trade (DIT) in-country, bilateral country programmes have generally found it easier to define SBs than some global programmes due to opportunities to draw on advice and analysis from the DIT Team in country.

Awareness has grown across Prosperity Fund programmes that poverty alleviation will not necessarily come about through economic growth trickling down to the poorest. Early iterations of PF programme design appear to have made a key assumption about economic benefits trickling down although business cases did include 'do no harm' principles and considered poverty.[7] Programme teams have invested significant time and effort in increasing understanding of how to

Figure 3: An overview of the secondary benefits pursued by the Prosperity Fund



Source: *Evaluation & Learning Secondary Benefits Thematic Review, 2019*

[7] ASEAN Economic Reform Cycle 1 Evaluation Report, 2019, Page 53-55; ASEAN Economic Reform, Annual Review, 2019, Page 8; China Phase 1, Annual Review, 2019, Page 8.

achieve inclusive growth in specific sectors or country contexts. As a result, Programme teams, especially those new to ODA programming, appreciate that unless they pay specific attention to achieving the primary purpose and addressing gender and inclusion (G&I) issues, economic growth might lead to greater inequality. Programme teams are increasingly recognising this risk of inequality and conducting in-depth analysis in inception phases to address it, as well as continuing to place emphasis on establishing and delivering G&I plans.

Similarly, Programme teams have developed increased understanding about how secondary benefits are likely to emerge. The work of EL has been deemed important in helping unpack the different types of SBs, illustrated in Figure 3. Developing specific SB plans has also helped clarify thinking and supported programming decisions. The Better Health[8] and ASEAN Economic Reform[9] programmes are examples of programmes that have well-thought-through SB strategies.

Systems to help Programme teams identify and realise secondary benefits are being strengthened. For example, the Colombia Programme has established a private sector advisory panel to engage private sector businesses in Colombia on PF issues. However, across the Fund, stakeholders (both from Programme teams and lead government departments) noted that there needs to be more support from non-ODA funding sources and in-country inputs from DIT to drive the realisation of SBs.

Gender and inclusion

Understanding of and commitment to gender and inclusion policy has increased across the Fund. Programmes are increasingly drawing on the experience of implementing partners in designing and operationalising G&I strategies. As the Fund's central objective is inclusive growth, issues facing women and other excluded groups must be at its core. Analysis, using the PF G&I scorecard, shows that these considerations are becoming better embedded in programme design, mechanisms and processes. In some cases, implementing partners are themselves new to the area of G&I, and Programme teams are working with these partners to ensure adequate expertise and consideration is put in place. The stakeholders taking part in the interviews appreciated the Joint Funds Unit (JFU) support and guidance on G&I.

The gender and inclusion scorecards assessed in each programme evaluation[10] indicate that while there has been good progress, there is also scope for further improvements in programme designs, in ongoing implementation and in the G&I analysis that underpins these. Only once this is achieved can programmes fully meet the PF's aims on inclusive growth. The implementation of G&I action plans needs to be prioritised and monitored on an ongoing basis.

It has taken time to adequately reflect G&I considerations in programme designs. At the business case stage, many programmes did not adequately analyse the specific barriers and needs of women or other excluded groups. A small number of programmes were able to do this, but it was evident that G&I issues were new and unfamiliar to many Programme teams, particularly those new to ODA-funded programmes. While a lighter touch consideration of G&I is not unusual at business case stage, and most Programme teams used their inception phases to build their understanding of G&I issues and commission more thorough analysis to increase the focus on G&I, this has delayed comprehensive integration of G&I approaches. However, stakeholders believe that steps taken to

[8] Better Health Readiness Review, 2019, Page 8.

[9] ASEAN Economic Reform, Annual Review, 2019, Page 9.

[10] For more details, See Section 8.1.2.7 in Annex 8.

address G&I analytical gaps during inception and implementation are now positively impacting the quality of programme designs.

Many of the Fund's partners (both commercial and multilateral) have excellent ODA experience, and have been able to enhance G&I analysis, strategies and programming content. Others who lacked this experience (for example in Colombia – see Box 3 below) are gaining an understanding of how to think about this key issue.

Box 3: Example of how the Fund is enhancing partners' understanding and practice of gender and inclusion

> Some programmes clearly demonstrate good practice on G&I, such as the Colombia Programme, which is "paving the way in uncharted territory". Here a clear shift is visible in the culture of implementing partners (both at regional and central government level) who did not understand or apply gender and social equity thinking into their policy or programming before the PF's engagement. As a result of involvement in the Fund "each of the three main partners now have a clear understanding of the G&I Framework and can fluently articulate the differences between minimum compliance/voice, empowerment/choice and transformation/control".[11]

Wider development goals

The Prosperity Fund is contributing to wider development goals. Emerging evidence suggests the Fund is making a wider contribution towards international development than is currently captured. The focus on business environment reforms in partner countries, for example, creates additional positive global benefits by helping create a fairer playing field for companies globally. Similarly, the Global Infrastructure Programme's support for China's development efforts in third countries, and the Infrastructure component of the China Programme both have positive implications for the access of third countries to markets and global trade.[12] The Fund's various energy and low-carbon interventions are also expected to make positive contributions to climate change. Fourteen PF programmes[13] address climate change issues, including programmes focused specifically on this theme such as the ASEAN Low Carbon Energy Programme or the Indonesia Renewable Energy Programme, a number of Future Cities programmes – both global and in-country portfolios – and the Centre for Disaster Protection. To reduce the risk of underclaiming results, these global good impacts need to be better recognised and captured.

Portfolio design and coherence

The Prosperity Fund is ambitious in size and scale. Its roadmap (or theory of change) to deliver change is plausible overall, given enough time. Evaluation evidence indicates that the quality ranges from 'moderate' to 'good' for programme roadmaps describing how programmes are expected to deliver results.[14] Given the dynamic and changing contexts in which the Fund works, PF Programme teams need to continue to review how objectives will be achieved and reflect on the key assumptions critical to success. By focusing on local country priorities ('working with the grain of national reform'), programmes significantly improve the possibility that the results envisaged will be delivered.

---

[11] Colombia, Annual Review 2019, Pages 23, 31 and 34.

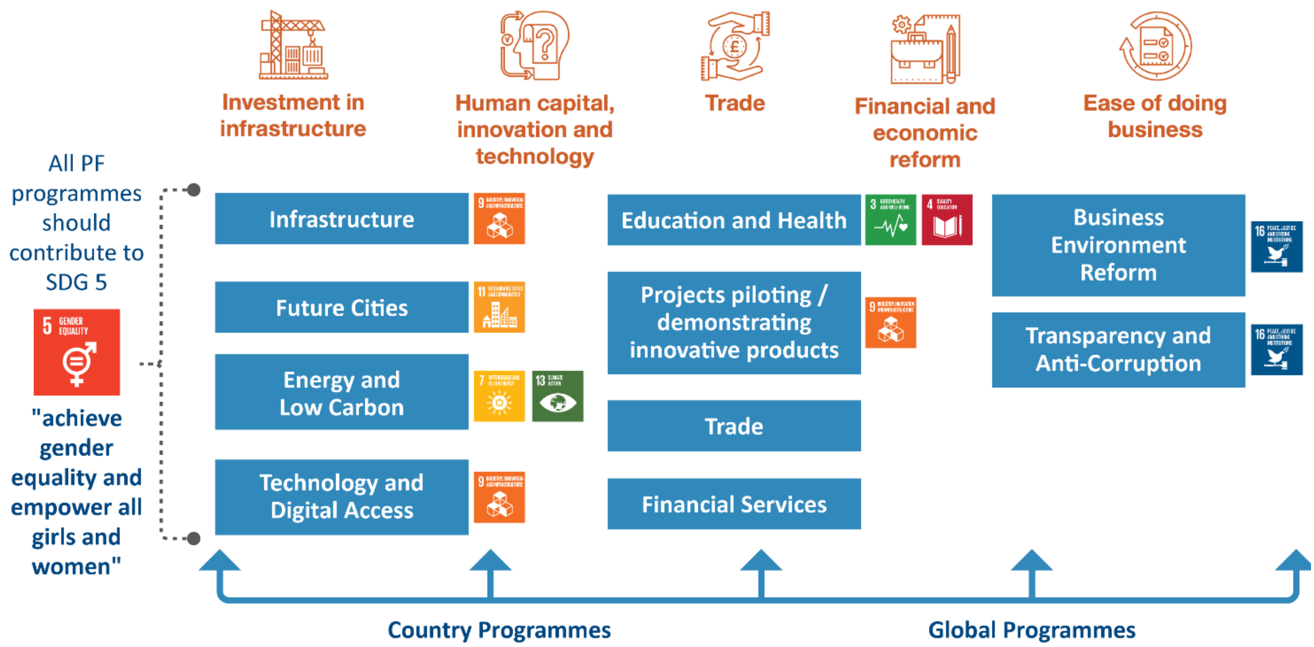
[12] For more details, see Section 8.1.2.4 in Annex 8.

[13] Prosperity Fund Annual Report 2018/2019, page 24.

[14] Based on an independent assessment of the quality of programme ToCs by EL.

The Fund has succeeded in creating a diverse sectoral portfolio through effective collaboration across UK government departments and with partner countries in a range of areas. The Fund's five sectors and corresponding ten sub-sectors are shown in Figure 4 below. Linkages across the portfolio are evident, although there is scope to strengthen synergies within programme strands, across PF programmes operating in the same country, and between programmes in similar sectors in different countries. This would further increase impact and ensure coherence. A significant proportion of programming is through global programmes with a sectoral focus, providing opportunities for UK government departments to work together to support delivery of innovative programmes in areas of interest to them. There is scope for piloting approaches in different country contexts, which offers opportunities for learning and sharing lessons across the portfolio.

Figure 4: Overview of sectors covered by the Prosperity Fund portfolio



Source: Prosperity Fund Annual Report 2018/19, September 2019

There needs to be ongoing review of the balance between countries and sectors.[15] **This balance should be adjusted as learning on what works or does not work becomes available.** Some countries have an overly complex programme architecture, especially where there are bilateral programmes managed by the local UK embassy, as well as global programmes managed from London operating in the country, for example in Brazil and Indonesia. Strategies for Fund engagement in such countries should be developed to ensure that UK support is coherent. Some stakeholders also commented that there was a need for more strategic thinking around target sectors and countries in future to ensure alignment and improve co-ordination at sector and country level.

The Fund's level of innovation and risk appetite

There are differing views about the Fund's risk appetite. Some stakeholders, especially those within the Foreign and Commonwealth Office (FCO) in London, consider that the Fund is innovative and is taking risks by trying out new approaches. However, others (mainly from other government departments (OGDs) and Programme teams) consider that the high level of public scrutiny the Fund faces reduces risk appetite, as does the lack of confidence and capacity of departments new to

[15] The extent to which the Fund has adapted as a result of learning what works or does not work will be examined in future evaluation cycles.

delivering ODA. Some global programmes, such as the Global Business Environment Programme, operate in a broad base of countries and implement a range of different types of programmes. This allows them to mitigate unforeseen risks. For example, when political issues, challenges in stakeholder engagement, instability or natural disasters hold back delivery in one country, there can be progress in other countries.

Despite different views on the risk appetite the Fund is, nevertheless, supporting innovation; it is allowing departments to try new interventions and to work in different ways. Viewing innovation holistically, stakeholders taking part in the interviews for this evaluation note a number of ways in which they saw the Fund being innovative. These include: its focus (on both poverty and SBs), its country coverage (mainly middle-income countries), its delivery model (taking an inter-departmental approach to ODA) and its pioneering work (piloting new products, using new approaches – for example in financial sector development – and applying new solutions to local development challenges). Box 4 presents some examples of innovation identified by interviewees and in documents.

Box 4: Examples of Prosperity Fund innovation

- The Centre for Disaster Protection is working in **a completely new area of development programming: disaster risk finance**. Effective financial management of disaster risks is key for governments around the world, particularly those faced with significant exposure to – or limited capacity to manage – financial risks associated with floods, earthquakes, cyclones, terrorist attacks, industrial and technological accidents and pandemics.
- The Organisation for Economic Co-operation and Development (OECD)'s Guidelines on Anti-Corruption and Integrity in State-Owned Enterprises developed in the framework of the Global Anti-Corruption Programme is **the first international instrument of this kind**. These Guidelines can help states to ensure that owners exemplify integrity in their conduct, that these enterprises adhere to good practices and that appropriate accountability mechanisms are in place.
- The Digital Access Programme is aiming to test and validate **innovative business models that take emerging technologies to market.**
- Several programmes are using pilots to test new approaches: for example, the Global Finance Programme is piloting **innovative approaches to financial sector development**, with a relatively unique focus on international financial markets and institutions.
- Forging pioneering new partnerships also demonstrates innovation. Examples include: the partnership between **the Global Business Environment Programme and the World Bank Group,** which, at GBP 30 million, is one of the first very large partnerships between the FCO and the World Bank; the first notable HMG engagement with the **Abu Dhabi Fund for Development through the Horn of Africa Programme**; and **engaging different parts of the UK government in delivery**, for example, the Intellectual Property Office, the Department of Health and Social Care and the NHS.

A number of stakeholders commented that programmes of smaller financial value and shorter duration provided a greater opportunity for the Fund to be innovative, by testing new approaches and learning from delivery in ways that can inform future interventions. However, according to some stakeholders, these kinds of programmes are under-represented in the Fund. The role of smaller and shorter programmes with the potential to promote innovation should be examined as programmes move into implementation in the coming year, although some stakeholders also noted the importance of avoidance of fragmentation resulting from a proliferation of too many small programmes.

Factors driving or hindering Prosperity Fund success

Leadership, governance and management arrangements

The Fund has demonstrated its commitment to effective governance by responding well to independent recommendations.[16] Leadership and governance arrangements (see Box 5) and management systems and processes have evolved and are more robust. Consistency across countries in the oversight and management of global and regional programmes can still be improved, but management structures are now better aligned with financial accountability, particularly in programmes operating in Latin America and South East Asia. In some cases, Fund governance structures are not aligned with Programme team reporting lines, for example in China, where some Programme Senior Responsible Owners (SROs) report to DIT rather than the FCO's Head of Programmes and overall SRO,[17] with possible implications for financial accountability.

Box 5: Overview of governance structure for the Prosperity Fund

> The Prosperity Fund is one of two key cross UK government funds launched in 2015. The other is the Conflict, Stability and Security Fund (CSSF) , and both operate under the auspice of the National Security Council (NSC). A cross-government Portfolio Board helps set the strategic direction and manages the overall Prosperity Fund portfolio to ensure the Fund meets NSC objectives. This key decision-making forum meets monthly and executes the strategy for the Fund which is then approved by the Ministerial Board and the SRO. The JFU provides guidance and advisory support to

Evidence from programme evaluations and stakeholder interviews consistently points to the need for more efficient programme assurance and approval processes, to ensure these are proportionate to spend and risk, are more agile and speed up progress towards delivery. Stakeholders in country Programme teams, in particular, note the burden of what is viewed as excessive scrutiny, and how it has caused delays. In many cases, it will be up to the lead department for each programme to ensure more efficient assurance and approval processes, as these fall outside the scope of influence of the Fund.

Several Programme teams have been restructured or have adjusted their governance set up as they move into delivery mode (for example the China Prosperity Programme, the Global Business Environment Programme and the Global Trade Programme) to ensure the governance arrangements were fit for purpose and appropriate for multi-country or multi-sectoral portfolios. Areas where improvements are still needed (as identified by stakeholders and confirmed by evaluation and Annual Review reports) include:

- Clarifying specific roles and responsibilities for different parts of the management and advisory structures
- Delineating central (London-based) and in-country roles more clearly[18]
- Ensuring there are clear approaches to create synergies between programme strands.

The past two years have been a steep learning curve for Programme teams. One stakeholder commented that "it has taken time to get things up and running. Internal processes have gone from

[16] Specifically, those of ICAI and the Infrastructure and Projects Authority.

[17] China Cycle 1 Evaluation Report, 2019.

[18] China Phase 1, Annual Review, 2019 Page 8, ASEAN Economic Reform, Annual Review, 2019, Page 3.

being a bit chaotic to now being a reasonably slick operation". As programmes have completed design, procurement and contracting and moved into implementation, there is evidence of continuous improvement.

The Joint Funds Unit has led on the delivery of a joined-up cross-government approach. Various stakeholders appreciated its effort to support a consistent approach to cross-government delivery. Programme teams and other stakeholders see JFU guidance to Programme teams as very useful in some areas, such as G&I, as well as its support in ensuring consistency across departments. Areas for improvement include ensuring that guidance (particularly on SBs) is user friendly and uses clear and accessible language, and that departments with core technical expertise are adequately involved in developing guidance.

Working with partners

It has taken time to develop effective ways of working with implementing partners. Further work to embed arrangements such as supplier management, reporting structures and stakeholder engagement will be needed. Through recruitment and ongoing development, the PF has begun to overcome the initial constraints posed by a lack of programme staff with sufficient experience in large-scale development programming. There is strong engagement with multilateral organisations (the World Bank, the United Nations Development Programme (UNDP), the OECD, etc.), as shown in Figure 6. The benefits of engaging multilateral institutions include their high-quality technical expertise and their relationships with partner country stakeholders. However, there have been issues with ensuring adequate visibility of UK Fund activities in multilateral programmes. It is recognised multilaterals have clear mandates in their own right, and may not fully align with all of the objectives of the Fund - for example, on generating secondary benefits.

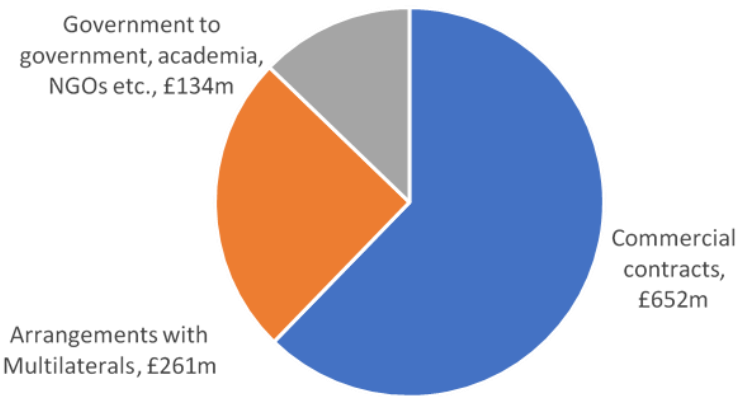
Source: Prosperity Fund Annual Report 2018/19, September 2019

In some cases, PF programmes by design include **a large number of small sub-projects** (for example the ASEAN Economic Reform Programme, and the Energy and Low Carbon Economy strand of the China Prosperity Programme (Phase 1)). Early findings indicate that this carries the risks of fragmenting funding, diluting impact and increasing the management burden on Programme teams.

Risk management processes

Risk management processes have been strengthened over time and are viewed as working well. There is evidence of collective ownership of risk. The government expects that risk management of the Fund will continue to improve as programmes move into delivery, and as the confidence and capability of government departments new to delivering ODA continue to develop. The risk ratings for programmes, based on the 2019 Annual Review reports, are mainly moderate; a small number are assessed as moderate/major risks and only three are classified as major risks.

Figure 5: Delivery contracts and arrangements



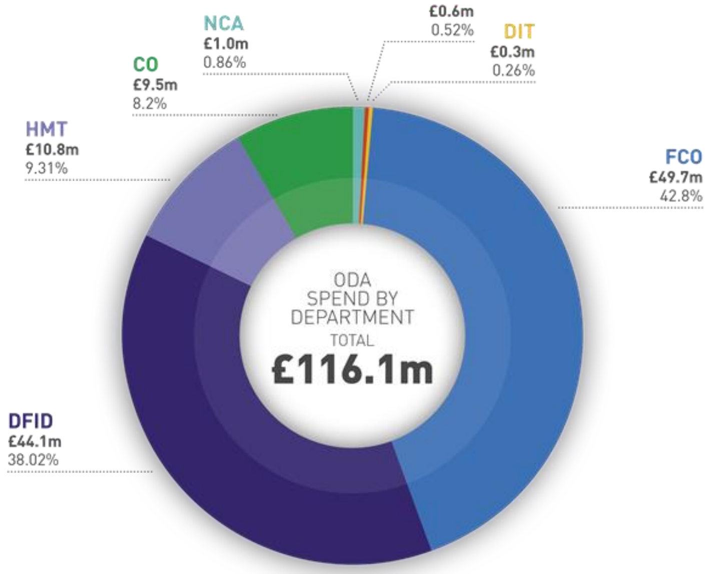
Source: Prosperity Fund Portfolio Board Report, February 2020

Cross-government working and the Fund's added value

There is solid evidence of **extensive cross-government working across Prosperity Fund programmes**. This has allowed the Fund to build a portfolio across a range of sectors and countries. The relative spending by different departments in the 2018–19 financial year is provided in Figure 6.

According to stakeholder feedback, this inter-departmental approach to ODA delivery is improving the Fund's effectiveness by harnessing expertise and inputs across government. The PF draws, for example, on the political knowledge of the FCO and its embassies, subject matter expertise from departments and agencies (such as the NHS), DFID's best practice in poverty reduction and DIT's specialisation in tracking the realisation of export and trade opportunities (secondary benefits) in partner countries. Partner country stakeholders appreciate this cross-government departmental collaboration as it helps ensure effective coordination of in-country UK government inputs.

Figure 6: Prosperity Fund Official Development Assistance spend by lead government department in 2018-2019



Stakeholders indicate that there should be more structured information sharing between the UK International Climate Finance (ICF) initiative and the PF to increase coordination and to formalise interactions.

Box 6: Cross-government working and the Prosperity Fund

- Over two-thirds (sixteen out of twenty-five) of the programmes are led by the FCO, six by DFID, one by DIT, one by HM Treasury and one by the Department for Digital, Culture, Media and Sport (DCMS).
- In addition, government departments play a supporting role on programmes – DIT on eight programmes, DFID on six and the Department for Business, Energy and Industrial Strategy (BEIS) on four. The Fund also harnesses supporting inputs from DCMS, HM Treasury, the

The Prosperity Fund is adding value to core departmental operations in a number of ways:

- It is supporting government departments to deliver their policy objectives in new countries, by providing additional resources and working in new ways.
- It is enabling new partnerships to be forged, particularly by departments new to ODA.
- It is enhancing the capacity of government departments new to ODA so that they can use it for development programmes. Transferrable skills in programme, contract and financial management, monitoring and evaluation and risk management have been developed in different departments, especially the FCO. There has been a strong operational shift towards programme

[19] https://www.gov.uk/government/publications/cross-government-prosperity-fund-programme.

management and delivery in the FCO, as well as a significant broadening of FCO thinking around G&I, climate change and achieving the Sustainable Development Goals (SDGs).

- It is increasing the geographic footprint for ODA spending, for example in countries where DFID no longer has a presence.
- It is providing an opportunity to learn what works (or does not), when and how, and to build the evidence base on mutual prosperity initiatives.

Value for Money

The Prosperity Fund is starting to demonstrate Value for Money. All programmes assessed using the Prosperity Fund Value for Money (VfM) scorecard were rated at least 'adequate'; although only the Global Business Environment Programme scored 'good' in relation to VfM indicators. While this illustrates that current VfM systems and processes are working adequately, improvements to strengthen capacity, management systems and processes and use of data are in progress across the Fund.

Value for money is best measured by results, and these will become clearer in coming years. Examples of improved VfM are already visible, however. These include programmes partnering with multilateral organisations, exploiting synergies with other programmes, delivering inputs in-house using government staff where this is more cost-efficient or leads to better results, and being responsive to UK priorities. The cross-government approach is also seen to be good VfM by avoiding duplication and providing opportunities to leverage funding from different government sources to expand the scope and impact of results, for example allowing the Centre for Disaster Protection to expand its work (see Box 7).[20]

Box 7: Realising cross government working in the Prosperity Fund

The Centre for Disaster Protection is a joint DFID, FCO and DIT intervention. While it was initially predominantly funded by the PF, it has since received an additional grant of 10 per cent (GBP 3 million) from the Commonwealth 2018–2020 Fund to enable technical assistance to eight Caribbean Commonwealth states and one UK Overseas Territory after the devastating hurricanes of 2017. Not only is it bringing together three main departments, and attracting additional sources of funding, it is bringing new parts of government into ODA programmes, in particular through the programme partnership with the Government's Actuary Department.

At a central level, the Fund has also helped deliver VfM by, for example, benchmarking supplier rates with other frameworks with a proven VfM record (for example, DFID and the CSSF).

The Fund's value for money could further be improved in a number of ways:

- There could be an increased focus on measuring and improving the efficiency, effectiveness and equity of programmes (rather than just their economy), as interventions mature and progress further into implementation.
- Decision-making and procurement and contracting processes could be streamlined to reduce delays.
- Programme teams could avoid complex delivery models[21] that can place a higher burden on management and increase administrative costs. Where competitive grant funds are used, the risk of fragmentation into a large number of small projects should similarly be avoided.

[20] Centre for Disaster Protection, Annual Review, 2019, Pages 2 and 3.

[21] For example, with a multitude of arrangements with a number of multilateral organisations and commercial suppliers.

- Synergies across different Fund programmes operating in the same country, and programmes in similar sectors in different countries, could be strengthened further.
- Programme teams could benchmark and compare the costs of different programmes delivering similar interventions and assess relative VfM across different delivery models – both within and outside the Fund.
- Programme teams could revisit the cost-benefit analyses conducted at the business case stage. As designs are firmed up in the inception phases of delivery, the value proposition of many programmes could have changed. This may require changes in focus of some programmes and the Fund as a whole.

The Prosperity Fund has already demonstrated some capacity to be flexible and adaptive, by responding to and exploiting emerging opportunities to achieve results. Some examples of the Fund's adjustment of programme designs and reallocation of resources to drive VfM are presented in Box 8. The Fund will need to continue to monitor and adapt as learning becomes available, the context changes and the needs of partner governments evolve.

Box 8: Examples of adaptation within Prosperity Fund programmes

- A review by the World Bank in December 2018 led to a reallocation of budgets for Pakistan and Turkey. This allowed the Global Business Environment Programme to expand into three new countries – Malaysia, the Philippines and Vietnam.
- The Global Infrastructure Programme reallocated resources to add a project in Peru and reallocated resources between activities. This allowed the Programme team to respond to a request by the country partner to deliver a higher-than-planned level of activity in the last financial year.
- Since the first outline business case for the Mexico Programme was submitted in June 2017, the Programme team has continuously adapted its designs and positioning to changing realities. The evidence shows that changes made to programme and strand designs were driven by three key factors: a changing political environment, overly ambitious initial designs and resourcing realities.[22]

The Fund's flexible approach has stood programmes in good stead during political changes, for example in Indonesia and Brazil. As programme delivery gathers pace, a next key step is for the Fund to strengthen existing learning processes, and involve implementing partners, as a way to support ongoing adaptation. Providing budgets for learning and reflection within PF programmes is important, as is flexibility to scale budgets up or down and react to opportunities. Time-consuming approval and assurance processes might delay future delivery, as might the inability to roll over unused funds to future financial years.

[22] Mexico Cycle 1 Evaluation Report, 2019.

Key lessons to date

- Involving a broader set of UK institutions in delivery has strengthened programme credibility, expanded access to high-quality expertise and promoted soft power by increasing the number of relationships and entry points for government departments to engage with stakeholders in partner countries.
- The time to set up and embed the organisational architecture for the Fund (governance, staffing, systems and processes) and to procure large and innovative programmes was initially underestimated given it is a complex cross-government fund. This took around 2–3 years, which is considerable for a programme with a delivery window of 5 years
- Longer inception phases, or the use of design and delivery contracts, might help to move programmes to implementation quicker, providing more time to achieve results and reducing the need for detailed technical specification during the inception.
- Early engagement by experts on gender and inclusion helps improve programme design.
- A consistent programme-level structure and tools for managing risk across individual projects and strands, such as the Fund's quarterly risk report process, are helpful to develop a 'risk mindset'.
- More integrated planning at country level is important to ensure coherence across departments.
- Non-ODA funding is important to drive the realisation of secondary benefits, in particular to ensure effective engagement with business.

Prosperity Fund systems for learning

The Prosperity Fund makes broad and sustained efforts to promote organisational learning, both across the Fund and within individual programmes. Processes are in place across the Fund to facilitate and act on learning. The Fund's approach to learning has been complimented by the Independent Commission for Aid Impact (ICAI).[23]

Box 9: Examples of how programmes embed learning

- The Global Business Environment Programme's Global Influence Window has promoted valuable learning processes such as a peer-to-peer learning event on G&I in Johannesburg and study tours, with a Philippines delegation visiting Malaysia.
- The ASEAN Economic Reform Programme has a quarterly catch-up forum that includes lesson learning.
- Reflection sessions with dedicated time for reviewing lessons are in place in Brazil.
- The first cycle of programme evaluations has provided Programme teams with feedback and recommendations to support improvement. Countries such as Mexico and China are using learning from evaluations to inform decision-making.

The Fund has commissioned large-scale external monitoring, reporting, evaluation and learning support. This has delivered the Prospero platform, which enables easy access to Fund-wide monitoring and management information, and established PFLearning, a cross-government curated platform to share learning and resources.

[23] ICAI, How UK aid learns – a rapid review, September 2019.

Monitoring, reporting, evaluation and learning (MREL) services enable the multi-year evaluation of programmes, sectors and the Fund through annual assessment cycles (of which this report is an example), as well as cross-portfolio thematic and sector studies. These activities generate learning which can inform delivery and help develop the evidence base on mutual prosperity, while ensuring independent scrutiny and accountability.

Programme teams are active in participating in or initiating regional and sectoral conferences. Key regional events aimed at sharing knowledge and learning have been held in Latin America and South East Asia.

Guidance notes for use across the Fund have been issued, and training (for example on SBs, G&I, and commercial aspects) has been provided both in person and through an online learning pilot.

Annual Reviews, evaluation reports and stakeholder interviews all confirm that reflection and learning have taken place within programmes and across the Fund. There is broad consensus among stakeholders that governance and management systems and processes have notably improved in the last twelve months as a result of lessons learned.

"Some departments have made progress on building information platforms to capture data on aid expenditure and/or lessons learned on good development cooperation, for their own internal purposes ... The Prosperity Fund's Learning Platform is a strong example"

Source: ICAI, How UK aid learns – a rapid review, September 2019

Recommendations

The evidence and findings from this Fund-Level evaluation lead to a number of recommendations to strengthen the effectiveness of the Fund. These recommendations were discussed with key stakeholders during the evaluation process. The JFU response to the recommendations below is attached at Annex 1. Additional recommendations relating to monitoring, results, evaluation and learning can be found in Annex 9.

Recommendation	Time frame
The Portfolio Board should:	
• Consider an extension **of PF budgets beyond March 2023**. While progress has been made in implementation, analysis of spend shows that this has been at a rate slower than originally intended. Programme delivery timescales should be reconsidered and extended to allow the PF to achieve its ambition.	Next Comprehensive Spending Review
• Maximise the **strategic alignment** of the PF with government policy objectives. The Comprehensive Spending Review and the Integrated Review of foreign policy, defence, security and international development provide an opportunity for PF to clarify its strategy for the programme and to allocate budget to reflect this strategy.	Next 6 months
• Facilitate access of PF Programmes to additional **non-ODA funding** sources, to strengthen engagement with DIT (for engagement in events with business etc.) and to enhance scope for SB realisation.	Next 6 months
• Adjust **Non-ODA funding regimes**, such that non-ODA funding is secured for the duration of the programme (rather than on an annual basis), and so that programmes can apply for both at the same time.	Next 6 months
• Revise **assurance and approval processes** to make sure they are proportionate to level of risk and financial value of programmes and are more efficient and nimbler in terms of timeliness of decision-making. More devolved decision-making processes (more decisions at Post) are needed if the Fund is to live up to expectations of being nimble and flexible.	Next 6 months
• Earmark some funds for **short, small-scale interventions** linked to the wider PF strategy, to ensure the Fund delivers on its principles of flexibility and innovation, in addition to funding for the longer-term multi-year programmes.	Next 6 months
The JFU should:	
• Consider how **global good impacts** can be more effectively captured in Fund-level and programme-level ToCs and issue appropriate guidance to Programme teams.	Next 6 months
• **Review guidance issued to Programme teams** to assess its user friendless and propose revisions to strengthen uptake. Going forward JFU guidance should be tested with Programme teams prior to roll out.	Next 6 months
• **Lead the refreshment of the Fund-level ToC** to reflect the aggregated changes to the articulation of change pathways at programme level and based on the reality of PP and SB realisation as programme delivery gathers pace.	Next 6 months
• Consider the development of guidance for Programme teams on the **capture and measurement of soft power.**	Next 6 months

Recommendation	Time frame
• Undertake a **capability audit** of departments that will lead PF programmes, to ensure sufficient capacity and capability for PF delivery and to ensure capability gaps are plugged.	Ongoing
• Roll out guidance and training to Programme teams on **adaptive programme management, t**o strengthen Programme team capacity in adaptive programming**.**	Next 6 months
• Consider the more **systematic engagement of some government partners** with the PF – for example in the sharing of concept notes between ICF and the PF to avoid overlaps/duplication in funding and to coordinate on climate-related objectives and results.	Next 6 months
• Advise Programme teams to **revise the cost-benefit analysis** (contained in business cases), to define expected benefits (primary purpose and SBs) aligned to the final designs included in inception reports.	Next 6 months
• **Support the development of regional strategies** to promote more effective cross-government collaboration. These should take account of the learning distilled by the JFU in relation to the Americas.	Next 12 months

Annex 1: Management response to independent evaluation and recommendations action plan

Evaluation report title and date: Overview of the Performance of the UK Prosperity Fund in 2019/20: Fund-Level Evaluation Cycle 2

Response to evaluation report (overarching narrative)

We welcome the conclusion of this evaluation and the findings it has drawn out. We are pleased to note the evaluation finds the Fund has the right mechanisms and structures for programme delivery in place and that it is largely on track to achieve its intended outcomes.

We are encouraged by the evaluation's conclusion that PF programmes are carefully considering pathways to Primary Purpose and Secondary Benefit results in programme design and are taking an increasingly sophisticated approach to thinking about poverty, including improvements in our approach to Gender and Inclusion. The results the evaluation team highlights are reflective of this, including contributing to significant improvements in the business environment, mechanisms to fight corruption and innovative new financial sector products. We are also encouraged by the evaluation's finding that the Fund is enabling Departments and programmes to innovate and collaborate effectively across HMG.

We note useful observations provided by the evaluation regarding the future of the Fund. We appreciate the value of extending programmes beyond current end dates to enable them to achieve intended outcomes given the delays many programmes faced in reaching delivery stage. It will continue to be important that programmes are able to adapt to economic and political environments that are rapidly changing as a result of the Covid-19 crisis, and that they continue to deliver overall HMG policy priorities.

The evaluation makes a number of points regarding Fund governance, assurance and approval processes and recommends we take a more agile and flexible approach. Current Fund approval and assurance processes draw on best practice in managing ODA and we do not feel they are a significant contributing factor in delays to programme delivery. We do, however, agree with the need to be proportionate and further decentralise decision making where possible. We are exploring operating models along these lines as part of discussions regarding the future of the Fund.

A number of other recommendations the evaluation makes will be considered as part of discussions on the future of the Fund. These include recommendations on changes to non-ODA funding regimes, mobilising pots of funding for small scale, responsive programming and the development of regional prosperity strategies.

Recommendation	Party that recommendation is directed to	Accept, partially accept or reject	If "accepted" or "partially accepted", give action plan for implementation and if "rejected" or "partially accepted", give reason for rejection / only partial acceptance
Consider an extension **of PF budgets beyond March 2023**. While progress has been made in implementation, analysis of spend shows that this has been at a rate slower than originally intended. Programme delivery timescales should be reconsidered and extended to allow the PF to achieve its ambition.	Portfolio Board	Partially accept	We understand the slow start that many programmes have had and appreciate that an extension in timeframes would facilitate them in better achieving intended outcomes. This will be an important consideration for future PF funding beyond March 2021, but we will need to consider it alongside the need to have a portfolio aligned with new government policy objectives, including responding to rapidly changing economic contexts brought about by Covid-19.
Maximise the **strategic alignment** of the PF with government policy objectives. The Comprehensive Spending Review and the Integrated Review of foreign policy, defence, security and international development provide an opportunity for PF to clarify its strategy for the programme and to allocate budget to reflect this strategy.	Portfolio Board	Accept	We agree with this recommendation
Facilitate access of PF Programmes to additional **non-ODA funding** sources, to strengthen engagement with DIT (for engagement in events with business etc.) and to enhance scope for SB realisation.	Portfolio Board	Partially accept	We recognise that additional non-ODA funding could significantly improve the Fund's ability to achieve SB results and are exploring how greater linkages can be created between ODA and non-ODA funding.
Adjust **Non-ODA funding regimes**, such that non-ODA funding is secured for the duration of the programme (rather than on an annual basis), and so that programmes can apply for both at the same time.	Portfolio Board	Partially accept	We partially accept this recommendation, in line with our overall approach to non-ODA above.

Recommendation	Party that recommendation is directed to	Accept, partially accept or reject	If "accepted" or "partially accepted", give action plan for implementation and if "rejected" or "partially accepted", give reason for rejection / only partial acceptance
Revise **assurance and approval processes** to make sure they are proportionate to level of risk and financial value of programmes and are more efficient and nimbler in terms of timeliness of decision-making. More devolved decision-making processes (more decisions at Post) are needed if the Fund is to live up to expectations of being nimble and flexible.	Portfolio Board	Accept	We accept this recommendation and are exploring significant revisions to the Fund's governance structure and operating model. Greater devolution of decision-making is important, alongside the need to maintain rigorous and evidence-based appraisal and oversight. Our assurance and approval processes draw on best practice in managing ODA and HMT guidance on managing public money.
Earmark some funds for **short, small-scale interventions** linked to the wider PF strategy, to ensure the Fund delivers on its principles of flexibility and innovation, in addition to funding for the longer-term multi-year programmes.	Portfolio Board	Partially Accept	We recognise the value in having funding available for responsive, small-scale interventions alongside the long-term transformational programming that is the Fund's core focus. We are exploring options for how to achieve this.
Consider how **global good impacts** can be more effectively captured in Fund-level and programme-level ToCs and issue appropriate guidance to Programme teams.	JFU	Partially accept	JFU is working with programmes to improve how we record and report their contributions to global goods such as climate change mitigation and adaptation. Guidance has already been provided on this through the PF's Secondary Benefits Guidance Note.
Review guidance issued to Programme teams to assess its user friendless and propose revisions to strengthen uptake. Going forward JFU guidance should be tested with Programme teams prior to roll out.	JFU	Accept	We endeavour to ensure all advice issued to programme teams by JFU is user friendly and, timelines permitting, test this with programme teams prior to rolling out.

Recommendation	Party that recommendation is directed to	Accept, partially accept or reject	If "accepted" or "partially accepted", give action plan for implementation and if "rejected" or "partially accepted", give reason for rejection / only partial acceptance
Lead the refreshment of the Fund-level ToC to reflect the aggregated changes to the articulation of change pathways at programme level and based on the reality of PP and SB realisation as programme delivery gathers pace.	JFU	Partially accept	The JFU agrees the context for the Fund's work has changed substantially since the Fund-level ToC was last reviewed in 2018 and is already planning a refresh of the document. However, this activity will likely take a different focus from that suggested by the authors – this is owing to the extent of the COVID-19 pandemic and connected economic crisis, which is having a substantial impact in PF partner countries as well as on capacity within the Fund itself. The JFU expects a bottom-up approach will not be relevant until programme teams have had adequate time to adapt to changes in their delivery contexts and forward plans, and then reflect these in their theories of change. As the situation is unlikely to settle before the end of 2020, the JFU will instead conduct a high-level review of the Fund's ToC and assumptions at an appropriate juncture in FY 20/21.
Consider the development of guidance for Programme teams on the **capture and measurement of soft power.**	JFU	Accept	We are adjusting our quarterly reporting to capture soft power results and have established a central repository where we record and analyse these results.
Undertake a **capability audit** of departments that will lead PF programmes, to ensure sufficient capacity and capability for PF delivery and to ensure capability gaps are plugged.	JFU	Partially Accept	An Annual Staff Audit for the Fund, assessing staff capacity and capability gaps within the PF network, is carried out each year. Gaps identified are acted upon by JFU, including through capacity development of the network and targeted recruitment. Many key capability and staffing questions are, however, matters for individual departments to make decisions on.

Recommendation	Party that recommendation is directed to	Accept, partially accept or reject	If "accepted" or "partially accepted", give action plan for implementation and if "rejected" or "partially accepted", give reason for rejection / only partial acceptance
Roll out guidance and training to Programme teams on **adaptive programme management,** to strengthen Programme team capacity in adaptive programming**.**	JFU	Partially accept	We provide regular training on programme management best practice to the PF network. When this course is next reviewed, we will review whether it should provide further coverage to adaptive management approaches.
Consider the more **systematic engagement of some government partners** with the PF – for example in the sharing of concept notes between ICF and the PF to avoid overlaps/duplication in funding and to coordinate on climate-related objectives and results.	JFU	Partially accept	PF and ICF staff already meet regularly to discuss plans and avoid duplication, both at Post and HQ. However, information sharing on specific planned interventions is often best done at Post rather than by JFU.
Advise Programme teams to **revise the cost-benefit analysis** (contained in business cases), to define expected benefits (primary purpose and SBs) aligned to the final designs included in inception reports.	JFU	Partially accept	We are advising programmes to revise their projected benefits and costs as part the annual review process, particularly where there have been significant changes in operating contexts.
Support the development of regional strategies to promote more effective cross-government collaboration. These should take account of the learning distilled by the JFU in relation to the Americas.	JFU	Partially accept	As part of our thinking on the future of the Fund we are exploring a range of strategy development and implementation models, including increased use of regional prosperity strategies.

Annex 2: Documents reviewed

1. D01. Centre for Global Disaster Protection Annual Review, 2018
2. D01. Centre for Global Disaster Protection Annual Review, 2019
3. D01. Centre for Global Disaster Protection Cycle 1 Evaluation Report, 2019
4. D02. Global Business Environment Programme Annual Review, 2018
5. D02. Global Business Environment Programme Annual Review, 2019
6. D02. Global Business Environment Programme Cycle 1 Evaluation Report, 2019
7. D03. Colombia Programme Annual Review, 2018
8. D03. Colombia Programme Annual Review, 2019
9. D03. Colombia Programme Cycle 1 Evaluation Report, 2019
10. D04. UK-India Green Growth Equity Fund Annual Review, 2019
11. D04. UK-India Green Growth Equity Fund Cycle 1 Evaluation Report, 2019
12. D07. South East Asia Low Carbon Energy Annual Review, 2019
13. D08. South East Asia Economic Reform Annual Review, 2019
14. D08. South East Asia Economic Reform Cycle 1 Evaluation Report, 2019
15. D09. India Economic Reform and Prosperity Annual Review, 2019
16. D10. Digital Access (global) Annual Review, 2019
17. D11. Global Anti-Corruption Annual Review, 2018
18. D11. Global Anti-Corruption Annual Review, 2019
19. D12. Brazil Prosperity Annual Review, 2019
20. D14. Better Health Annual Review, 2019
21. D15. China Prosperity (Phase 1) Annual Review, 2019
22. D15. China Prosperity (Phase 1) Cycle 1 Evaluation Report, 2019
23. D16. Mexico Annual Review, 2019
24. D16. Mexico Cycle 1 Evaluation Report, 2019
25. D17. Indonesia Renewable Energy Annual Review, 2019
26. D18. Global Trade Programme Annual Review, 2019
27. D19. Future Cities Annual Review, 2019
28. D20. China Prosperity Phase 2 Cycle 1 Evaluation Report, 2019 (incorporated in Phase 1 Cycle 1 Report)
29. D21. Skills for Prosperity Programme Annual Review, 2019
30. D23. Global Infrastructure Programme Annual Review, 2018
31. D23. Global Infrastructure Programme Annual Review, 2019
32. D24. Global Finance Annual Review, 2019
33. D25. Asian Infrastructure Investment Bank - Special Fund Annual Review, 2019
34. D26. Investment Promotion Annual Review, 2019
35. D26. Investment Promotion Readiness Review, 2019
36. D28. Horn of Africa Annual Review, 2019

37. D28. Horn of Africa Readiness Review, 2019
38. D29. Indonesia Regulatory Reform Annual Review, 2019
39. D29. Indonesia Regulatory Reform Readiness Review, 2019
40. Department for International Development, UK Aid: Tackling Global Challenges in the National Interest, November 2015
41. Foreign and Commonwealth Office, Joint Funds Unit, Cross-Government Prosperity Fund Operating Framework, Version 2.0, December 2019
42. Foreign and Commonwealth Office, Joint Funds Unit, Prosperity Fund Portfolio Board Terms of Reference
43. Foreign and Commonwealth Office, Letter on ODA, May 2018
44. Foreign and Commonwealth Office, Prosperity Fund Portfolio Risk Register, February 2020
45. Foreign and Commonwealth Office, Strategy Directorate and PFDU, Prosperity Foreign Policy Priority Outcomes (FFPOs 9-11): Prosperity Fund Impacts, Paper for 11 February 2020 PF Senior Sponsor Meeting
46. HM Government, National Security Strategy and Strategic Defence and Security Review 2015, A Secure and Prosperous United Kingdom
47. HM Government, National Security Strategy and Strategic Defence and Security Review 2015, Third Annual Report, July 2019
48. House of Commons, International Development Committee, Definition and administration of ODA, Fifth Report of Session 2017–19
49. House of Commons, International Development Committee, Definition and administration of ODA: Government response to the Committee's Fifth Report of Session 2017–19, Seventh Special Report of Session 2017–19, 13 September 2018
50. House of Commons, International Development Committee, Oral evidence: Definition and administration of ODA, HC 547 Wednesday 2 May 2018
51. House of Commons, International Development Committee, Oral evidence: Definition and administration of ODA, HC 547 Wednesday 25 April 2018
52. House of Commons, International Development Committee, UK aid: allocation of resources, Seventh Report of Session 2016–17, 28 March 2017
53. House of Commons, International Development Committee, UK aid: allocation of resources: interim report, Third Report of Session 2015–16
54. House of Commons library, UK aid: frequently asked questions, Briefing Paper 7996, 19 February 2020
55. Independent Commission for Aid Impact (ICAI), How UK aid learns, A rapid review, September 2019
56. Independent Commission for Aid Impact (ICAI), ICAI follow-up review of 2016-17 reports, June 2018
57. Independent Commission for Aid Impact (ICAI), ICAI follow-up review of 2017-18 reports, July 2019
58. Independent Commission for Aid Impact (ICAI), The cross-government Prosperity Fund, A rapid review, February 2017
59. Independent Commission for Aid Impact (ICAI), The current state of UK aid: A synthesis of ICAI findings from 2015 to 2019, June 2019

60. Independent Commission for Aid Impact (ICAI), The UK's International Climate Fund, Report 38, December 2014
61. Independent Commission for Aid Impact (ICAI), The use of UK aid to enhance mutual prosperity, Information note, October 2019
62. Institute for Fiscal Studies, The changing landscape of UK aid, IFS Briefing Note BN 204, 2017
63. Institute of Development Studies (IDS) evidence submission, International Development Committee Inquiry: Official development assistance (ODA) spending by departments other than DFID
64. Prosperity Fund Evaluation and Learning, Phase 1 Gender and Inclusion Stocktake Review, June 2019
65. Prosperity Fund Evaluation and Learning, Secondary Benefit Thematic Review, April 2019
66. Prosperity Fund Evaluation and Learning, Value for Money, Thematic Report, June 2019
67. The Prosperity Fund Portfolio Board Report, February 2020

Annex 3: Stakeholders interviewed

Table 1: Prosperity Fund stakeholders interviewed

	Institution	Title
1	British Embassy Bogota	Director of Colombia Prosperity Fund
2	British Embassy Jakarta	Low Carbon Energy team
3	Department for Business, Energy & Industrial Strategy	Deputy Director for International Strategy and National Security Secretariat
4	Department for Business, Energy & Industrial Strategy	International Climate Finance
5	Department for Business, Energy & Industrial Strategy	Strategy and Communications, International Climate Finance
6	Department for Business, Energy & Industrial Strategy	Lead, Latin America and the Caribbean, Dubai Expo 2020 | BEIS Contact, Prosperity Fund | International Strategy and National Security
7	Department for Digital, Culture, Media & Sport	Portfolio Board
8	Department for International Development	Programme Manager, Skills for Prosperity Programme
9	Department for International Development	Director Economic Development
10	Department for International Trade	ODA Strategy and Policy Lead
11	Department for International Trade	Deputy Director, Development
12	Foreign and Commonwealth Office	Deputy Director and SRO, Global Trade and Business Environment Programmes
13	Foreign and Commonwealth Office	Head of Communications and Engagement Prosperity Fund, Joint Funds Unit | National Security Directorate
14	Foreign and Commonwealth Office	Head, Prosperity Fund, Joint Funds Unit | National Security Secretariat, Cabinet Office
15	Foreign and Commonwealth Office	Head of Prosperity Fund, SE Asia
16	Foreign and Commonwealth Office	Director of Joint Funds Unit
17	Foreign and Commonwealth Office	Deputy Head of Joint Funds Unit
18	Foreign and Commonwealth Office	Economic Diplomacy Director
19	Foreign and Commonwealth Office	Portfolio Management Office

20	Foreign and Commonwealth Office	Head of Programmes , China Prosperity Fund Portfolio
21	Foreign and Commonwealth Office	Head of Prosperity Fund Department
22	Foreign and Commonwealth Office	Head of Prosperity Fund Delivery Unit
23	Foreign and Commonwealth Office	Lead Economist Prosperity Fund
24	Foreign and Commonwealth Office	Strategy Directorate
25	HM Treasury	Senior Policy Advisor, ODA Spending and Strategy
26	Pretoria British High Commission	Head of Prosperity and Policy Programmes

Annex 4: Background and context of the Prosperity Fund

4.1. Overview of the Prosperity Fund

The PF is managed by the JFU, which reports to the Cabinet Office and is hosted by the FCO. The PF portfolio of programmes supports a range of areas, including investment in infrastructure, human capital, innovation and technology, increasing trade, financial and economic reform and ease of doing business. Cross-government working is a central pillar of the PF's approach to delivery. At least ten government departments and extended bodies are involved in delivering the programmes with partner countries, along with numerous private sector and non-governmental organisations.[24]

Priority countries and regions include Mexico, Brazil, Colombia, China, India, South East Asia and Turkey. The PF mainly targets middle-income countries, which continue to face persistent development challenges that trap millions of people in poverty and face problems associated with corruption, inequality, rapid urbanisation and climate change. These countries have sought the UK's expertise and support to overcome these challenges. Summaries of each programme can be found in Annex 6.

As of February 2020, the PF has committed over GBP 1 billion through arrangements with delivery partners.[25] Commercial contracts are the most popular delivery arrangement used by the PF, with over half of all funds contracted in this way. There are 45 arrangements with multilateral organisations, including the World Bank and the International Finance Corporation, accounting for GBP 261 million of the committed funds.

Expenditure in the first two years of the PF (2016–17 to 2017–18) included funding for transitional projects to lay the groundwork for the larger multi-year programmes that followed from 2018 onward. This was provided to Brazil, India, China, Mexico and Indonesia. In the first year of funding (2016–17), the PF implemented 395 projects with a total expenditure of GBP 63 million,[26] of which GBP 5 million was not classed as ODA funding.[27] This included a range of technical assistance, capacity-building, knowledge transfer and research programmes. In 2017–18, the total spend was also GBP 63 million, of which GBP 7 million was non-ODA. Total spend in 2018–19 was GBP 126 million, of which GBP 10 million was non-ODA.[28] To date, twenty-five multi-year programmes have been approved, with two still pending approval. The Fund's budget allocations for financial years 2021–22 and 2022–23 have been nominally agreed with HM Treasury but funding for these two years is subject to confirmation through the next Comprehensive Spending Review.[29]

4.2. The broader context for the Prosperity Fund

This section provides an overview of the context within which the PF was initially developed and in which it is currently operating. The country-specific contexts of PF programmes are presented in the respective programme-level evaluation reports.

4.2.1. The mutual prosperity agenda

[24] Prosperity Fund Annual Report 2018/19, September 2019.

[25] Prosperity Fund Portfolio Board Report, February 2020.

[26] The Prosperity Fund: Annual Report 2016–17.

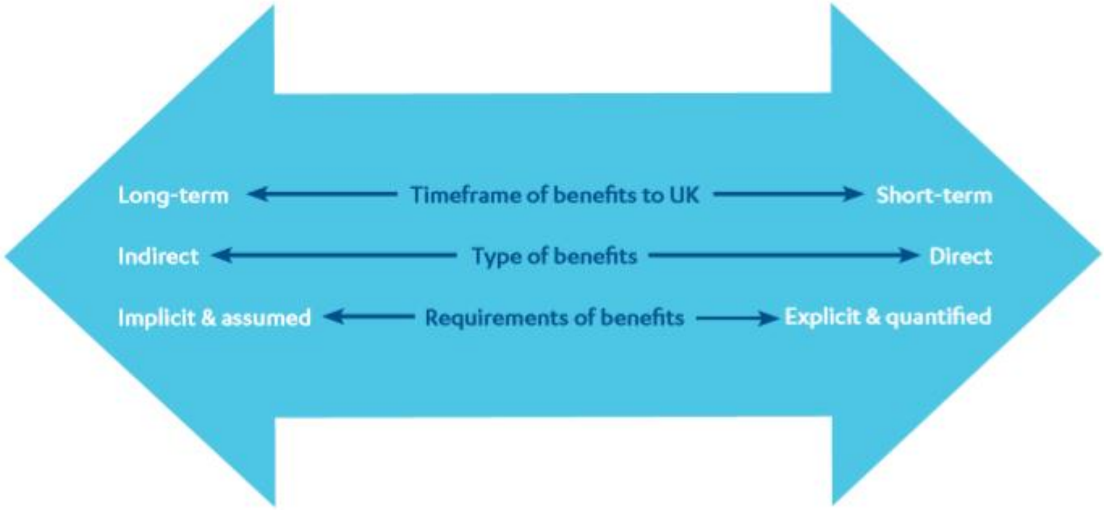
[27] The PF has access to GBP 33 million of non-ODA funding, of which GBP 10 million can be bid for by Programme teams, with the remainder being disbursed centrally. Programme teams principally use the funds to raise awareness of business opportunities. Central funding has been used, among other things, to create eight sector specialist posts in the DIT in London to support country Programme teams.

[28] The Prosperity Fund: Annual Report 2018-19.

[29] The Chancellor of the Exchequer announced on 24 March 2020 that the Comprehensive Spending Review would be delayed from July 2020 to enable the government to remain focused on responding to the public health and economic emergency.

The 2018 National Security Capability Review clarified the UK's more explicit focus on using aid to enhance mutual prosperity.[30] Mutual prosperity is a wide-ranging concept, and there is, as yet, no common definition across government, as was noted by ICAI in its recent report on the issue[31] and as set out in Figure 7. It is generally taken to refer to use of aid to support global economic development, which ultimately benefits both the partner country and the UK through the expansion of global trade. Some have interpreted mutual prosperity more narrowly as targeted at promoting economic growth in countries or sectors that are of particular interest to the UK. More negatively, there have been suspicions that mutual prosperity could mean the pursuit of short-term commercial advantages for the UK, as well as benefits for the country in receipt of aid.

Figure 7: Different interpretations of mutual prosperity



Source: https://icai.independent.gov.uk/mutual-prosperity-blog/

In addition to the development of a concept of mutual prosperity, since 2015, there has been a clear focus on acting in the national interest. This was clearly set out in a 2015 Treasury policy paper, 'UK aid: tackling global challenges in the national interest'[32] which places serving the national interest at the heart of the government's approach to development spending. This was reinforced by Prime Minister Theresa May, who stated in her speech in Cape Town in August 2018 that she was "unashamed about the need to ensure that our aid programme works for the UK."[33]

The 2018 National Security Capability Review also introduced the 'fusion doctrine', which specifies that the government will use its national security, economic and influencing levers in a coordinated way, in pursuit of shared objectives. Mutual prosperity is one such objective, and the fusion doctrine implies joint or coordinated working across a number of departments and agencies.

One impact of these emerging priorities was a change in the spending profile of UK aid, directing less of the aid budget through DFID and instead spending it through OGDs and cross-government initiatives. The PF was one of the key instruments to bring about this change. One immediate impact of these shifts in priorities was a change in the spending profile of UK aid, as noted by ICAI in its June 2019 review of the state of UK aid.[34] In 2014, DFID spent 86 per cent of UK ODA. By 2018, this

[30] Cabinet Office, National Security Capability Review, March 2018.

[31] ICAI, The use of UK aid to enhance mutual prosperity, October 2019, https://icai.independent.gov.uk/html-report/mutual-prosperity.

[32] HM Treasury, UK Aid: Tackling Global Challenges in the National Interest, 2015, https://www.gov.uk/government/publications/uk-aid-tackling-global-challenges-in-the-national-interest.

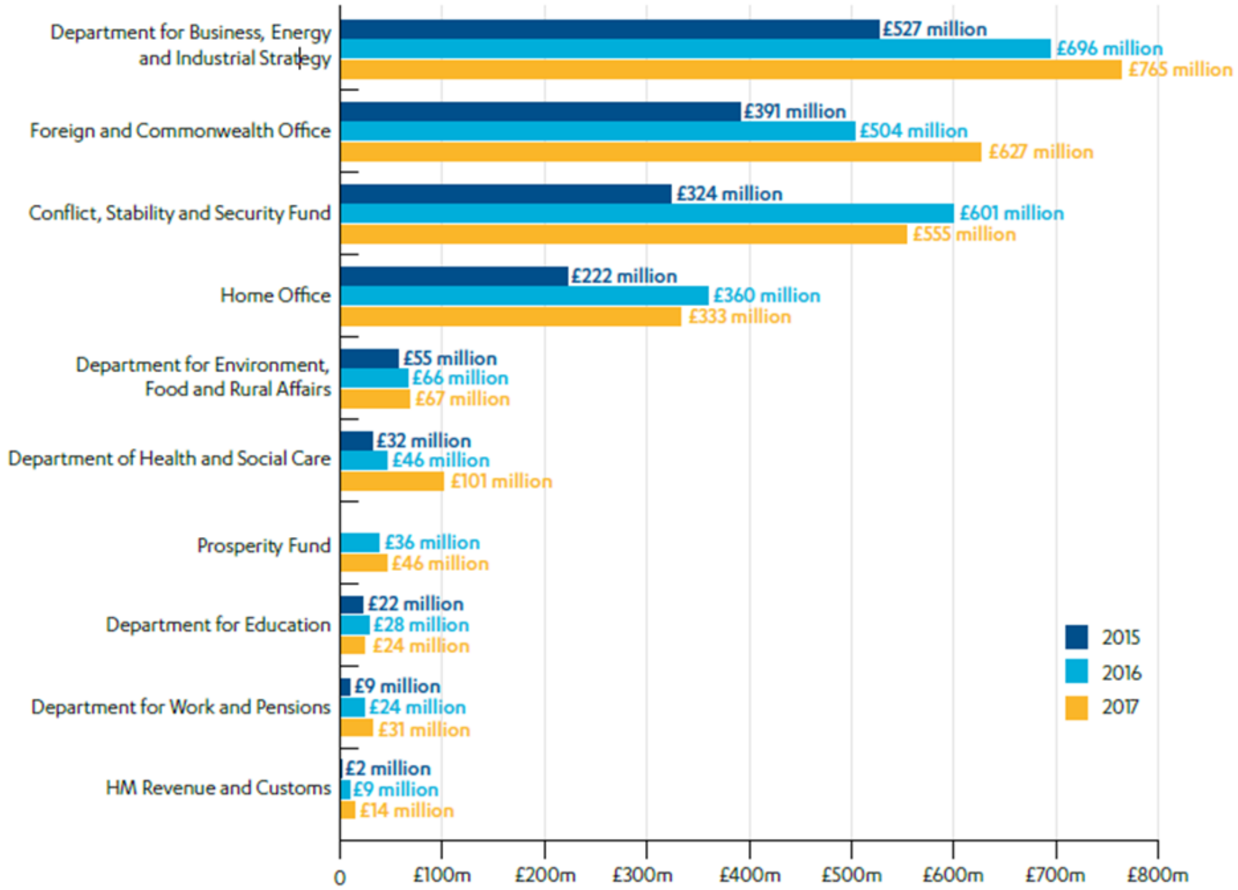
[33] PM's speech in Cape Town, 28 August 2018, https://www.gov.uk/government/speeches/pms-speech-in-cape-town-28-august-2018.

[34] ICAI, The current state of UK Aid, June 2019, https://icai.independent.gov.uk/new-icai-review-current-state-of-uk-aid/.

proportion had fallen to 75 per cent (though it had still risen in absolute terms).[35] In parallel there has been a rapid scale-up in aid spending by OGDs, such as BEIS, the FCO, and the Department for Health and Social Care, as shown in Figure 8.

In addition to reallocating ODA to OGDs, the changing UK aid strategy means that cross-government funds, which deploy a combination of ODA and non-ODA resources, and are accessible to a number of departments, are playing an increasingly important role in the UK aid programme. The PF is one of the largest cross-government funds, operating under the authority of the Cabinet Secretariat. An important and innovative aspect of the PF is its focus on promoting economic growth in middle-income countries, which are primarily of interest to the UK from an economic, security and climate change perspective.

Figure 8: Departments and funds with largest Official Development Assistance spending other than the Department for International Development



Source: ICAI, Current State of UK Aid, June 2019

The PF is also an instrument that has been developed to diversify the parts of government that are using ODA, and was designed to build the capability of a number of different departments in ODA programming.[36] ICAI notes that the PF is clear about its place in this new approach to ODA spending. In its 2019 report on the use of UK aid to enhance mutual prosperity it quotes the Chair of the then National Security Council[37] subcommittee for cross-government funds, at the launch of the PF's second annual report. The Chair stated that he was "pleased that the UK is changing the way it

[35] DFID, Statistics on International Development: Provisional UK Aid spend 2018, April 2019, Page 10.

[36] The Prosperity Fund: Annual Report 2018/19, September 2019.

[37] National Security Council was recently renamed the Cabinet Secretariat.

delivers aid,"[38] noting that the PF can drive broader geographic and thematic reach than could be achieved by departmental allocations alone. The PF is meant to complement and contribute to the UK's diplomatic relations, and enhance trade relationships, as well as facilitate innovation and act as a test bed for new ideas and approaches to enhance prosperity.

As noted by ICAI,[39] the PF was also the first UK aid instrument to be explicit about the pursuit of SBs at the same time as delivering on the Fund's primary purpose. Because it spends under the authority of the 2002 International Development Act, the PF's primary purpose has to be focused on poverty reduction. However, for the first time, SBs were highlighted, and indeed were among the criteria for programme selection, as noted by ICAI.[40] Programme designs had to analyse, explicitly set out and quantify SBs.

These innovations have led to some concerns. ICAI carried out a rapid review of the PF in 2016–17,[41] which voiced concerns about the difficulty of developing programmes that are effective at reconciling poverty reduction with the creation of opportunities for UK firms. It also highlighted weaknesses in the delivery capacity in OGDs, and in design, procurement and results measurement. The House of Commons International Development Committee (IDC) mentioned similar issues in a May 2018 report.[42] Nonetheless, ICAI's more recent information note on mutual prosperity expressed less unease about some of these concerns in relation to the PF.[43]

4.2.2. The 2020 Comprehensive Spending Review and other reviews

During the last few years, the context and priorities of UK aid has changed with the UK's decision to leave the European Union and the more recent COVID-19 pandemic, which has resulted in a changing landscape for the PF, with implications for the delivery of its programmes. The timescale for the Fund-level evaluation products was set so that findings would be available to inform the next Comprehensive Spending Review discussions[44] and also an Integrated Review of foreign policy, security, defence, security and international development, which was announced in February 2020.

4.2.3. Implications of the context for the Year 2 Fund-Level Note

The context of changes in ODA policy and strategy and the concerns raised by monitoring bodies have shaped the evaluation questions – and specifically the sub-questions – selected for this review. Sub-questions were agreed with the evaluation commissioners (the JFU) that focus not only on core issues such as whether the PF is on track to deliver its objectives and whether it is likely to deliver VfM, but also on issues specific to the context[45] and core debates around the focus on mutual prosperity and UK aid. These include:

- the ways in which the Fund is delivering both its primary purpose and SBs
- whether the PF is helping OGDs add to their core departmental operations

[38] ICAI, The use of UK aid to enhance mutual prosperity, October 2019, Page 9.

[39] ICAI, The use of UK Aid to enhance mutual prosperity, October 2019.

[40] ICAI, The cross-government Prosperity Fund, February 2017, https://icai.independent.gov.uk/wp-content/uploads/Rapid-Review-of-the-Prosperity-Fund.pdf, Pages 6 and 10.

[41] ICAI, The cross-government Prosperity Fund, February 2017, https://icai.independent.gov.uk/wp-content/uploads/Rapid-Review-of-the-Prosperity-Fund.pdf.

[42] House of Commons, International Development Committee, Definition and administration of ODA, Fifth Report of Session 2017–19, https://publications.parliament.uk/pa/cm201719/cmselect/cmintdev/547/547.pdf.

[43] ICAI, The use of UK Aid to enhance mutual prosperity, October 2019.

[44] In late March 2020, the UK government announced a delay to the Comprehensive Spending Review, in order to focus on the COVID-19 crisis. This change in timescale has not however impacted on the timescale for the Fund-level evaluation.

[45] Specifically, questions 1a, 1b, 1c, 1d, 2b and 2d – see Annex 7.

- whether there is evidence the PF is helping to drive joint policy and operational work among relevant departments
- whether the PF is increasing the confidence and capacity of OGDs with limited exposure to ODA to design and deliver programmes to meet their objectives.

4.3. Prosperity Fund Theory of Change

The PF's ToC, set out in Figure 9, provides a comprehensive description of how and why PF activities and interventions should lead to the PF objectives being achieved. It does this by identifying the conditions (outcomes) that must be in place and how these are related to one another causally. It further provides the assumptions that need to hold for objectives to be met. The ToC acts as an organising structure for a theory-based evaluation approach and allows the testing of assumptions underlying the causal chain from inputs to intermediate outcomes, outcomes and contributions towards impact. Given the stated objective of the PF is to adapt and evolve as the Fund is implemented, the ToC is likely to be revised during the life of the Fund.

4.3.1. Changes to the Theory of Change

The 2015 PF ToC was revised as part of an EL-supported process in 2018. More recently, the primary purpose was reworded to emphasise the SDGs.[46]

The main changes made as a result of the 2018 review were as follows:

- There was an increased focus on sustainable and inclusive growth at impact level.
- Six new assumptions were specified, to highlight how the PF considers impact will be achieved in a gender-inclusive way; how the programme is expected to provide VfM; how the best use of human resource capacity and management structures will be made; and how the Fund will seek to learn and adapt throughout implementation.
- An emphasis was placed on the cross-cutting nature of SDG5 ("Achieve gender equality and empower all girls and women") in the intermediate outcomes.
- Arrows were added to indicate the direction of the expected causal flow.

The impact of these changes is to emphasise how the Fund aims to support sustainable and inclusive growth, gender equality and women's economic empowerment in line with the Gender Equality Act and the assumptions underpinning the Fund. Given that two years have passed since the last Fund-level ToC revision, it is now appropriate to refresh the ToC for the following reasons:

- The programme-level ToCs have been revised extensively during the last year, as programmes completed their inception phases. Further revisions are recommended in this Fund-level evaluation (see Annex 9). It will be useful to examine the implications for the Fund-level ToC, from the aggregated changes to the articulation of change pathways at programme level.
- The global good impacts of the PF need to be incorporated into the ToC for the Fund.

4.3.2. The Prosperity Fund narrative summary

This narrative summary is taken from the EL document 'Proposed updated Prosperity Fund-level theory of change', published on 19 October 2018.

The PF is grounded in the premise that economic growth, when sustainable and inclusive, can raise welfare and prosperity in the host country, as well as in partner countries who trade and invest with that country. It is built upon the understanding that there is strong potential for growth and poverty

[46] This section draws on an EL document prepared for JFU 'Proposed updated Prosperity Fund Fund-level theory of change', dated 19 October 2018.

reduction in middle-income countries, which is being held back by: (i) uneven development of the conditions needed for growth in key areas of the economy: infrastructure, human capital, technological innovation, financial systems and the overall business environment; and (ii) the economic costs and disadvantages generated through poverty, exclusion and inequality, including gender inequality. As evidence suggests that these play out in different ways in different countries, the PF's core assumption is that specific combinations of interventions are needed to address these constraints, to optimise the conditions for growth in the economy.

Underpinning this theory are three further critical assumptions. First, to create conditions for sustainable growth, PF interventions must be designed to be green, self-financing and inclusive. Second (and linked to this), they should be designed to promote social inclusion and women's economic empowerment. Third, secondary benefits to the UK and other countries can be catalysed without undermining the primary purpose of inclusive economic development in host countries. If all these core assumptions prove to hold true, then the PF should make a significant contribution to improved conditions for growth and poverty reduction in partner countries.

4.3.3. Impact, outcomes and intermediate outcomes of the Fund

The Fund's primary purpose is to support the inclusive economic growth needed to reduce poverty in partner countries, and in doing so contribute to achieving the UN SDGs and support the UK aid strategy. The Fund is particularly relevant to SDG8: "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all."[47] One of the Fund's SBs is the creation of opportunities for international business, including UK companies. SBs will occur through higher rates of sustainable growth, greater investment and trade flows.

To achieve the desired impacts, the PF is expected to contribute to improved conditions for inclusive and sustainable growth in partner countries. Conditions here relate primarily to the country's capacity (infrastructure, human capital, innovation and technology) and enabling environment (policy, regulatory capacity and ease of doing business).[48]

The intermediate outcomes reflect the conditions necessary for sustainable growth. While necessary, these conditions may not be sufficient, given that other factors, such as global economic conditions, will also influence growth outcomes. The five intermediate outcomes of the PF are:

- Investment in infrastructure
- Human capital, innovation and technology
- Trade
- Financial and economic reform
- Ease of doing business.

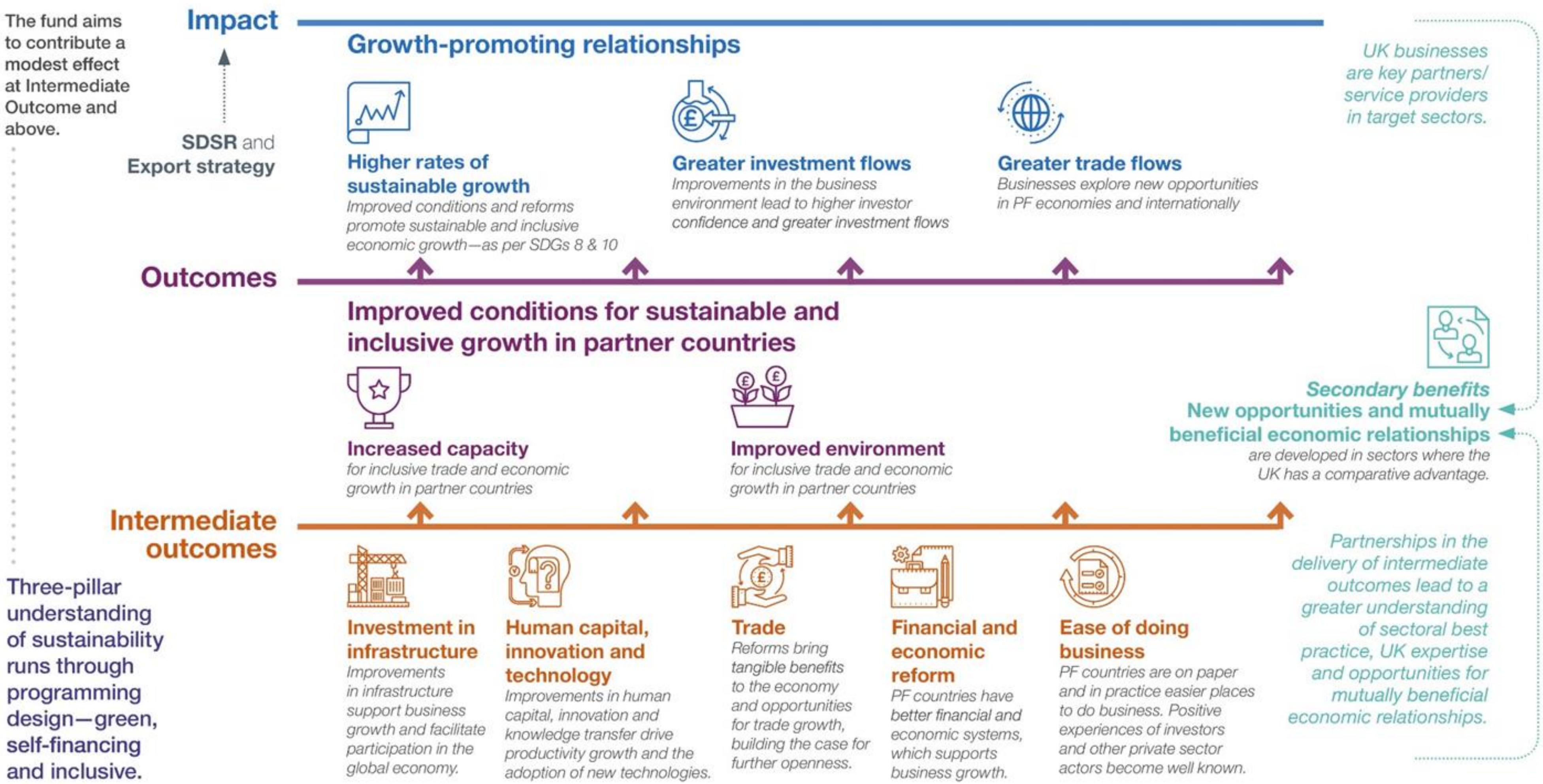
It should be noted that some of the intermediate outcomes are broadly similar to the outcomes, which is not surprising given the focus on improving the conditions for inclusive and sustainable growth in partner countries. There is also no clear segregation between the intermediate outcomes; programmes contribute to multiple intermediate outcomes and progress in each intermediate outcome is likely to be highly dependent on complementary progress in other intermediate outcomes.

[47] Detail on these can be found on https://www.gov.uk/government/publications/cross-government-prosperity-fund-programme/cross-government-prosperity-fund-update.

[48] This is because these 'conditions' reflect the outcomes that are achievable through the types of activities being implemented by the Fund – i.e. the sectors in which it will work.

As the 2019–20 financial year is the first year in which programmes have moved fully into implementation, it is also the first year in which outputs have started to be delivered. Each programme has a different range of planned outputs that will contribute to the intermediate outcomes. Progress on delivery of outputs is tracked in Annual Reviews, and both Annual Reviews and evaluations assess how these are contributing to achievement of the conditions set out in intermediate outcomes. It should be noted, however, that – given the focus on creating the conditions for growth – many of the outputs that the PF has been set up to deliver are more abstract, focusing on the environment and conditions to deliver change, and on research or results of pilots, rather than the delivery of tangible results on the ground.

Figure 9: Prosperity Fund Theory of Change



Annex 5: Evaluation purpose, objectives, scope and timing

5.1. Evaluation purpose and objectives

The Year 2 Fund-level evaluation is designed to provide useful feedback to a range of stakeholders involved in the PF and across government on PF design and implementation progress to date.

Linkages between the Fund and other relevant programmes supported by other donors are covered in the evaluations of all PF programmes. However, this issue was not included in the scope for this Fund-level assessment.

This report was produced by the EL service delivered by a consortium of three companies: Tetra Tech International Development, Integrity Global and LTS International. The specific objectives of the EL function and this evaluation are as follows:

- Learning about performance – what works, why, how and in what contexts to inform design, future Fund strategy, plans and actions to improve performance.
- Accountability – ensuring efficient and well-targeted spending that is delivering VfM and contributing to the achievement of primary purpose (an ODA requirement) and SBs.

The evaluation was conducted by a team of EL evaluators: Valerie McDonnell-Lenoach, Claire Howard and Fionn O'Sullivan, with support from Graham Haylor, Elbereth Donovan and Ewan Snedden.

5.1.1. Evaluation target audience

The main audience for the Fund-Level Note is the PF Portfolio Board, the PF SRO, senior staff in sponsoring departments and relevant ministers. The JFU holds management responsibility for PF monitoring, evaluation and learning and as such was a key interlocutor in the design of the evaluation and review of deliverables. The Fund-level evaluation will also be of interest to PF Programme teams, delivery departments and other stakeholders involved in programme delivery.

5.1.2. Evaluation scope and timing

The Year 2 Fund-level evaluation covers 23 PF programmes. All programmes for which there was an Annual Review, evaluation report or readiness review undertaken during 2019 were included in the scope. Some programmes such as Turkey and China Phase 3 (Sustainable Urban Environment) have not yet started delivery and were therefore outside of the scope.

Since many programmes are at an early stage of delivery, the evaluation has, out of necessity, focused mainly on the quality of design and set-up for implementation. Outcome-level results were covered if there was evidence for them at this stage in the programme lifecycles, but these are limited, reflecting the early stage of programme implementation across the Fund. There was a larger pool of evidence available on programmes that had EL evaluations in 2019, so these feature more frequently in the analysis.

The timing of the annual Fund-level evaluation was set to correspond with the financial year end and to ensure feedback on the Fund's performance was available for government's Comprehensive Spending Review planned to take place later in 2020.

The design, documentary review and stakeholder interviews for this evaluation were implemented before the scale of the COVID-19 crisis became clear. As a result, the analysis has not taken into account the potential impact of the pandemic on the Fund's delivery.

5.1.3. Steps to ensure usefulness of evaluation to primary audience

The findings and lessons generated by Fund-Level evaluation work in Year 2 are intended for both accountability purposes (demonstrating and justifying what has been achieved by spending public money) and lesson-learning (promoting improvement and adaptation of the Fund over its lifetime). The planned steps to ensure usefulness of the evaluation deliverables are set out in Box 9.

Box 9: Planned steps to ensure usefulness of the Year 2 Fund-Level Note to Prosperity Fund stakeholders

- **Evaluation questions and themes of interest** were discussed with the JFU (as commissioners of this evaluation) to ensure that questions of interest to key stakeholders are reflected in the design. The sample of interviewees for key informant interviews was also agreed with the JFU to ensure the views of senior stakeholders across government and a selection of PF programmes were captured.
- **The timing of the evaluation** was calibrated to provide feedback to feed into the Comprehensive Spending Review and decisions concerning a two-year time extension to the Fund.
- **Findings and recommendations** were discussed with the Head and Deputy Head of the JFU prior to submission of the draft report. Following prioritisation of the recommendations by the Portfolio Board and the JFU, they will prepare a management response detailing the actions to be taken to implement agreed recommendations.
- EL prepared **a short non-technical document (the Fund-Level Note)**, accompanied by more detailed technical annexes, to ensure **effective engagement** with the key findings from the Year 2 Fund-level evaluation, and their **effective communication** to key stakeholders,
- **Dissemination plans** are being considered by EL in consultation with the JFU. Presentations of key findings from the Year 2 Fund-level evaluation to the JFU and Portfolio Board are envisaged. External publication of the Fund-level evaluation is envisaged, in keeping with the agreed publication policy for the PF.

As mentioned above, the evaluation was conducted before the impact of COVID-19 on PF implementation was fully apparent. The recommendations proposed in this evaluation assume that business as usual will resume at programme level and external factors such as the COVID-19 pandemic will not lead to a significant disruption to programme activity.

Annex 6: Programme summaries

More programme details are available at https://www.gov.uk/government/collections/cross-government-prosperity-fund-programmes.

Global Anti-Corruption (Foreign and Commonwealth Office)

The programme underpins wider work to promote a better global business environment through combatting corruption. It aims to disincentivise corruption, recover illegally gained assets and tackle impunity.

Asian Infrastructure Investment Bank Special Fund (HM Treasury)

The programme supports the Asian Infrastructure Investment Bank, a new multilateral development bank based in Beijing, to stimulate the pipeline of high-quality infrastructure projects in less developed countries.

Better Health (Foreign and Commonwealth Office)

The programme aims to improve public health in Brazil, Malaysia, Mexico, Myanmar, the Philippines, Vietnam, South Africa and Thailand by tackling premature death and illness due to non-communicable diseases and through improvements to healthcare systems and patient safety.

Centre for Global Disaster Protection (Department for International Development)

The programme aims to help developing countries strengthen their disaster planning and get finances in place before disasters strike, enabling them to respond and recover more quickly.

Global Infrastructure (Foreign and Commonwealth Office)

The programme aims to build the capacity of middle-income countries to develop major infrastructure projects by training and adopting best practice methodologies in infrastructure project planning, preparation and delivery.

Global Business Environment (Foreign and Commonwealth Office)

The programme aims to build the capacity of middle-income countries to develop major infrastructure projects by training and adopting best practice methodologies in infrastructure project planning, preparation and delivery.

Unlocking economic opportunities in Colombia's post-conflict and conflict-affected regions (Foreign and Commonwealth Office)

The programme supports Colombia's economic development in its post-conflict period. It focusses on strengthening institutions, regional competitiveness, transport procurement, rail infrastructure, urban development, agricultural insurance and innovation for smallholders.

UK–India Green Growth Equity Fund (Department for International Development)

The programme is supporting the Green Growth Equity Fund to help boost private investment into Indian infrastructure, addressing a key constraint to inclusive economic and social development in India.

Global Finance (Department for International Development)

The programme aims to draw on the City of London's uniquely strong finance offer to create shared prosperity by connecting developing countries to broader sources of capital, increased financial services and world–renowned expertise.

Skills for Prosperity (Department for International Development)

The programme provides support to improve the quality, relevance, equity and cost-effectiveness of higher, technical and vocational education training in nine middle-income countries, helping women, youth and other excluded groups to find better and more secure employment.

Global Trade (Foreign and Commonwealth Office)

The programme is providing support to facilitate free trade and open markets for ODA eligible middle-income countries, in turn enabling greater investment and interaction with global value chains to support opportunities for employment and increase prosperity.

Global Future Cities (Foreign and Commonwealth Office)

The programme is providing support to 19 selected cities across ten countries to encourage sustainable development and increase prosperity, whilst alleviating high levels of urban poverty.

Digital Access (Department for International Development)

The programme is exploring sustainable solutions for affordable and inclusive digital access, for development in excluded or underserved communities in Brazil, Indonesia, Kenya, Nigeria and South Africa.

Mexico (Foreign and Commonwealth Office)

The programme aims to strengthen financial services, energy provision, urban planning and development, and the rule of law, whilst reducing corruption in Mexico.

Brazil (Foreign and Commonwealth Office)

The programme aims to support Brazil’s shift towards resilient sustainable development through facilitating trade, improving energy infrastructure and promoting green finance; including establishing a Green Investment Bank based on the UK’s model.

India Economic Reform and Prosperity Programme (Foreign and Commonwealth Office)

The programme aims to unlock India’s economic prosperity, focusing on energy and low carbon, urban development and smart cities, ease of doing business, financial services and skills.

Indonesia Regulatory Reform (Foreign and Commonwealth Office)

The programme seeks to improve the business environment by working with the Government of Indonesia to put systems in place for improved central oversight and co-ordination of regulatory reform, as well as tools and guidance to support the delivery of regulation.

Indonesia Renewable Energy (Foreign and Commonwealth Office)

The programme supports the expansion of the renewable energy sector in Indonesia through policy reform, technical assistance, demonstration projects and international knowledge transfer and innovation.

ASEAN Economic Reform (Foreign and Commonwealth Office)

The programme aims to improve the business environment and develop financial markets in South East Asia.

ASEAN Low Carbon Energy (Foreign and Commonwealth Office)

The programme aims to support South East Asia’s low carbon transition, driving progress in green finance and energy efficiency.

China 1,2 & 3 (Foreign and Commonwealth Office)

Prosperity Fund work in China is organised as a portfolio of up to seven strands covering infrastructure, energy and low carbon, financial services, business environment, health, skills and sustainable urban environments. The work will support China's transition to a sustainable, inclusive and productive economy.

Turkey Financial Services (Foreign and Commonwealth Office)

The programme will support financial sector reforms in Turkey to ensure more stable sources of longer-term financing, diversify finance instruments and establish Istanbul as an International Financial Centre and fintech hub.

Investment Promotion (Department for International Trade)

The programme aims to support the developing and emerging markets of India, Nigeria, the Philippines and South Africa in attracting foreign direct investment.

Unlocking Prosperity in the Horn of Africa (Department for International Development)

The programme supports infrastructure development in the Horn of Africa including the upgrade of critical bottlenecks such as river crossings and regulatory work on trade, transit and customs.

UK–India Tech Partnerships (Department for Digital, Culture, Media and Sport)

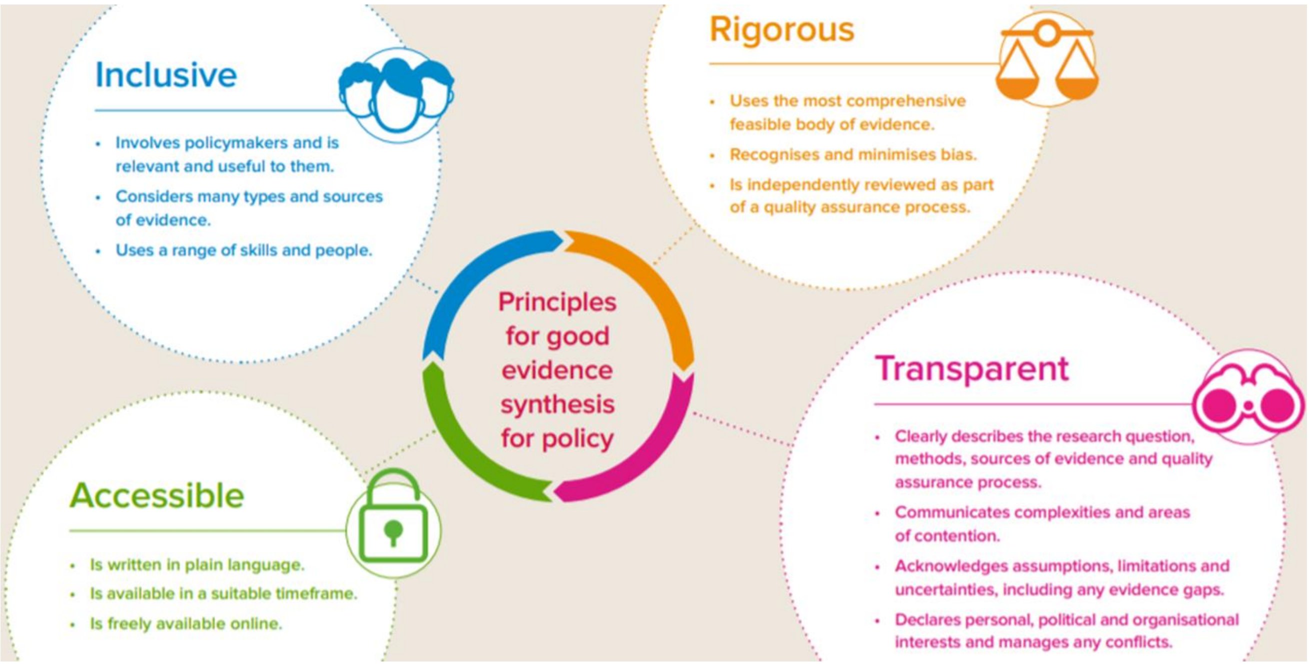
The programme aims to unlock the potential of the technology industry in India, supporting high-skilled employment opportunities and economic growth.

Annex 7: Methodology and approach

7.1. Fund evaluation methodology

The evaluation approach was agreed with the JFU and set out in an approach paper, prior to carrying out the Fund-level evaluation. The methodology used is evidence synthesis, a method enabling researchers to bring together all relevant evidence (primary and secondary sources) on a research question. This method was selected as it allows the evaluation team to establish an evidence base on emerging results and lessons, which can help inform PF policymakers and Programme teams. This approach was also deemed appropriate since it allowed all relevant and available evidence to be interrogated and the consultation burden on stakeholders across the Fund to be minimised. The EL have adhered to the principles for good evidence synthesis set out in Figure 10.

Figure 10: Principles for evidence synthesis



Source: *Royal Society and Academy of Medical Sciences, https://royalsociety.org/topics-policy/projects/evidence-synthesis/principles*

The Fund-level Theory of Change was used as a guiding framework, which sets out how the PF was designed to deliver results. Different sources of evidence were used and triangulated as much as possible to minimise the potential for bias and ensure that judgments were firmly grounded in the available evidence.

Figure 11: Development Assistance Committee evaluation criteria

7.2. Evaluation framework and data sources

7.2.1. Evaluation framework

The focus of the Year 2 Fund-level evaluation is on three overarching research questions, which sit above and frame the twelve evaluation questions that EL responds to in each of its evaluation deliverables.[49] The three questions are as follows:

- What has been or is likely to be achieved as a result of the PF?

[49] https://www.gov.uk/government/publications/prosperity-fund-evaluation-and-learning-inception-reports.

- What factors have contributed to or hindered these achievements?
- What can be learned from the Fund's experience to date to improve ongoing and future programming?

These questions ensure a high-level strategic focus on the Fund's delivery, likely results and lessons to date. Sitting below these three high-level research questions are a number of sub-questions based on themes of specific interest to the JFU. These are outlined in the evaluation matrix presented in Table 1, with signposting to the relevant OECD Development Assistance Committee (DAC) criteria.

A mixed-methods approach, using qualitative and quantitative data from primary and secondary sources, was used to answer these questions. Overall, the evidence base for the evaluation was comprehensive and extensive, covering analysis of an extensive body of documentation on 23 PF programmes, as well as cross-Fund thematic EL reviews and external assessments by ICAI and the IDC. Qualitative sources and primary data collection included stakeholder interviews with key informants from relevant government departments and PF programmes. Feedback from partner country stakeholders was distilled from findings contained in EL evaluation reports. Quantitative data from Prospero, the PF's data repository and portal, was also analysed to the extent possible, in order to inform the current implementation status of the Fund. There were, however, a number of limitations to the evidence base, which are summarised below.

The overarching evaluation matrix, mapping the evaluation questions to the data sources, is presented in Table 2. The key adjustment to the evaluation matrix presented in the Approach Paper setting out the design of the Fund-level evaluation relates to question 2c: Is the PF adhering to its key principles? The key principles are:

- additionality – clearly complementing core departmental activity
- flexibility to respond to emerging opportunities in line with the Cabinet Secretariat strategies
- driving cross-government collaboration, focusing on catalytic and innovative policy and programming
- innovation and risk-taking, supported by collective ownership of risk, with a strong commitment to lesson learning and transparency.

On further reflection with the JFU during the drafting process, it was decided this was not an appropriate evaluation question because the principles were not part of the business case for the Fund, but rather represent evolving, internal hypotheses about the Fund's unique offer. Rather than cover these themes separately in response to one sub-question, evaluation findings on these themes are covered in responses to a number of related questions to avoid duplication. This approach was used to minimise duplication in the coverage of these themes in responses to different questions and sub-questions.

Table 2: Evaluation matrix

High-level research question	Sub-questions and themes	Data/evidence sources
1. What has been or is likely to be achieved as a result of the PF?	**Relevance and Design** 1a: Is the PF's level of ambition and hypothesis for change articulated in its ToC realistic and appropriate? 1b: Is the balance of programmes and expenditure commitments between sectors and geographies aligned with expected results? 1c: Does the design of the PF adequately reflect the two objectives (primary purpose and SBs)? 1d: Are PF programmes aligned to the G&I Policy for the PF? **Efficiency and Effectiveness** 1e: Is the delivery of the PF portfolio on track? Where is the PF in terms of delivery status at this point and is the pace of implementation in accordance with plans? 1f: What has the PF achieved to date? 1g: What is the likelihood of PF success, given scale of ambition, timelines for implementation and progress on the ground to date?	**Primary sources:** Interviews with key stakeholders across government departments and PF Programme teams **Secondary sources:** ▪ EL programme evaluation reports, readiness reviews and thematic studies ▪ PF programme annual reports ▪ ICAI reports and other sources ▪ Case studies on win-wins that are hypothesised on joint prosperity (drawn from documentation reviewed) ▪ Prospero data and reports to the PF Portfolio Board
2. What factors have contributed to or hindered these achievements?	**Efficiency** 2a: Is the PF set up for success in terms of leadership, governance, capacity and management processes? 2b: Is the inter-departmental approach working effectively to deliver the ambitions of the PF? 2c: Is the PF adhering to its key principles? Coverage of this sub-question is now contained in responses to questions 1a, 2b and 2e. 2d: Is the PF doing things in an efficient and effective way to achieve benefits both for partner countries and for UK and international businesses? 2e. Is the PF set up to deliver VfM?	**Primary sources:** Interviews with key stakeholders across government departments and PF Programme teams **Secondary sources:** ▪ EL programme evaluation reports, readiness reviews and thematic studies ▪ PF programme annual reports ▪ Examples of efficient approaches to delivery of the PF (partnerships, institutional arrangements, etc.)

3. What can be learned from the PF experience to date to improve ongoing and future programming?	**Effectiveness, Learning** 3a: What are the key lessons from the experience of the PF's design to date? 3b: What are the key lessons from the experience of the PF's delivery to date? What is the learning from key processes – for example risk management, procurement and contracting, etc.? 3c: Does the PF have processes in place to facilitate learning? Are the learning processes effective? 3d: Are there processes in place to react to learning and adapt to promote ongoing programme improvement?	**Primary sources:** Interviews with key stakeholders across government departments and PF Programme teams **Secondary sources:** ▪ EL programme evaluation reports, readiness reviews and thematic studies ▪ PF programme annual reports

7.2.2. Primary sources of evidence and sampling

One round of stakeholder interviews was conducted, covering the questions of interest to the Fund-Level Note (set out in Table 2). In all, 26 stakeholder interviews were conducted, covering two stakeholder groups – relevant government departments and PF Programme teams. Details of their roles can be found in Annex 3.

Representatives of the following government departments engaged in the delivery of the PF were interviewed (including five members of the PF Portfolio Board):

- the JFU
- the FCO
- the PF Delivery Unit (part of the FCO)
- the Economic Diplomacy Department (part of the FCO)
- DFID
- DIT
- HM Treasury
- DCMS
- ICF
- BEIS
- the South Africa portfolio team (part of the FCO)

In discussion with the JFU, EL selected the most relevant contacts from the named government departments. The JFU also supported the interview planning process by contacting all potential interviewees, explaining the objectives of the research and the importance of participation. EL contacted 30 stakeholders for interviews (including government departments and PF Programme teams). Interviews were confirmed and conducted with 26 stakeholders (16 men and 10 women). The sampling approach was purposeful, designed to ensure coverage of all relevant key departments, and capture a diversity of views of stakeholders engaged in leading/supporting PF programmes or engaging with the strategy or delivery of the Fund. The different opinions of the range of stakeholders interviewed for this evaluation are reflected in this report, demonstrating the diversity of the sample of interviewees.

PF Programme teams: to select the sample of six Programme teams for inclusion in list of stakeholder interviews, four sampling criteria were applied to ensure an appropriate mix of PF programmes to be consulted for the research:

- coverage of global, regional and bilateral programmes
- coverage of large, medium and small financial value programmes
- inclusion of programmes delivered by a mix of government departments
- greater coverage of programmes in implementation mode, with some coverage of programmes at an early stage of delivery.

The objective of these sampling considerations was to ensure an appropriate mix of views from Programme teams, based on coverage of programmes of different types, with different financial value, lead government departments and implementation status.

Based on exchanges with the JFU (February 2020), the list of programmes set out in Box 10 was agreed for inclusion in the interview process. These were selected based on the above criteria, with a deliberate bias towards programmes that are already in implementation or are moving towards implementation mode, and programmes for which evaluations or readiness reviews have been carried out during 2019. Interviews were conducted with five of the six selected Programme teams. Programme team members from the India Economic Reform and Prosperity Programme were unavailable to participate in the consultations and thus this programme was not included in the interviews.

Box 10: Sample of programmes selected for interview consultations

- China Prosperity Programme – Phase 1, Phase 2 and Phase 3
- Skills for Prosperity Programme
- Colombia Economic Opportunities Programme
- India Economic Reform and Prosperity Programme
- ASEAN Economic Reform Programme
- Indonesia Regulatory Reform Programme / Renewable Energy Programme

Interview guides were developed covering questions and sub-questions relevant to the focus of the Fund-Level Note and these tools were customised for different stakeholder groups. Interview guides were adjusted after initial interviews were conducted to improve the flow of the discussion with interviewees.

Consultations with stakeholders in partner countries have been conducted in the framework of EL's programme evaluations. No additional interviews were conducted as part of this Fund-level evaluation. However, evidence from in-country consultations documented in programme evaluations was used and reflected upon in the analysis of the evidence for this Fund-level evaluation.

7.2.3. Secondary sources of evidence

The secondary sources of evidence used for the Fund-level evaluation were drawn from a number of sources. The criteria used to include secondary sources in the pool of evidence to be assessed were the following: relevance, reputable sources, rigour (including the absence or minimisation of bias, degree of independence and whether they had independent quality assurance), timeliness of availability, and diversity of sources to allow for triangulation and analysis.

The secondary sources of evidence used are presented in Annex 2. The main types of secondary sources used are set out in Table 3. Half of the sources analysed were fully independent, and 94 per cent were either fully or partially independent.

Table 3: Secondary sources by type, number and degree of independence

Secondary source category	Number of reports	Independence of review/evaluation team			Independent QA (e.g. EQuALS)
		Fully independent	Partially independent	Not independent	
EL evaluation reports and readiness reviews	10	X			X
EL thematic reports	4	X			X
2019 Annual Review reports for PF programmes	23		X		
2018 Annual Review reports for PF programmes	5		X		
ICAI reviews	5	X			
IDC reports	7	X			
Others – research reports, etc.	9	X			
Others - including portfolio reports, risk registers, etc.	4			X	

In all, almost 70 documents were reviewed by the evaluation team, ensuring coverage of all programmes with approved business cases.

7.2.4. Analysis and triangulation of findings

A software tool, EPPI Reviewer,[50] was used to code and manage the systematic review of the secondary sources of evidence, as well as the findings from the interviews. By assigning the content of documents, as well as interview notes, to specific evaluation questions and sub-questions, the evaluation team was able to efficiently and systematically code and analyse a large volume of evaluation evidence. This approach ensured that all findings reported in the Fund-Level Note and this technical annex can be traced back to the specific source, ensuring a strong connection between the evidence, findings and associated conclusions and recommendations.

Members of the evaluation team conducted regular brainstorming and interactive sessions to discuss the emerging findings, examine differences of opinion and distil the headline findings. The interviews with departmental and Programme team stakeholders did generate a diversity of views, which was welcome. In order to do justice to the different points raised by stakeholders, the report covers the diversity of views expressed by different stakeholders.

Feedback from stakeholder interviews was triangulated with feedback from the document reviews, ensuring all evidence sources were used to underpin findings and conclusions.

7.2.5. Adherence to ethical principles

[50] https://eppi.ioe.ac.uk/eppireviewer-coding/home.

7.2.5.1. Confidentially and anonymity

All people consulted in the framework of the evaluation were provided with information on the evaluation and its objectives and their consent was solicited prior to being interviewed. Findings from interviews were treated as confidential and names of sources are not linked to specific findings in this report. Information sources were included that were independent of parties with an interest in the evaluation – namely independent reviews conducted by ICAI and EL on the PF and its portfolio of programmes.

7.2.5.2. Managing possible bias in the reporting of findings

All evaluation team members were required to declare actual or potential conflicts of interest in delivering EL services. All team members were checked and cleared in terms of potential or actual conflicts of interest.

In addition, the EL team of external independent evaluators was required to:

- work independently, without bias, and without interference in their assessments
- use independently verifiable evidence
- protect beneficiaries and other stakeholders by ensuring all interviews were conducted anonymously
- follow a broad-based participatory approach, by engaging with a range of stakeholders – government departments and PF Programme teams, men and women, etc. – in the consultation process.

Both men and women stakeholders were interviewed in the framework of the evaluation. The evaluation team was mixed in terms of gender (with a 50/50 split overall). All team members were knowledgeable about the PF objectives, context and approach to delivery. The core team of three evaluators have engaged in evaluations of four PF programmes and have quality-assured deliverables for five others.

7.2.5.3. Code of ethics and safeguarding policy

The EL team adhered to a code of ethics aligned with the UK Evaluation Society guidelines on good practice. Concerning safeguarding, a policy and accompanying processes to guard against the possibility of sexual exploitation and abuse by EL members was in place for this evaluation. Unintended consequences of PF interventions and possible negative effects on vulnerable groups were considered by the evaluation team in the conduct of the evaluation.

7.2.5.4. Data management

The EL standard operating procedures (September 2018), approved by the JFU, detail the research code of conduct and ethics policy, as well as the data management protocols EL must follow. All members of the evaluation team are aware of these policies and their compliance obligations.

The UK government is responsible for ensuring that all information shared with the EL team is done in accordance with internal government policies and standards. Tetra Tech International Development, as the EL prime contractor, is responsible for ensuring that all information gathered by the EL team is stored and accessed in compliance with government standards. Users accessing PF information will be required to demonstrate compliance with this policy and can be held personally liable for its breach. As the 2014 government security classifications state: “Everyone who works with government has a duty to respect the confidentiality and integrity of any government information and data that they access and is personally accountable for safeguarding assets in line with this policy.”

7.2.5.5. Country ownership, harmonisation with other donors and capacity-building

The Fund-Level Note, a succinct account of this evaluation's key findings, conclusions and recommendations, will be shared on the gov.uk website, along with its associated annexes. This action will provide PF stakeholders, partner countries and the general public with access to evaluation-related information in a summary form that is useful and respects confidentiality and sensitivities.

Harmonisation of PF support with the support of other donors was considered as part of the data collection process for EL programme-level evaluation deliverables. Consideration of the work of other donors will feature more prominently in future evaluations as the EL team in Year 3 will apply contribution analysis to map programmes' contributions to outcomes and results. While the PF is unique as a Fund, there are other Funds supported by government and synergies and linkages are considered with these Funds (notably ICF) in this assessment.

No new primary data was collected in partner countries for this evaluation. However, programme evaluations, which provide a key part of the evidence base, did engage local evaluators, including on their capacity-building, as part of in-country data collection.

7.2.5.6. Variations in design from the Approach Paper

The design of the evaluation approach for the Year-2 Fund-Level Note was based on the Approach Paper approved by the JFU. There were a number of departures to the design and conduct of the evaluation set out in the Approach Paper:

- The Approach Paper included a sub-question focused on examining the balance between primary purpose and SBs. This sub-question was modified following JFU feedback to focus on reflection of the two objectives in PF designs, rather than examining the balance of coverage of the two objectives.
- It was envisaged in the Approach Paper that interviews would be conducted with representatives of up to three or four businesses, in order to capture perceptions of the PF's potential to create SBs for business. However, it was not possible to conduct these interviews due to difficulties in accessing contacts with relevant organisations.
- Answers to sub-questions 3a and 3b were merged, as there was insufficient evidence to report on lessons from delivery, due to the small number of programmes that have moved into full implementation and are already reporting results.
- As the principles of the Fund are not part of its business case, findings for sub-question 2c on PF principles were merged with responses to a number of related sub-questions.

7.2.5.7. Limitations and risks

There is significant information on the overall operation of the Fund. It has taken time to set it up and to design its constituent programmes. As a result, evaluations and Annual Reviews provide a broad and deep evidence base to answer many of the evaluation sub-questions that focus on how the Fund is operating, and what has been learned about processes, structures and approaches. Given that most programmes only either moved into implementation during the past year, or are still in inception or procurement and contracting phases, there is, however, much less information about delivery of outputs or achievement of outcomes. Some responses to evaluation questions are necessarily more conditional as a result. For instance, while a judgement about the potential for the Fund's likely chance of success has been made, this is based on the information currently available. It will need to be refined in future annual evaluation reports, as more information becomes available on the achievement of outcomes and intermediate outcomes, and the validity of ToCs at both programme and Fund level.

There are also limitations in relation to the evaluations of individual PF programmes. It was originally envisaged that by the end of Year 2 (2019–20), all programmes would have received a full evaluation. This scheme was however modified to accommodate the lack of programme maturity. As a result, by the end of Year 2 of the EL service, only ten PF programmes have been subject to either a full evaluation or a light-touch assessment. The evaluators have therefore made extensive use of information from Annual Review reports (available for 23 programmes for 2019, and 5 programmes for 2018). These are commissioned by Programme teams and can involve members of PF Programme teams. They are therefore not fully independent. While this is an important limitation on the robustness of findings, it has been offset by the use of other evidence sources from organisations like ICAI and the IDC, as well as findings from stakeholder interviews. The IDC, in particular, allowed the evaluation team to focus on those questions where there was less evidence available from documents.

Since many programmes are still finalising their ToCs and results frameworks, there is limited data reported on Prospero – the PF's monitoring and reporting system. As such there was limited quantitative data from Prospero to draw on for the purposes of this evaluation. The evaluation team interrogated the data made available in the Portfolio Board Report of February 2020, which was the key source of Prospero data available on the Fund's performance at the time of the evaluation.

Annex 8: Detailed Findings

8.1. Key findings

8.1.1. Introduction

This annex presents more detail of the key findings from the Year 2 Fund-level evaluation, structured according to the three overarching evaluation questions and related sub-questions.

The overall evaluation questions and sub-questions are answered in turn. To help the argument to flow better, the sub-questions for the first evaluation question have been reordered (so that sub-questions 1e, 1f and 1g are answered first, followed by sub-questions 1a, 1b, 1c and 1d). Answers to questions 3a (on learning related to PF design) and 3b (on learning related to PF delivery) have also been combined. As noted in Annex 6, the response to sub-question 2c on PF Principles has been merged with related sub-questions 1g, 2b and 2e.

The evaluation questions and their sub-questions were mapped to the relevant revised DAC evaluation criteria[51] in the evaluation matrix (see Table 2). Given that programmes have only just moved into implementation, the focus of questions is mostly on the first four criteria (relevance, coherence, efficiency and effectiveness), and only touch briefly on impact. It was considered to be too early for detailed considerations of sustainability, the final DAC criterion.

8.1.2. Evaluation question 1: What has been or is likely to be achieved as a result of the Prosperity Fund?

8.1.2.1. Sub-question 1e: Is delivery of the Prosperity Fund portfolio on track?

Scores awarded to programmes in their Annual Reviews suggest that the Prosperity Fund is on track in terms of delivering programme outputs. Table 4 below sets out Annual Review scores for 2019 and shows that the large majority (83 per cent) of programmes are on track, receiving an 'A' score ("outputs met expectations"), which is a considerable improvement from 2018.

Table 4: Programme scores from Annual Reviews in 2018 and 2019

Programme scores[52]	2018 Annual Review		2019 Annual Review	
	Number	% of total	Number	% of total
A score (outputs met expectation)	3	60%	19	83%
B score (outputs moderately did not meet expectation)	1	20%	4	17%
U score (unrated)	1	20%	0	0%
Total	**5**	**100%**	**23**	**100%**

Source: Annual Review reports, 2018 and 2019, PF programmes.

In 2019, four programmes fell slightly short of expectations, scoring B ("outputs moderately did not meet expectations").

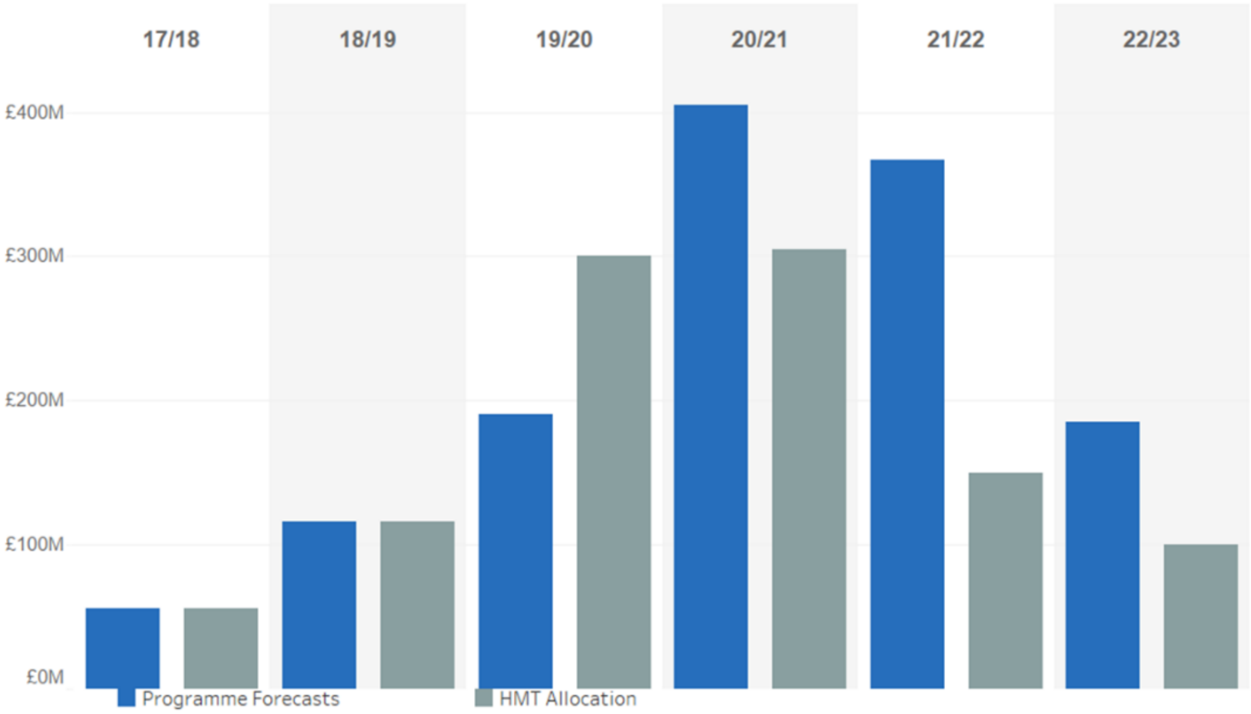
[51] The DAC issues the six evaluation criteria is part of the OECD.

[52] Scoring is as follows: A++: Outputs/outcome substantially exceeded expectation; A+: Outputs/outcome moderately exceeded expectation; A: Outputs/outcome met expectation; B: Outputs/outcome moderately did not meet expectation; C: Outputs/outcome substantially did not meet expectation.

Prosperity Fund programmes and delivery delays

Stakeholders from both departmental teams and PF Programme teams confirm that it has taken longer than expected to get programmes up and running. Delivery delays to the PF are evident from an analysis of spending, set out in Figure 12. As implementation has not proceeded at the rate originally intended, more forecast spend has been pushed into later years, with forecasts now significantly exceeding HM Treasury budgets from the 2020–21 financial year onwards.

Figure 12: Forecast spending of Prosperity Fund funds, compared to HM Treasury allocations, February 2020



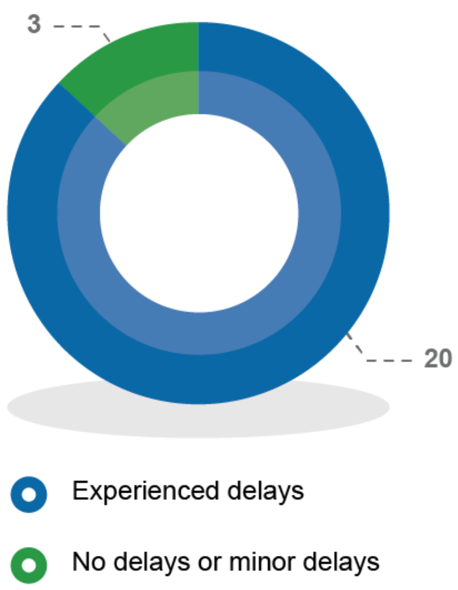
Source: PF Portfolio Board Report, February 2020

EL's analysis of the extent to which PF delivery has been delayed focused on evidence of the numbers and types of programmes that have had significant delays, the factors that led to delays and the impact of delays as the PF advances.

Numbers of programmes experiencing delivery delays

PF Programmes are expected to deliver results at all stages in the planned trajectories of their results chains. Analysis of 2019 Annual Review reports for 23 programmes indicates that 20 of the 23 (87 per cent), have experienced significant delays in moving into implementation (see Figure 13). The Annual Review reports of only three programmes (Global Business Environment Programme, the India Green Growth Equity Fund[53] and the Global Finance Programme) either do not comment on delays or indicate that the delays that have been experienced are minor or are

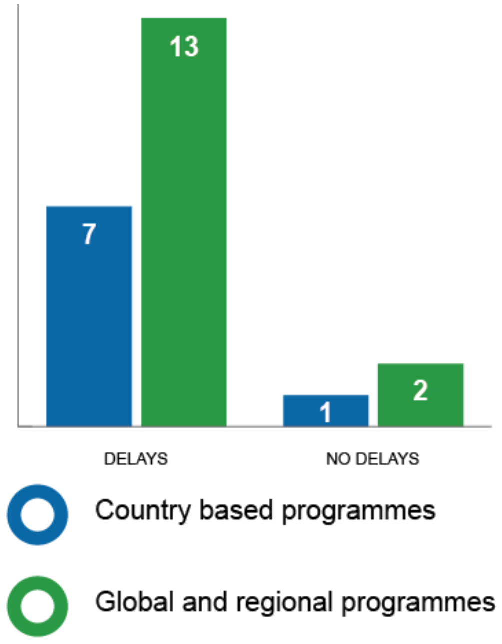
Figure 13: Number of Prosperity Fund programmes experiencing delays



Source: PF Programmes Annual Review reports, 2019.

[53] The India Green Growth Equity Fund was transferred from the PF Portfolio to the DFID India Portfolio at the start of the 2020–21 financial year.

Figure 14: Types of Prosperity Fund programmes experiencing delays



Source: PF Programmes Annual Review reports, 2019.

unlikely to have any impact on delivery of outputs. Although it is clear that there have been delays in some components of the Global Finance Programme, it has been smart in ensuring that there are 'quick wins' and that delays in some subcomponents are not having an impact on the delivery of wider outputs.

The Annual Reviews for seven programmes indicate that they are explicitly not currently on track to achieve their planned objectives as a result of delays or are at risk of failing to deliver all of their planned outcomes as a result of delays. This includes the four programmes that were scored 'B' in their 2019 Annual Reviews. The fact that 30 per cent of programmes reviewed in the past year are concerned about the impact of delays on achieving plans clearly reflects problems with moving into implementation. Although delays in the PF have been recognised for some time, the level of delays and their potential impact may not have been as well understood.

It is not the case, according to the Annual Reviews, that these programmes have been poorly designed or implemented. Instead there is now a significant risk of programmes failing to achieve their planned impact simply as a result of delays in the process of moving from planning and design into implementation.

Types of programme experiencing delays

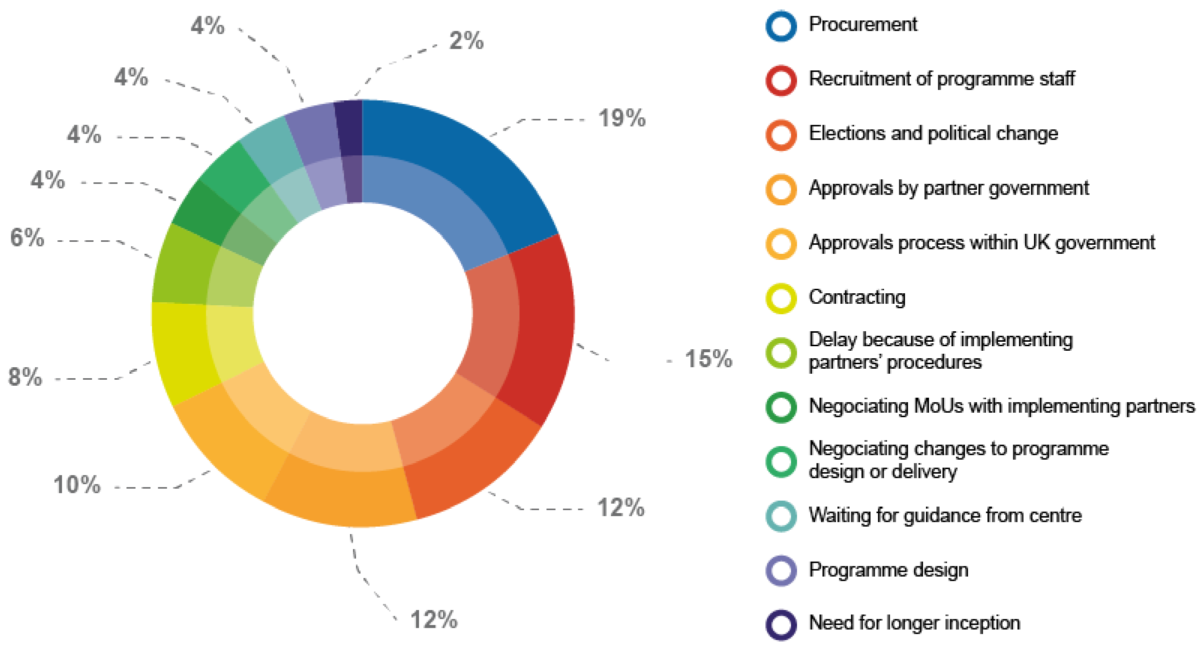
There is no pattern in the types of programme experiencing delays: bilateral programmes and regional and global programmes have a similar propensity to experience delays (see Figure 14). Both bilateral programmes and regional/global programmes have experienced delays in procurement and contracting in roughly equal proportions (of the 14 programmes reporting issues in these areas in Annual Reviews, 9 were global programmes and 5 were country programmes, almost exactly the same proportion of the respective totals). The conclusion is therefore that delays are not correlated with programme type. From a lead department perspective, fewer DFID programmes have experienced delays than those led by FCO or OGDs. However, this is largely expained by the mode of delivery selected. Fewer DFID programmes were commercially procured and were therefore less prone to delays as a result.

Reasons for delays to Prosperity Fund delivery

The content of Annual Review reports was analysed in order to understand the reasons for delays, with 51 reasons cited in total. The most common reason (cited 10 times) was delays in procurement. In addition to general procurement delays, four programmes referred specifically to delays in contracting, and two more to delays in agreeing memoranda of understanding with multilateral implementing partners. In all, procurement and contracting processes are reported to have caused around 31 per cent of all delays, as can be seen in Figure 15 overleaf. In most of these cases, delays were attributed to lack of expertise in procurement and contracting processes, reflecting the fact that procurement of large-scale programmes (as compared to other forms of procurement) is relatively new to some HMG departments new to ODA. Other regularly cited reasons for delays include difficulties in recruiting programme staff (eight programmes); elections and political changes (six programmes); delays in negotiation and obtaining approval of partner governments (six programmes); and delays in approvals of business cases in the UK (five programmes).

The reasons for delays in implementation given in Annual Reviews are set out in Figure 15, based on analysis of the 51 reasons for delays cited in the reports. It clearly shows that – although there are important external factors causing delays for some programmes – the majority of delays have causes internal to the PF, which can be addressed through improvements in systems and processes.

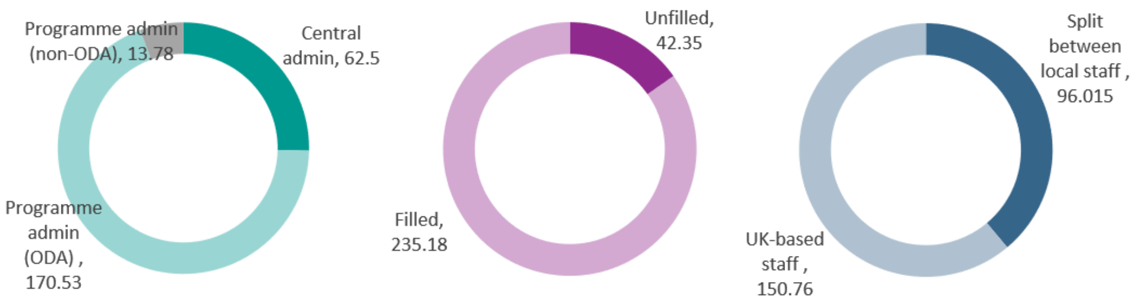
Figure 15: Reasons or delays to Prosperity Fund implementation



Source: PF Programmes 2019 Annual Review reports

Analysis of programme staffing set out in Figure 16 shows that some recruitment issues remain, with 15 per cent of staff positions unfilled.

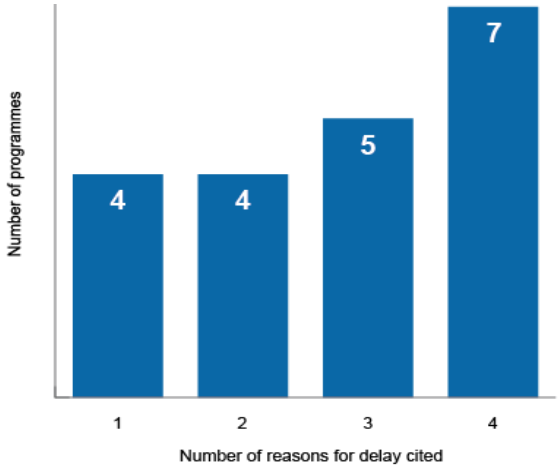
Figure 16: Breakdown of Prosperity Fund staffing information (full-time equivalents)



Source: Prosperity Fund Portfolio Board Report, February 2020

Delays for most programmes were caused by a combination of different internal and external factors. Seven programmes (30 per cent of those that gave reasons for delays) cited four different reasons, and a further five programmes (22 per cent) cited three different reasons for delays, as set out in Figure 17. This demonstrates that multiple factors contributed to delays for many programmes. There are no strong patterns in display in terms of particular combinations of factors leading to delays, although (as might be expected) delays caused by elections are correlated with delays in obtaining partner government approvals in two out of three cases. Delays in recruitment of core, experienced programme staff are also correlated to delays in procurement, contracting and negotiation of memoranda of understanding with implementing partners. Again, this might be anticipated, as it reflects both the workload required for these phases of work, and the level of programme staff expertise needed to deliver these activities effectively.

Figure 17: Number of different reasons for delays to delivery



Source: PF Programmes 2019 Annual Review reports

Addressing the impact of delays on Prosperity Fund going forward

The evidence from documentation review and interviews with stakeholders indicates that future PF programmes should factor in more realistic timelines for set-up (including approvals, staffing, procurement and contracting) and consider how approval and assurance processes can be made less arduous and more proportionate to spend. Programmes should consider contracting out design work to suppliers to speed up timelines to delivery. A capability audit of departments leading PF Programmes using ODA funding and managing large scale, multi-year programmes should be considered.

The Joint Fund Unit's structures and systems

This evaluation did not focus in detail on the JFU's structures and systems to monitor whether delivery of the portfolio is on track, manage the portfolio and make decisions. However, with programmes moving fully into implementation, this is becoming an increasingly important topic, and will need to be considered in future evaluations at Fund level.

8.1.2.2. Sub-question 1f: What has the Prosperity Fund achieved to date?

Some programmes have been able to move into implementation rapidly and early evidence of outcome-level achievements is emerging. The PF operates in a dynamic environment, with multiple actors working to deliver similar objectives, including partner governments, multilaterals and other donors and businesses. Because of this, results identified to date are not fully attributable to the PF. A more detailed analysis of the strength of the PF's contribution to results and outcomes will be a focus for EL in the Year 3 evaluation (2020–21) and subsequently.

There is initial evidence in Annual Reviews and Evaluations that early progress is being made towards achieving primary purpose outcomes. There is also evidence that the PF is generating soft power (a secondary benefit), supporting diplomatic efforts to conduct dialogue, negotiations and agreements with partner countries, as set out in Table 5.

Table 5: Examples of soft power generated by Prosperity Fund programmes

Area of achievement	Description of perceived achievement
Facilitating action on climate change	The Fund's Energy and Low Carbon Economy programme in China is essential to achieving global climate change goals. It complements the UK's expertise, for example as a leader in offshore wind, and promotes the UK's agenda for the 26th UN Framework Convention on Climate Change Conference of the Parties (COP26). The Fund also leverages existing host-country expenditure. For example, activities delivered through the China Infrastructure and Energy programmes

Area of achievement	Description of perceived achievement
	have fed into Chinese climate risk programming, raising China's ambitions around its own climate targets. The Future Cites strand of the Mexico Programme is working in Mexico City and elsewhere on improving the governance of transport systems. This has opened the way for International Climate Finance to work on financing the physical elements of the systems. In this way, modest Fund effort is allowing the International Climate Finance programmes to go further than would otherwise have been possible.
Promoting dialogue	Discussions about cyberspace with foreign governments can be difficult to progress when framed in the context of security concerns. Nonetheless, the establishment of regular cyber strategy dialogue with the government of South Africa has been enabled through the Digital Access Programme. This frames these issues within a discourse focused on mutual prosperity rather than security.
Strengthening relationships	In South East Asia, there is evidence that the Fund has become a significant source of soft power. For example, the UK is now applying for dialogue partner status in the ASEAN in its own right, not as part of the EU. The ASEAN programmes provide some flexibility to meet the ASEAN criteria and are facilitating pre-application process discussions.
Accelerating the negotiation of a trade agreement	The South Africa Customs Union and Mozambique Trade Facilitation Programme (part of the Global Trade Programme) is supporting the reduction of non-tariff barriers. The PF also provided resources that helped Lesotho, Mozambique and Swaziland to maintain the pace in negotiations to replace an existing EU trade agreement by a key deadline. Stakeholders perceived that without the support of PF, this deadline would not have been achieved.

Source: Stakeholder interviews

Other achievements include bedding down institutional delivery arrangements and developing capacity to deliver ODA across other departments (see Section 8.1.3.2).

8.1.2.3. Sub-question 1g: What is the likelihood of Prosperity Fund success, given scale of ambition, timelines for implementation and progress on the ground to date?

Ambition according to the Fund's Theory of Change

The ambition of the PF, as set out in its ToC, is to make a contribution to higher rates of inclusive growth in partner countries, by implementing programmes that support higher levels of trade and investment. A range of factors are likely to influence whether this occurs. Some key factors are whether the ToCs underpinning individual PF programmes are sound, whether there is ongoing willingness and capacity from partner governments and beneficiary institutions to engage, whether programmes are implemented effectively and whether they have enough time to achieve their objectives.

For this evaluation cycle, the evaluation team assessed the PF's likelihood of success by reviewing the available evidence on the first of these factors, the ToCs. The other factors will be assessed in future evaluation cycles as programmes move fully into implementation. As shown in Table 6, eight out of the nine programmes whose ToCs EL assessed for evaluations or readiness reviews[54] show evidence that they will achieve their objectives, either to a moderate degree (six programmes) or to a high degree (two programmes). At this stage in the Fund's implementation, the assessment of this sample of PF programme ToCs indicates that the PF portfolio has a reasonable likelihood of success.

Table 6: Do theories of change provide confidence that results will be achieved?

Programme	Source of this assessment	Confidence of achieving objectives provided by ToC
ASEAN Economic Reform	Cycle 1 Evaluation Report, 2019	Low
Better Health	2019 Readiness Review	Moderate
Centre for Disaster Protection	Cycle 1 Evaluation Report, 2019	Moderate
China Phase 1	Cycle 1 Evaluation Report, 2019	Moderate
Colombia	Cycle 1 Evaluation Report, 2019	Moderate
Mexico	Cycle 1 Evaluation Report, 2019	Moderate
Horn of Africa	2019 Readiness Review	Moderate
UK–India Green Growth Equity Fund[55]	Cycle 1 Evaluation Report, 2019	High
Global Business Environment	Cycle 1 Evaluation Report, 2019	High

Source: EL programme evaluation and readiness review reports

Prosperity Fund and innovation

In considering the Fund's level of ambition, the evaluation team also explored the extent to which the Fund is innovative. Stakeholders interviewed for this Fund-Level evaluation viewed innovation in a holistic way – seeing the focus, country coverage, delivery model and work of the Fund as examples of ways the Fund is innovative.

The mutual prosperity model was rated by the majority of stakeholders consulted as innovative, through its promotion of the use of ODA not only to reduce poverty but also to create opportunities for international and UK businesses. The PF's focus on middle-income countries was also considered to be a distinctive feature of the Fund by stakeholders interviewed. The longer-term engagement and larger scale of programmes is also thought to be pioneering for some government departments that are more accustomed to much smaller, shorter-term projects.

Stakeholders also perceive that the PF has encouraged innovation in how UK expertise is packaged, and how UK expertise can be customised to be useful to different countries. As an example, the PF has worked with DIT to enable it to promote SBs in new areas, to work in developing longer-term relationships with partners and to support their capacity to receive UK trade and investment. Interviewees from DCMS said it would not have been able to establish its Digital Access Programme without the PF.

A number of PF programmes are implementing innovative approaches and pioneering work. Several programmes are using pilots to test innovations as proof of concept, for example the China Financial Services Programme, although concerns were raised about the ability to take these pilots to scale in view of challenging timeframes for delivery.[56] The limits to innovation within the PF, identified from stakeholder interviews, include the capacity of Programme teams and the PF's own governance

[54] Seven EL programme evaluation reports and two EL readiness reviews. These are independent assessments conducted by external evaluators, as opposed to Annual Reviews, which are typically conducted by Programme teams and other PF staff.

[55] This programme has been dropped from the PF portfolio from the start of the 2020–21 financial year.

[56] China Cycle 1 Evaluation Report, 2019, Page 93.

structure, which tends towards centralised decision-making. Although the centralised nature of PF decision-making is considered effective by stakeholders in terms of coordination and consistency, there are concerns that it is slow-moving, overly bureaucratic and cannot take account of all conditions on the ground.

Stakeholder views on the Fund's risk appetite were mixed. The PF is innovative, but the high level of scrutiny under which it operates, and the level of confidence and capacity in departments new to ODA delivery were cited as factors reducing the risk appetites of Programme teams. Some stakeholders perceived that the approaches selected for most programmes (commercially contracted technical assistance or delivery by multilaterals) were low-risk, tried-and-tested mechanisms, and that the PF portfolio should be taking higher levels of risk. Stakeholders interviewed also reported some degree of institutional risk aversion, in particular in departments that are less accustomed to working on large-scale development programmes.

8.1.2.4. Sub-question 1a: Is the Prosperity Fund's level of ambition and hypothesis for change articulated in its Theory of Change realistic and appropriate?

Realism and plausibility of objectives

For the Fund as a whole, the principle upon which PF interventions are based, appears sound: poverty can be alleviated through economic growth while offering benefits to the private sector, given adequate time. There is now greater clarity on how the PF helps to drive delivery of overall government prosperity goals. A range of stakeholders were interviewed for this review, and when asked about the overall ToC for the Fund, almost all of them assessed it to be plausible. It is notable that most country programmes are "going with the grain of national reforms" – for example the China Prosperity Programme.[57] This is an appropriate approach and will significantly improve the likelihood that PF ambitions will be achieved.

Feedback from the stakeholders interviewed for this review indicated that almost all of them perceive the PF to be an appropriate initiative for reducing poverty, given its focus on ODA-eligible middle-income countries, in which around 60 per cent of the world's poor live and where 60 per cent of global growth is expected to come from by 2030. This conclusion was echoed by the International Development Committee in its 2019 report on the definition and administration of ODA.[58] The PF is also considered an appropriate mechanism for promoting the UK's mutual prosperity agenda, for which it is a core instrument.

In keeping with an initiative of its size and scale, the PF is ambitious. While progress has been made in implementation, analysis of spend to date shows it has been at a slower rate than originally intended. A number of stakeholders interviewed for this review were concerned that if timelines for programmes were not extended, significant value would be lost, given that many will only have had two or three years of implementation. As one stakeholder commented: "Without an extension the Prosperity Fund will lose a lot of the value that it might create … development doesn't happen in small windows of four years". Programme delivery timescales need to be reconsidered and extended to allow the PF to achieve its ambition. More time is needed to ensure pilot and incubation projects undertaken as a part of programmes can be completed, evidence of results analysed, and then taken to scale.

At programme level, there is some variation in the level of ambition: some (for example the ASEAN Economic Reform[59] programme) focus on policy adjustments, whilst other programmes which started out with very high ambitions (for example China and Colombia), are now tempering these as

[57] China Cycle 1 Evaluation Report, 2019 p55, Page 63.

[58] IDC, Definition and administration of ODA, Fifth Report of Session 2017–19, Page 33.

[59] ASEAN Economic Reform Cycle 1 Evaluation Report, 2019, Page 14.

programmes move into implementation. Feedback from stakeholders interviewed indicates that although some still consider the level of ambition to be a little optimistic, the level of ambition of PF programmes is appropriate**.** Several interviewees commented that it is better to aim high, even if only some of the objectives are finally achieved in full. One stakeholder described the Fund Theory of Change as "optimistic, but not implausible".

Realism about achieving secondary benefits

More support to drive the achievement of SBs is needed. Access to additional non-ODA funding sources is considered important by stakeholders to help strengthen PF engagement with DIT and enhance the scope for realising SBs. Non-ODA funding regimes should be adjusted, such that non-ODA funding is secured for the duration of the PF (rather than on an annual basis), and so that programmes can apply for both sources of funding at the same time.

Global good

Departmental and Programme team stakeholders interviewed in this evaluation noted that the PF's contribution more widely and its impact on international development and global good[60] should be better recognised. The focus on business environment reforms in PF partner countries, for example, creates additional positive global benefits by contributing to a fairer playing field for companies globally. Similarly, the PF's China Infrastructure Programme, which supports China's development efforts[61] in third countries, has positive implications for the development of third country access to markets and global trade. The 2018/19 Prosperity Fund Annual Report notes the importance of the PF's role in delivering global good: 'The countries where the Fund operates also contribute to vital economic development beyond their borders and are key markets for global goods and services'[62] .The business case for the first phase of the China programme picks this up and explicitly refers to PF's potential impact on global good: 'China's influential role in the production of global goods, including in securing worldwide health, development and vital infrastructure, as well as being a significant partner in the battle against climate change'.[63] In the Cycle 1 Evaluation Report for the China Prosperity Programme, stakeholders now perceive that impact on the global good is even more important than had originally been recognised,[64] and needs to be more fully articulated. This is also the case for global programmes and for some other bilateral country programmes.

Ongoing improvement/refinement of theories of change

Nevertheless, PF Programme teams need to continue to review the hypothesis for change underpinning programmes and projects. Given the dynamic contexts in which programmes are implemented they should also reflect on how interventions will achieve change and assess effectiveness on an ongoing basis. Not reviewing assumptions on how change will be brought about, and on the links between activities and outcomes will pose a risk to successful delivery of results. Annual Reviews and evaluations have all pointed to the need for ongoing improvement to ToCs; a key focus of the EL team in the coming year will be to review the level of ambition of the ToC in relation to resources and to test the validity of assumptions.[65]

There are a number of common areas where refinements to the ToCs still need to be made:

---

60 A Global Public Good is an International Public Good which, while not necessarily to the same extent, benefits consumers all over the world. These benefit the global community, for example: lower global carbon emissions as countries transition to renewable energy; fewer avenues/harbours for illicit money; reduced transmission vectors for disease.

61 China Cycle 1 Evaluation Report, 2019, Page 23 and 73, and China Annual Review, 2019, Page 1.

62 Prosperity Fund 2018/19 Annual Report, Page 5.

63 China Prosperity Fund Phase One Business Case, Page 24.

64 China Cycle 1 Evaluation Report, 2019 Pages 9,14, 59, 63-4, 96.

65 Horn of Africa Annual Review, 2019, Page 14.

- Causal linkages need to be clarified, as well as the potential for positive reinforcement between programme components (as noted in the ASEAN Economic Reform, China and Colombia Cycle 1 evaluations). The Colombia Programme has also demonstrated how continuously refining the ToC strengthens the articulation of causal pathways.
- Supporting narratives need to be developed, given the complexity of the issues that the PF is addressing and the varied contexts in which it is working. A one-page figure is generally not enough to explain the thinking behind PF programmes and how reforms will be achieved.
- Assumptions need to be clarified and continuously reviewed. At present (for example in the China Prosperity Programme), assumptions are understood but not yet fully articulated in the ToC. It is clear from practice that some assumptions are optimistic (for example in Colombia in relation SBs).[66] PF programmes operate in dynamic contexts, subject to change and as such the assumptions underpinning change need regular updating.
- Causal chains in ToCs need testing as programmes move into implementation, for example with the China Prosperity Programme,[67] the ASEAN Economic Reform Programme[68] or the Global Trade Programme.[69]
- The integration of G&I considerations can still be improved, and SB opportunities also sometimes need more clarification in relation to casual pathways and timescales for realisation.

There is solid evidence of Programme teams already refining ToCs, with major reviews and adaptations often taking place during inception phases before programme implementation starts (for example in the China Prosperity Programme (Phase 1), the Colombia Programme, the Global Anti-Corruption Programme, the Better Health Programme and the Global Business Environment Programme).

8.1.2.5. Sub-question 1b: Is the balance of programmes and expenditure commitments between sectors and geographies aligned with expected results?

Geographic focus

PF priority countries and regions include Brazil, China, Colombia, India, Mexico, South East Asia and Turkey. Many of these are middle-income countries and all of them are countries with high-growth potential, which the UK government views as important future markets. This strong focus on middle-income countries is deemed appropriate, not only by stakeholders, but also by scrutiny bodies.[70]

[66] Colombia Cycle 1 Evaluation Report, 2019, Page 9.

[67] China Cycle 1 Evaluation Report, 2019, Page 17.

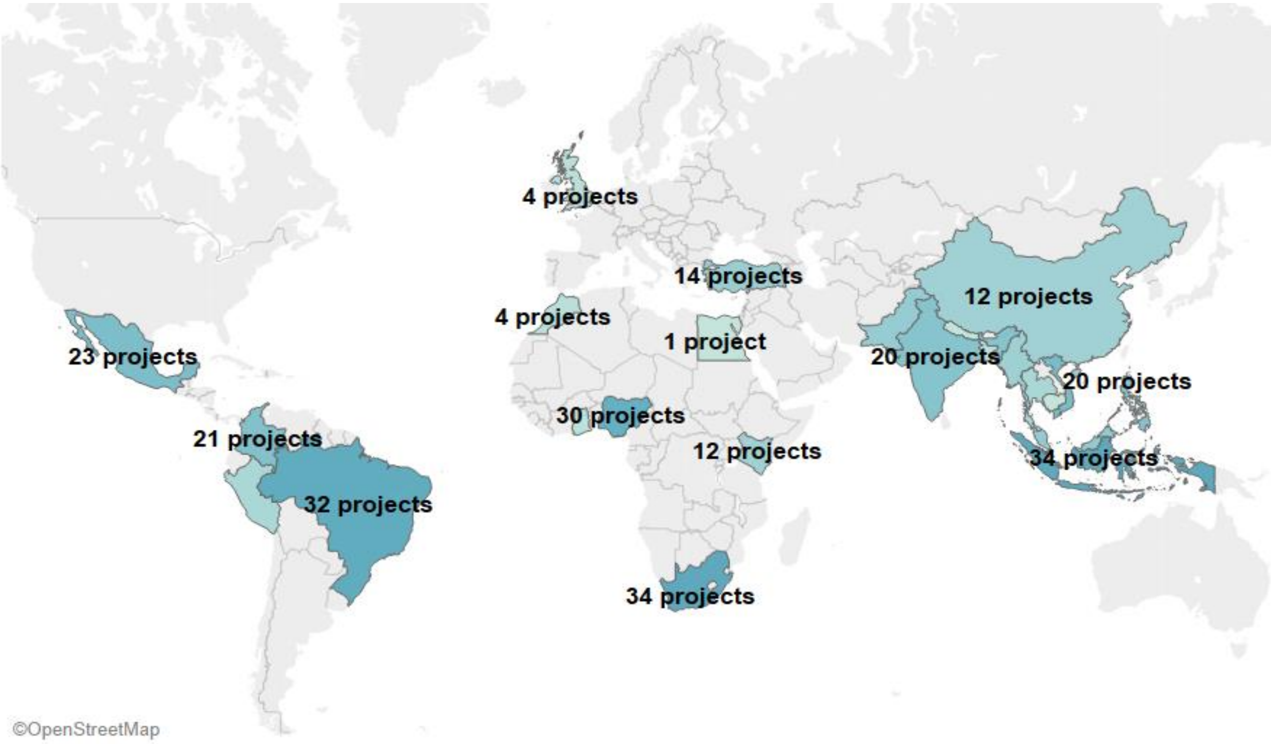
[68] ASEAN Economic Reform Cycle 1 Evaluation Report, 2019, Page 11.

[69] Global Trade Programme Annual Review, 2019, Page 9.

[70] House of Commons International Development Committee, Definition and administration of ODA, Fifth Report of Session 2017–19, Page 10.

Some of the PF's programmes, for example the Global Business Environment Programme, have made efforts to ensure that they operate in a broad base of countries and have a range of programmes, to mitigate unforeseen risks. Some stakeholders expressed concern that initial funding for certain global programmes was allocated equally across countries (for example the ASEAN Economic Reform Programme),[71] with the risk that resources were spread too thinly and fragmentation might occur.

Figure 18: Number of projects within countries



Source: Prospero (pfprospero.co.uk) – generated February 2020 with data as at February 2020

As can be seen in the map in Figure 18,[72] some countries have multiple PF programmes. Programme teams in Brazil, a country which has both a country programme and global programmes operating within it, have taken steps to bring about effective coordination of different programmes operating in country (especially the range of global programmes). Both the Brazil and South Africa Programme teams have established mechanisms to coordinate these different programmes. The British Embassy in South Africa has gone further. Stimulated by the advent of the PF, it has developed cross-departmental strategies and is setting up virtual teams in some common areas of work, such as infrastructure, which bring together different departmental interests across the embassy. Countries such as Indonesia and Malaysia, however, still have coordination issues with multiple global programmes operating, but limited embassy capacity to coordinate.

Prosperity Fund strategy

Stakeholders view the PF as a useful mechanism for making strategic, co-ordinated, prioritised and integrated use of ODA resources.

As identified in ICAI's 2017 Rapid Review of the PF,[73] there was no explicit strategy at the outset about how this would be achieved, and there were no clearly articulated objectives or portfolio-level

[71] ASEAN Economic Reform Cycle 1 Evaluation Report, 2019, Pages 10, 41 and 61.

[72] The Prosperity Fund Portfolio Board Report, February 2020, Page 16.

[73] ICAI, The cross-government Prosperity Fund: A rapid review, February 2017.

results indicators against which achievement might be measured. ICAI also identified that, despite setting out priority sectors and issues for programming, based on a cross-departmental economic analysis of the number of people in poverty and the potential for inclusive growth, there was limited initial clarity about how the PF would work as an instrument of overall government prosperity policy. The initial 'competitive bid'[74] approach therefore ran the risk of portfolio fragmentation and the underachievement of strategic impact greater than the sum of individual programme parts.[75] This issue has been addressed, as noted above. However, more work is needed to strengthen strategic coherence across government programmes and funds; the PF does not have a cross-government strategy and neither is it integrated into regional boards. Furthermore, stakeholders indicated that the PF needs to think strategically around target sectors and countries of focus. There is a need for country-specific strategies to ensure cross-government objectives are aligned through PF programmes and other funds in country (such as the Newton Fund).

The balance between countries and sectors should be the subject of ongoing review (not least through the Comprehensive Spending Review and the Integrated Review of foreign policy, defence, security and international development). Furthermore, as implementation progresses, and learning on what works or not becomes available, there will be a need to consider adjustment of the mix of the PF portfolio.

Sectoral coverage of the Fund

The Fund is seen as driving broader geographic and thematic reach, and greater diversity than could be achieved through single departmental interventions alone. The competitive funding model used is considered by stakeholders to have provided opportunities for different departments to focus on their specific objectives, thereby ensuring a relatively balanced and varied portfolio of programmes.

The PF spans a range of sectors, which reflects both the priorities of the government departments engaged in delivery and the focus of embassies at country level. Where the PF and DFID operate in the same country, programming does not overlap but is complementary.

There are dedicated global programmes in each sector – and a number of the global programmes contribute to more than one sector. Furthermore, bilateral programmes generally contain a number of different sub-programmes, each focused on one or more of the PF sectors. This diverse sectoral portfolio has been established through cross-government working. Linkages and resulting benefits are evident. However, as noted above, there is scope to strengthen these linkages across strands of programmes, across PF programmes operating in the same country and between programmes in similar sectors in different countries. This will increase impact and ensure coherence in government engagement.

Country programmes show balanced portfolios and linkages between different strands of work, such as between the Energy and Low Carbon and Infrastructure strands of the China Prosperity Programme, or the proposed Phase Two Health and Skills strands of the China Prosperity Programme. This type of approach will help ensure that results generated by the PF portfolio as a whole is greater than the sum of its parts.

Some stakeholders fed back concerns that the PF might have over-emphasised support for building an enabling environment for business in general, rather than narrowing the focus to specific sectors. The view was expressed that SBs can be identified and driven more easily if the envisaged benefits are more directly aligned with a specific sector.

Delivery modalities

---

[74] When different government departments submitted proposals for PF support.

[75] ICAI, ICAI follow-up review of 2017-18 reports, July 2019, Page 6.

Another consideration in the assessment of the balance of the portfolio is the delivery modalities used by the Fund. A breakdown of PF funding according to type of delivery arrangement indicates that the majority (70 per cent) has been allocated to commercial contracts and around 25 per cent has been committed to multilaterals. DFID stakeholders perceive that DFID as a department makes greater use of multilaterals for technical assistance than the PF has done to date, although a like-for-like comparison is difficult to make.

Some stakeholders expressed concerns that multilaterals have been overlooked as delivery partners in favour of commercial contracts. They point to the many advantages of working with multilateral agencies: the modality is straightforward and has the advantage of speed as a procurement phase can be bypassed. Most multilateral agencies have wide experience of implementing development programmes, and often have complementary programmes already running and existing relationships with key stakeholders in partner countries. On the other hand, there is evidence (for example in the Global Anti-Corruption and Global Business Environment programmes) that multilaterals are not always fully aligned with PF objectives,[76] for example in relation to SB goals. There are also examples where it has proved difficult to obtain monitoring data from multilaterals, which have their own established systems that do not necessarily produce the sort of monitoring data that the PF wants. Some multilaterals have been resistant to PF-commissioned evaluations which compete with their own external review processes.

8.1.2.6. Sub-question 1c: Does the design of the Prosperity Fund adequately reflect primary purpose and secondary benefit objectives?

Primary purpose

There is a growing awareness across PF programmes that poverty alleviation will not necessarily come about through general economic growth, trickling down to the poorest. In early iterations of programme design, this had been a key assumption.[77] Some stakeholders, particularly those leading Programme teams, are clear that programme design started from a consideration of primary purpose, through identifying key needs at a country or regional level first. Following this, they identified how the PF might address these needs and how they could support and deliver interventions in areas of UK's comparative advantage. Elsewhere, SB considerations featured from the outset in programme designs, for example in China and Colombia. However, as noted by key stakeholders, even where programming decisions did consider SBs, subsequent work with the support of JFU advisers has helped ensure that the PF will deliver primary purpose in all settings.

Many Programme teams have been on a journey to understand how primary purpose can be fully reflected and achieved through the PF. In some programmes, which focus on global, or high-level regulatory interventions, the linkages to poverty reduction have been intangible or difficult to understand. There is, however, a growing awareness that, without deliberate and appropriate attention to the gender or social inclusion dimensions, economic growth might lead to greater inequality ('do harm'). This risk within the PF is being addressed through increased recognition, appropriate analysis in inception phases and an ongoing emphasis on G&I plans. Nevertheless, monitoring the balance between delivering primary purpose and SBs will continue to be an important task in Annual Reviews and evaluations. There is also scope for the JFU to support a review of the Fund-level ToC in the light of refinements to programme-level ToCs, in part to reflect the more developed thinking on, and experience on the ground of delivering primary purpose and SBs.

[76] Global Anti-Corruption Programme Annual Review 2019, Pages 16–17; Global Business Environment Programme Annual Review, 2019, Page 10.

[77] ASEAN Economic Reform Cycle 1 Evaluation Report, 2019, Pages 53–55; ASEAN Economic Reform Annual Review 2019, Page 8; and China Annual Review, 2019, Page 8.

Secondary benefits

There is growing understanding about how SBs are likely to emerge, with systems to support Programme teams in identifying and achieving SBs. It is clear that developing specific SB plans has helped clarify thinking and supported programming decisions. The Better Health[78] and ASEAN Economic Reform[79] programmes are examples of programmes that have well thought through SB strategies. Systems to help Programme teams identify and realise SBs are also in place. In Colombia and Brazil, the programmes have established private sector advisory panels, which aim to engage the private sector to participate in thinking on programmes that should benefit them.

There is now a growing understanding within the PF on how SBs are likely to emerge. However, along with this improved understanding is a recognition that the timescales over which many SBs occur will vary. While some SBs are already emerging in the early phases of implementation, and can even support achievement of primary purpose, others will not be within the lifetime of PF programming. In these cases, SBs may not manifest themselves until sometime after the end of the PF and thus will present a challenge to reporting.

Supported by DIT staff in-country, country programmes have appeared to find it easier to define SBs than some of the global programmes. While soft power is considered a very important aspect of SBs, stakeholders perceive it as intangible; it is not yet clear to all of them how best to capture or measure it. In this context, stakeholders recommended that the JFU and the MREL provider should support the preparation of guidance to define and measure soft power.

Stakeholders commented that focusing discussions around an agenda of mutual benefits is well received by partner countries. In some cases, this agenda has enabled better access to significant senior ministerial contacts than had been possible in previous discussions about development issues. There is a perceived change in emphasis, from 'you should do this', to, 'how can we help you achieve your goals?' The PF is reportedly being seen as engendering more of a 'peer-to-peer' relationship with partner country stakeholders. On the other hand, some implementing partners – especially government or international agencies – have shown themselves to be uncomfortable about the explicit focus on generating SBs.[80]

8.1.2.7. Sub-question 1d: Are Prosperity Fund programmes aligned to the Prosperity Fund gender and inclusion policy?

Alignment to Prosperity Fund gender and inclusion policy

The PF's central objective is inclusive growth: the issues facing women and other excluded groups must be at its core. G&I considerations are increasingly better embedded in programme design, mechanisms and processes.

The PF has a G&I policy in place that sets ambitious standards for programmes contributing to improving gender equality and inclusive growth in their contexts. In early 2019, the EL team benchmarked programmes against the PF's G&I policy and found that half of programmes were meeting the PF's standards, and half had further work to do.[81] However, more recent EL G&I scorecard assessments of 11 programmes undertaken as part of programme evaluations and readiness reviews found that scorecard results have improved on specific dimensions of the scorecard, even if the overall scores have not changed significantly. These are set out in Table 7. Four programmes gained an overall score of 3 (minimum level of alignment with PF G&I policy) while

[78] Better Health Readiness Review, 2019, Page 8.

[79] ASEAN Economic Reform Annual Review, 2019, Page 9.

[80] China Cycle 1 Evaluation Report, 2019 p.17, p.68; Global Business Environment Programme Cycle 1 Evaluation Report, 2019, Page 54, and ASEAN Economic Reform Cycle 1 Evaluation Report, 2019, Page 56.

[81] G&I Stocktake Review May 2019, Pages 8 and 10.

seven scored 2 (insufficient evidence of alignment with PF G&I policy). Even those that scored 2 overall scored more highly on some elements of the scorecard. Overall, most programmes have continued to improve, demonstrating a growing understanding by Programme teams of the importance of alignment with the Fund's G&I policy.

Table 7: Gender and inclusion scorecard analysis for Prosperity Fund programmes

Programme	Programme design	Internal capability	Financial resources	Accountability mechanisms	Partnerships	Average overall score
D01. Centre for Disaster Protection	2	3	2	2	2	2
D03. Colombia	4	3	N/A	3	3	3
D02. Global Business Environment Programme	2	3	2	3	3	2
D04. UK-India Green Growth Equity Fund	2	2	2	2	2	2
D08. South East Asia Economic Reform	3	2	2	2	3	2
D15. China Prosperity (Phase 1)	2	3	N/A	2	2	2
D16. Mexico	3	3	3	3	3	3
D20. China Prosperity Phase 2	2	3	N/A	2	3	2
D26. Investment Promotion	3	3	N/A	3	2	3
D28. Horn of Africa	3	3	3	3	3	3
D29. Indonesia Regulatory Reform	2	2	3	2	2	2

Key to colour coding				
1 Not aligned with PF G&I Policy	2 Insufficient evidence of alignment with PF G&I Policy	3 Minimum level of alignment with PF G&I Policy	4 Potential for women and girls' economic empowerment (Level 3 +)	5 Potential for transformation (Level 3, 4 +)

At the business case stage, many programmes had made assumptions about PF-supported reforms leading to inclusive growth and equitable benefits for all types of firms and people. Programmes had to do further work post-Business Case stage, to better understand the specific barriers faced by women and other excluded groups and adjust designs accordingly.

There were also a handful of programmes in which G&I was embedded into core objectives and has been considered since the outset of the programme (for example, the Better Health Programme, the Skills for Prosperity Programme, the Colombia Programme and the Mexico Programme). For instance, the Better Health Programme has gender equality as an important and deliberate objective – intending to address the issue of unequal access to health services for women and people living in poverty.[82] The Mexico Programme has also made significant efforts to ensure gender considerations were mainstreamed across all projects, as well as ensuring that suppliers had strong G&I expertise.[83] The Financial Services strand of the Mexico Programme aims to empower women through increasing their financial independence by providing innovative financing tools and increased access to financial services. Its detailed ToC for the Financial Services strand is gender-responsive, aiming to address specific aspects related to gender inequalities in the sector, includes related outcomes and gender-responsive activities and is supported by a narrative, evidence and assumptions. There is a clear pathway to assessing barriers to women in this sector and targeted activities to address them such as work through the national programmes and on financial technology related to remittance payments.[84]

Social development, and particularly G&I, were often new and unfamiliar to Programme teams. Directives and guidance on G&I from the centre and a growing understanding of the importance of and how to build G&I into programming on the part of Programme teams came late in the design process. JFU support and guidance to Programme teams on G&I was widely appreciated by stakeholders interviewed. Support from the three JFU social development advisers and access to the DFID Work and Opportunities for Women Helpdesk were also valued by some Programme teams.[85]

Post-design gender and inclusion considerations

G&I considerations often came after the initial programme design. Some programmes have commissioned additional G&I analyses, and others have used the inception phases to increase the focus on G&I.[86] The Global Anti-Corruption Programme commissioned a paper on the effects of organised crime and corruption on women and girls and has plans to conduct more research and evidence gathering to analyse the impact of macro-level anti-corruption interventions on gender and social inequalities[87]. The China and Colombia programmes are looking to implementing partners to undertake additional studies in inception phases and as a part of project implementation management. In most cases, this does not appear to have impacted the quality of design, and some key stakeholders at programme delivery level perceive that this work has improved design quality and rigour. Given that much of this work has been undertaken during inception phases, many of which have been taking place during the year under review, more evidence is expected to emerge from Annual Reviews and evaluations that will be undertaken in the 2020–21 financial year. However, in relation to some programmes that were already well into implementation in 2019, there has been limited scope to make substantial changes to programme design or undertake new

[82] Better Health Annual Review 2019.

[83] Mexico Cycle 1 Evaluation Report 2019.

[84] Mexico Cycle 1 Evaluation Report 2019, Page 139.

[85] Global Trade Programme Annual Review 2019, Page 10.

[86] China Cycle 1 Evaluation Report 2019, Page 103.

[87] Global Anti-Corruption Annual Review 2019.

activities. This is the case, for example with the Global Business Environment Programme,[88] for which it was noted that some opportunities for early G&I diagnosis to inform programme design had been missed.

Improvements to programmes

Programmes have continued to make improvements on a number of fronts. Programmes have set G&I-related requirements to suppliers to ensure project proposals and designs meet the PF's G&I requirements and suppliers have adequate G&I expertise and resources to execute these projects. Programmes have also made commitments and have commissioned further G&I assessments to inform programme design. For instance, the Indonesia Renewable Energy Programme set specific and clear requirements for bidders and bid evaluators throughout procurement and involved JFU social development advisers in the bid evaluation processes. This enabled the Programme team to "differentiate tokenistic responses and approaches from the potentially transformative ones" and incentivised suppliers to ensure strong G&I considerations in their final proposals.[89] In China, the growing realisation of the critical nature of G&I has meant that implementing partners were required to increase their G&I inputs and focus. This is starting to pay off as G&I is starting to be embedded in designs during the inception phases of the programme.

Prosperity Fund partners and gender and inclusion

Many Prosperity Fund partners (both commercial and multilateral) have proven ODA experience, and have been able to enhance G&I analysis, strategies and programming content with direction and guidance from the JFU SDAs.[90] However, programmes delivered by multilaterals have not always ensured that G&I is integrated consistently into programme design, operations and processes, even though they do have in-house G&I expertise. Other partners, who have lacked G&I experience (for example in Colombia) are gaining an understanding of how to think about this key issue as a result of the PF. Working with implementing partners has generally enabled programmes to draw on high quality external G&I expertise. However, Programme teams still need to have adequate internal G&I capacity to manage the work of suppliers to ensure these meet PF G&I requirements. Programme teams also need to ensure adequate oversight to manage the programme and risks related to G&I.

Level of ambition

Fact-finding interviews with stakeholders identified that a small number perceive that the PF's G&I aims and requirements are currently too ambitious and programmes should be able to set their own level of G&I ambition, provided they are achieving the minimum level of alignment with the PF's G&I policy. According to these stakeholders, programmes with higher G&I ambitions (transformational change) can elect to do more to reach higher levels of the PF's G&I Policy.

8.1.3. Evaluation question 2: What factors have contributed to or hindered the Prosperity Fund's achievements?

This section explores the factors that have contributed to or hindered the PF's achievements, examining leadership, governance and management processes that have been established for PF. It also considers how the inter-departmental approach at the heart of the PF is currently working, before considering whether the PF is doing things in an efficient and effective way to achieve benefits both for partner countries, the UK and other countries, and whether the PF is set up to deliver VfM.

---

88 Global Business Environment Programme Cycle 1 Evaluation Report 2019, Page 41.

89 Indonesia Renewable Energy Annual Review 2019.

90 China Cycle 1 Evaluation Report 2019, Pages 90 and 94, and Centre for Disaster Preparedness Cycle 1 Evaluation Report 2019, Page 10.

8.1.3.1. Sub-question 2a: Is the Prosperity Fund set up for success in terms of leadership, governance and management processes?

The stakeholders interviewed (both in Programme teams and across government departments) consider leadership and governance structures to be largely fit for purpose, due mainly to the ongoing evolution and strengthening of these processes over time. Evidence shows that it can take several years to put the necessary systems and processes in place to spend aid well.[91] The PF has responded well to recommendations from the Infrastructure and Projects Authority and ICAI reviews to strengthen systems and processes,[92] demonstrating a commitment to effective governance.

Management and oversight of the Fund

The complexity of managing the PF is clear from the evidence reviewed. It remains important to balance requirements for good management and oversight with minimising burden on Programme teams and PF stakeholders, and ensuring decision-making processes are agile and responsive. Stakeholders consider that assurance processes are too detailed and demanding. Several interviewees reported that the approval model for the PF requires more scrutiny and much more time than for DFID programmes, and that the level of scrutiny is not always proportionate to spend or the level of risk. Stakeholders also requested devolved decision-making when the financial sums and level of risk were deemed to be low, to allow more nimble and flexible decision making. Evidence from evaluation reports support these findings.[93]

As programmes move into implementation, they face new challenges such as bedding down institutional ways of working and agreeing delivery requirements with implementing partners. Working with implementing partners to deliver complex development programmes is new to staff in most Programme teams, and they have had to work out their roles in managing programmes as they are being implemented. It has taken time to move from the detailed operational management approach that was needed during the design and initial transitional[94] project phases of the PF to the more strategic management that is now required. Although some implementing partners are multilateral institutions or commercial providers with experience of development programme delivery, other partners are new to this type of programme, or have not worked on UK aid programmes before. In Colombia, for example, it was a challenge to set up governance arrangements and engage with all three core implementing partners, as each had individual institutional ways of working, processes and delivery requirements that did not always comply with PF regulations. These issues have been mainly resolved.[95]

Collaboration with multilateral organisations, the private sector and between programmes

There is strong engagement with multilateral organisations (the World Bank, the OECD, UNDP, etc.) in delivering the PF. Stakeholders note that the management of multilaterals as delivery partners requires a different management approach to the one used for commercial providers, or for in-house delivery by the government. The benefits[96] need to be balanced against disadvantages experienced by some programmes (as set out in the section on sub-question 1b on Page 62).

---

[91] ICAI, The Current State of UK Aid: A synthesis of ICAI findings from 2015 to 2019, June 2019, Page 25.

[92] ICAI, The Current State of UK Aid: A synthesis of ICAI findings from 2015-2019, June 2019, Page 25.

[93] For example, China Cycle 1 Evaluation Report, 2019.

[94] Transitional projects are small scale projects supported by the PF, which preceded the larger multi-year programmes. Transitional projects supported a range of activities including engagement with stakeholders in partner countries and scoping activities.

[95] Colombia Cycle 1 Evaluation Report, 2019, Page 40.

[96] For example, avoiding lengthy commercial procurement, strong technical expertise and pre-existing contacts and relationships with partner country stakeholders.

Additionally, there have been challenges in ensuring consistency in PF management processes across multi-country programmes or across a portfolio in-country.[97] However, a good example of effective collaboration is in South Africa, where a cross-departmental strategy for all of its PF programmes was developed and virtual teams established where there are common areas of work.

In countries where both bilateral and global programmes are being delivered, programmes have adopted a useful approach to aligning line management structures with financial accountability by structuring virtual teams around strands (i.e. projects), with bilateral programme Strand Leads managed by the Head of Prosperity Fund and the global programme Strand Leads managed by Policy Leads. This is the approach taken by programmes, such as the Brazil, Mexico, Colombia programmes as well as the programmes in South East Asia. It is considered effective according to evidence assessed in Annual Review reports and reported by stakeholders interviewed.[98] In some cases, PF governance structures are not aligned with Programme team reporting lines, for example in China, where some programme SROs report to DIT rather than to the FCO Head of Programmes, and overall the PF SRO.[99]

There are some good examples of private sector engagement in PF management structures. In Colombia and Brazil, the programmes established a private sector advisory panel, which aims to engage the private sector to participate in the design of programmes that are intended to benefit them.[100] In the Better Health Programme,[101] DIT has hired two dedicated staff to develop and implement a marketing plan and long-term business engagement strategy working with the private and public sectors in the UK to generate leads.

Staff capacity and resources

Programme teams are highly committed, hardworking, and dedicated to the PF's success[102] although there have been some issues concerning the sufficiency of staff resources and capacity to manage the programmes in the past, which are being addressed. Insufficient staff resources and gaps in capacity within Programme teams has been an issue for a considerable number of programmes, such as the Global Anti-Corruption Programme, the Global Infrastructure Programme, the ASEAN Economic Reform Programme, the India Green Growth Equity Fund, the Brazil Programme, the Global Finance Programme and the Investment Promotion Programme. It was one of the reasons commonly cited for delays (see Figure 15 and the section on sub-question 1e). A combination of recruitment and active steps to build the capacity of staff have helped address this issue.

The Joint Funds Unit

The Joint Funds Unit is a key feature of the current PF organisational architecture. The JFU is seen as leading on the delivery of a joined-up cross-government approach. It is notable that other cross-government initiatives function without a comparable central hub (e.g. ICF, which involves BEIS, DFID and the Department for Environment, Food and Rural Affairs). The JFU is recognised by stakeholders as adding value in several areas most notably through its cross-government approach and in building Programme team capacity, although there is some scope to improve its work.

---

[97] Global Business Environment Programme Cycle 1 Evaluation Report, 2019, Page 40.

[98] Brazil Annual Review, 2019, Page 2.

[99] China Cycle 1 Evaluation Report, 2019.

[100] Colombia Annual Review, 2019, Page 10.

[101] Better Health Annual Review, 2019.

[102] This was noted in relation to a number of PF programmes, for example in the China and Colombia Cycle 1 Evaluation Reports, 2019.

As an important function of the JFU is to resource Programme teams with the necessary guidance and advice to support delivery, stakeholders were consulted to assess the usefulness of this support.

- Findings indicate that JFU guidance in some areas, such as G&I and support for ensuring consistency across departments, is rated as very useful by Programme teams and other stakeholders. It was noted that the G&I support enhanced capacity in an area that was relatively new for many Programme teams. The main negative feedback was on the number of different pieces of guidance on G&I, issued over a period of almost two years, not all of which was coherent, and some of which came too late to support initial design.
- The JFU guidance on SBs was seen as useful by a number of stakeholders, although most agreed that it had been issued much too late to support programme design, and was not always clear.
- Stakeholders feel the guidance should include more case studies and examples to help Programme teams apply the guidance in a practical way. The Mexico Cycle 1 Evaluation Report[103] notes that some guidance and training from the JFU or the Prosperity Fund Delivery Unit (PFDU) was too generic to utilise in-country without substantial adaptation and also raised concerns about the timeliness of the availability of guidance. The China Cycle 1 Evaluation Report[104] similarly noted that although the guidance was useful, sometimes the application of this learning in practice was challenging. Some inconsistencies in advice received was also cited as an issue faced by the China PF Programme team. Several stakeholders interviewed for the Fund-level evaluation requested that the JFU seeks greater input from other departments in the early stages of developing guidance notes, to access core technical expertise in specific areas (climate change, for example).

8.1.3.2. Sub-question 2b: Is the inter-departmental approach working effectively to deliver the ambitions of the Prosperity Fund?

A cross-government approach is enshrined in the PF's design, and, initially, a competitive-bidding model for funding across government. It has cross-government governance. There is solid evidence of extensive cross-government working across PF programmes. Sixteen of the twenty-five PF programmes are led by the FCO, six by DFID, one by DIT, one by HM Treasury and one by DCMS.

Overall, both evaluation reports, Annual Reviews and stakeholder interviews provide evidence that the inter-departmental approach is working effectively to deliver the ambitions of the PF. It is ensuring PF access to a wealth of expertise from across government, such as DFID's best practice for poverty reduction,[105] DIT's tracking of export and trade opportunities (SBs) in partner countries, the understanding of contextual and political dimensions of delivery in partner countries by the political sections in British Embassies and specific subject matter expertise through access to NHS experts for health interventions and technical experts in business regulation reform.

The PF Global Skills Programme is an example of true cross-departmental working, with DFID setting policy and programme objectives being delivered using the FCO network.[106] The Digital Access Programme has a cross-government team (DFID, the FCO, DCMS) conducting activities in a collaborative and agile manner and offering complementary programmatic and technical expertise.[107] The Centre for Disaster Protection benefitted from building strategic partnerships with the Government Actuary's Department and stakeholders from complementary programmes such as

[103] Mexico Cycle 1 Evaluation, 2019, Page 25.

[104] China Cycle 1 Evaluation, 2019, Page 88.

[105] IDC evidence on OGDs.

[106] Skills for Prosperity Programme Annual Review, 2019, Page 7.

[107] Digital Access Annual Review, 2019, Page 18.

the Global Risk Financing Facility, African Risk Capacity and MAINTAINS.[108] The leveraging of funding from other government sources is allowing the Centre for Disaster Protection to expand the scope and impact of its work.[109]

In addition, the ASEAN Low Carbon Energy Programme is enabling BEIS to conduct further bilateral programmes of their own in this area. While the PF is working in areas core to UK expertise, the PF approach also means working with partners from government that are new to ODA spending, such as the Intellectual Property Office, the Department of Health and Social Care and others. Mechanisms have been set up to help to do this (with, for example, BEIS tying into FCO regional boards). This cross-government approach is viewed as presenting opportunities for complementary working. It is seen to offer VfM by avoiding duplication and overlapping of funding, and to present opportunities to leverage funding from other government sources to expand the scope and impact of work.

Stakeholders generally consider that cross-departmental collaboration ensures effective coordination of in-country government inputs. It joins up communication and improves the ability of the UK government to engage efficiently with stakeholders, which has been welcomed by partner countries. As an example, the India Economic Reform and Prosperity Programme is working in some of the same sectors as existing DFID programmes. However, in the case of the Skills strand, the PF is funding an additional phase of work with a different focus. Similarly, the PF is expanding the range of work currently being supported in India by DIT by entering new sectors (such as renewable energy), helping to maximise the impact of UK spending.[110] Synergies and linkages are also being forged between PF interventions and other government programmes in Colombia (see Box 11).

Box 11: Effective government coordination in country – Colombia

The PF's Colombia Programme coordinates closely with other UK government funds operating in Colombia such as the PF's Global Infrastructure, Global Trade and Global Anti-Corruption programmes, ICF (especially on the Sustainable Infrastructure Programme and the Partnering for Accelerating Climate Transitions Programme), the CSSF, the Newton-Caldas Fund for research and innovation and the UK's Chevening Scholarship Programme. Within the Embassy, there are fortnightly Economic Horizons (Echo) coordination meetings between all the programmes and DIT to share lessons and work collectively towards achieving UK objectives in Colombia.[111]

The PF has helped to get the FCO, DFID and DIT working well together in countries where there are country programmes or multiple global programmes, and on some topics where there is shared interest across departments.

The PF is spanning departmental boundaries to address global development challenges that affect UK interests, for example climate change. Fourteen PF programmes,[112] including programmes focusing specifically on this theme (such as ASEAN Low Carbon Energy or Indonesia Renewable Energy, a number of Future Cities programmes – both global and in-country portfolios – and the Centre for Disaster Protection) address climate change issues. The PF has undertaken work in the past year to support global government action in relation to climate change, and has issued guidance which will help programmes that have a potential significant impact on climate change or that are exposed to high climate change risks to redesign their programmes in response. Stakeholders indicate that there needs to be a more explicit focus on the issues of climate change (including

[108] Centre for Disaster Protection Annual Review, 2019, Page 18.

[109] Centre for Disaster Protection Annual Review, 2019, Pages 2 and 3.

[110] India Economic Reform and Prosperity Annual Review, 2019, Page 7.

[111] Colombia Annual Review, 2019, Page 11.

[112] Prosperity Fund Annual Report 2018/2019, Page 24.

specific consideration in future business cases) and the Fund should continue to take steps to mitigate potential risks in some programming. Overall, however, there is a perception that, as a result of the lack of coordination until recently, the PF's work on climate change is not getting adequate recognition across government. Stakeholders indicate that more systematic information-sharing between ICF and the PF should be encouraged, including greater clarity on roles and responsibilities between different elements of central (UK-based) and in-country staff.

Added value of the Prosperity Fund's inter-departmental approach

Stakeholders consider that the PF adds to core departmental operations and significantly expands upon existing cross-government working in the area of ODA spending**.** It is viewed as complementing departmental activities while developing cross-government capacity in the use of ODA, particularly those new to the use of ODA (such as DIT, for example).[113] Because development challenges such as trade, migration and cyber security affect UK interests that span departmental boundaries, there are fiscal as well as policy integration reasons to want to use ODA across government. There are processes in place to avoid duplication of effort across government (for example, DIT is involved in the Global Trade Programme's research and analysis committee).[114]

The PF has added value, for example, by building a cadre of staff in the FCO in particular, skilled in programme, contract and financial management, as well as monitoring and evaluation and risk management. These are transferrable skills from the PF to core departmental activity. The PF is seen to be mobilising a cross-section of government departments behind the mutual prosperity agenda, as well as showcasing and building on existing UK aid work[115] and sharing good practice or technical solutions (for example in China). The PF is supporting a focus on G&I in poverty reduction, which is an area where some OGDs continue to build capacity.

The Fund is supporting government departments to access resources to deliver on their policy objectives in new countries,[116] and is enabling new partnerships to be forged, for example with multilaterals for some government departments,[117] and other country and regional partners aligned with economic diplomacy objectives (see Box 12).

Box 12: Establishing new partnerships through the Prosperity Fund

Through the PF, DCMS developed new relationships with key partners in middle-income countries – a region of interest due to growing economies and advances in technology ecosystems. The Fund also enabled fifteen internationally recognised tech entrepreneurs to attend the African Investment Summit in January 2020, supporting them to meet key political and commercial stakeholders and positioning UK firms as future business partners. Feedback indicates this could not have been done without the engagement of the Fund.

PF programmes are seen to be targeting areas where the UK can add most value, and to focus on sectors in which the UK has recognisable expertise and leadership. This includes financial services, business environment reform, renewable energy and infrastructure planning.

The PF is credited with opening doors and starting discussions with new stakeholders and is considered useful for building long-term relationships. Interviews with senior staff, and feedback gathered from the Global Prosperity Fund Conference in March 2020 indicate that the PF is now

[113] Investment Promotion Annual Review, 2019, Page 7.

[114] Global Trade Programme Annual Review, 2019, Page 11.

[115] Centre for Disaster Protection Annual Review, 2019, Page 7.

[116] Mainly middle-income countries.

[117] Global Business Environment Programme Annual Review, 2018, Page 9. While some government departments have had a long history of engagement with multilaterals, some government departments have not had the same exposure.

considered a core tool for diplomacy, which "opens doors and facilitates conversations". Moreover, in the FCO, the Fund has given rise to an operational shift from lobbying to programme management and delivery, and a significant broadening of FCO thinking around G&I, climate change and achieving the SDGs. The FCO's geographical footprint enables the PF to work in countries where, for example, DFID no longer has a presence.

Prosperity Fund influence on government strategies and policies

The inter-departmental approach is helping programmes achieve their mutual prosperity objectives. Mutual prosperity is one of the government's tools to ensure external engagement in economic, security and diplomatic spheres in a joined-up way in pursuit of common objectives in the national interest. The PF is specifically linked to the economic security objective of the National Security Council (now the Cabinet Secretariat). The PF's inter-departmental approach has created a coordinated voice and is informing policy and strategy in this space through the PF Portfolio Board and the JFU. The PF is aligned to the FCO's Global Britain agenda and the government's post-Brexit work to build new trading relationships with partner countries.

The PF's inter-departmental approach means that its work has the potential to influence a number of strategies and policies – the UK Anti-Corruption Strategy, the UK International Education Strategy and the climate change policy and COP26 – rather than being in a position to drive government policy. Stakeholders interviewed note that the PF should not be determining policy but can influence it, while also helping to deliver policy goals. The PF is designed to support delivery of government policy aims and enable government departments to build on PF work in their respective policy areas.

8.1.3.3. Sub-question 2d: Is the Prosperity Fund doing things in an efficient and effective way to achieve benefits both for partner countries, UK and other countries?

Management systems

The past two years have been a steep learning curve for many Programme teams on the set-up and delivery of PF programmes. As programmes completed design, procurement and contracting and moved into implementation, there is evidence of continuous improvement. Programme teams have strengthened their management systems and processes, implemented Annual Review recommendations to drive forward improvements in weak areas and accessed support from departmental advisers and MREL suppliers. Institutional arrangements are now working well. Interviews with PF stakeholders indicate that while it has taken considerable time to establish systems and processes, there has been a significant improvement in these during the 2019–20 financial year. This was reported by both central stakeholders (in the JFU and government departments sponsoring programmes) and by Programme teams at post. As one stakeholder noted: "It has taken time to get things up and running. Internal processes have gone from being a bit chaotic to now being a reasonably slick operation. For example, reporting is good … it doesn't feel chaotic anymore."

Departmental capacity to spend Official Development Assistance

The PF is developing the capacity of OGDs to spend ODA funds. In order to set up programmes effectively, it was necessary to refine the business cases that underpin programme delivery, establish governance structures, implement pilot and transition activities, and build teams in London and at post. The PF also involves engaging credibly and developing relationships with key institutions in partner countries, procuring delivery partners and developing ToCs, logframes and work plans. Furthermore, the PF has created a new career path for staff in some OGDs, with opportunities to engage across a number of countries and with a range of departments in programme delivery. Capability to manage large, multi-year programmes has also been developed, as was noted by one stakeholder: “The Prosperity Fund has made the FCO think about how future capability might be built, including how a career structure focusing on PF-type programmes might be developed.”

Engagement with partners

Direct engagement with stakeholders in partner countries has also been important. The evidence in Annual Reviews and evaluations indicates that when Programme team staff engage directly with partner country stakeholders it results in intervention designs that fit better with the local context, as in the ASEAN Economic Reform Programme[118] and in the China Prosperity Programme.[119] Global and regional events have also proved to be effective ways to promote cooperation with partner countries.[120] Engagement with other donors is needed to prevent duplication and avoid overlaps in development support to partner countries.

Access to good quality technical expertise is enhancing the efficiency and effectiveness of PF delivery. Multilateral organisations such as the World Bank are proving to be a particularly valued source of technical expertise[121] and trusted partners.[122] However, some Programme teams have also commented positively on the relevant experience brought by commercial delivery partners, for example in China.

Synergies across programmes

Stakeholders recognise that strong portfolio management is required to identify, explore and exploit synergies to promote efficient and effective delivery, and this has been echoed in evaluations. While there is considerable evidence of linkages between PF and other government programmes, further work is needed to identify and strengthen synergies across different PF programmes operating in the same country, and between programmes in similar sectors in different countries through greater collaboration between PF Programme teams on sectors or areas of common interest.

Risk management

Risk management processes are viewed as working well in the main, and have been strengthened over time. There is evidence of a collective ownership of risk. Departments working with the PF are developing capacity to manage risks associated with compliance with ODA rules and transparency requirements. Stakeholders expect that risk management will continue to improve as programmes move into delivery and as the confidence and capability of government departments new to the delivery of ODA continues to develop.

The 2019 Annual Review found that the PF Mexico Programme team is taking a proactive and appropriate approach to risk management. The Mexico Programme was one of the first PF programmes to move into implementation and as such the Programme team were front-runners in the PF in terms of risk management. The team developed a risk register which was used to design improvements to the Prosperity Fund’s risk template.

There is evidence of collective ownership of risks. The portfolio risk register assigns owners to the specific risks and Programme teams follow this approach. In addition to assigning owners across government for risk mitigation, collective ownership of risks is demonstrated by sharing risk registers with the different governance structures (for example the Investment Promotion Programme shares risk registers with the multiple governance arrangements overseeing the programme).

8.1.3.4. Sub-question 2e: Is the Prosperity Fund set up to deliver value for money?

---

[118] ASEAN Economic Reform Cycle 1 Evaluation Report, 2019, Page 43.

[119] China Cycle 1 Evaluation Report, 2019.

[120] Global Anti-Corruption Programme Annual Review, 2019, Page 13.

[121] Global Business Environment Programme Cycle 1 Evaluation Report, 2019, Page 39.

[122] ASEAN Economic Reform Programme Annual Review, 2019, Page 26.

Overall, the evidence demonstrates that PF programmes are starting to demonstrate VfM.

Value for money scorecard results

VfM is delivered by programmes using tools such as VfM indicators, well evidenced ToCs, and robust governance and risk-management procedures. These areas are assessed in the PF VfM scorecard. The scorecard is based on the 4 Es of economy, efficiency, effectiveness and equity, plus VfM processes such as indicators and governance. A summary of available VfM scorecard assessments for PF programmes is contained in Table 8.

VfM has been rated adequate for PF programmes covered in the first cycle of annual evaluations (2018–19). Of the eight PF programmes for which VfM scorecards were moderated by EL, the average VfM score was 3.5 out of 5, indicating that systems for ensuring VfM over time were considered adequate. As the next cycle of Annual Reviews progresses, and as more VfM scorecards are completed, it will be possible to identify more nuanced achievements and to identify whether progress is being made in improving the PF's VfM.

Table 8: Value for money scorecard analysis for Prosperity Fund programmes

	1 – VfM indicators	2 – Procurement and cost containment	3 – Efficient use of resources	4 – Valid causal pathways	5 – Sustainability	6 – Governance	7 – Risk management	8 - Equity	Average programme score
D02. Global Business Environment Programme (FCO)	4	5	4	4	4	5	4	3	4.1
D04. UK-India Green Growth Equity Fund (DFID)	3	5	4	4	4	3	3	3	3.6
D08. South East Asia Economic Reform (FCO, HM Treasury, BEIS, Intellectual Property Office)	3	4	4	3	3	3	4	3	3.4
D15. China Prosperity (Phase 1) (FCO)	3.5	4	4.25	3	4	4	4	3.5	3.8
D16. Mexico	3	4.5	4	3	3.5	4	5	4.25	3.9
D20. China Prosperity Phase 2	3	2	3.5	2.5	4	3	3.5	3	3.1
D26. Investment Promotion (DIT)	3	4	3	4	N/A	3	4	4	3.1
D29. Indonesia Regulatory Reform (FCO)	3	4	3	3	3	3	4	3	3.3

Key to colour coding				
1. No evidence	2. Little evidence	3. Adequate evidence	4. Good evidence	5. Strong evidence

Systems and processes to deliver value for money

There is clear evidence from Annual Reviews and evaluations, and from stakeholder interviews, of ongoing improvements to strengthen Programme team capacity, systems and processes to deliver VfM. However more still needs to be done. On the measurement of VfM, PF programmes have not, in most cases, yet succeeded in putting in place clear VfM indicators. Analysis of Annual Review reports indicates that there has been an overt emphasis by Programme teams on the economy dimension of VfM, which reflects the early stage in delivery of many PF programmes. As programmes progress delivery, efficiency, effectiveness and equity issues will need greater consideration. For a small number of programmes (for example, the Global Anti-Corruption and Skills for Prosperity programmes) the adequacy of financial management systems was raised as a concern, impacting ability to track funding, control costs and make a reliable attribution of staff costs to programmes.

Current VfM systems and processes are adequate, and ongoing improvements to strengthen capacity, management systems and processes are underway. As noted above, an important area of focus for the coming year is to strengthen the way VfM is measured.

Opportunities for benchmarking and comparing costs between programmes delivering similar interventions, as well as assessing the relative VfM across different delivery models will be important in the future.

As designs are refined in inception phases, the value proposition of many PF programmes may have changed. Cost-benefit analysis conducted at the business case stage should therefore be revisited after the inception phase of programmes when detailed designs of planned interventions are comprehensively set out.

Examples of good value for money

In-house delivery by government departments (for example Global Finance by DFID, Indonesia Regulatory Reform by BEIS) is deemed by stakeholders to represent good VfM, in terms of the flexibility and responsiveness to UK priorities it allows. However, the benefits of in-house delivery may be reduced if opportunity costs are considered, or busy government staff are not able to devote adequate time to PF programme management.

Cost sharing, such as sharing management roles between PF programmes in-country (for example between the Indonesia Regulatory Reform and Global Business Environment programmes in Indonesia) is another example of good VfM. There are also plenty of examples of counterpart funding from partner countries governments; increasing this counterpart funding was suggested by some stakeholders as a means to help mitigate reputational risks associated with PF spend in middle-income countries.

In terms of what has worked well and contributed to effectiveness and efficiency, putting in place appropriate delivery models has been important, and these can vary considerably depending on the context. The Centre for Global Disaster Protection has adopted a model where it operates as a hub to support joint working and networking with multilaterals, government and industry.[123] Engaging multilateral organisations to deliver PF delivery is seen to represent good VfM, for example the World Bank in relation to the Centre for Global Disaster Prevention. Multilaterals are seen as trusted partners of the government with deep experience in some of the key reform areas supported by the PF. The ability to avoid lengthy commercial procurement stages in partnering with multilaterals also

[123] Centre for Global Disaster Protection Annual Review, 2019, Page 5.

adds to VfM by avoiding delays. A partnership approach (rather than client/implementer relationship) has been adopted in Brazil with the OECD partnership[124] with positive VfM implications.

Areas of improvement

The PF centrally has also helped deliver VfM by, for example, benchmarking supplier rates with other frameworks (for example, DFID frameworks and the CSSF). However, concerns were raised by stakeholders about the significant delays and inefficiencies to procurement and contracting processes, which are reflected in Annual Reviews and evaluation reports. These delays have potential negative VfM implications, in terms of reducing the time available to deliver results, with implications for the level of ambition to which PF programmes can realistically aspire.

The complexity of decision-making processes (with too many layers) was cited as inefficient by stakeholders interviewed. VfM could further be improved by streamlining decision-making and procurement/contracting processes. To ensure VfM, lessons from PF implementation to date indicate that complex delivery models which mix inter-institutional, inter-governmental and commercially procured approaches to contracting implementation partners are likely to require much higher levels of management by Programme teams, and are less likely to be coordinated and focused on achieving objectives. As country-focused PF programmes move to implementation in the coming year, it should become possible to make more direct comparisons between PF programmes delivering similar interventions to identify how to achieve better VfM (both in terms of management costs and achievement of outputs and outcomes) as well as to assess relative VfM across different delivery models.

The use of competitive grant funds also brings a potential VfM risk, as it can lead to fragmentation of programmes into a large number of small projects, entailing a higher management burden and increased administrative costs. Evidence suggests that the impact of larger projects can be greater than a pipeline of relatively smaller interventions. This has already been realised by the China PF Programme team, where the planned number of competitive grants to be awarded under the Energy and Low Carbon Economy Programme has been significantly reduced, after consideration during inception.

Flexibility of the Fund and value for money considerations

The PF aspires to be flexible and adaptive, responding to and exploiting emerging opportunities to achieve results. Some examples of flexible adaptation are presented below in Section 8.1.4.3.

The Global Business Environment Programme allocated additional funding to South Africa to reflect changes in top level political interests after the election, in particular signals about a more business friendly environment.[125] The Centre for Disaster Protection developed a new workstream on crisis risk finance in response to demand,[126] and the Indonesia Regulatory Reform Programme has also adjusted its interventions to reflect political appetite. These adaptations not only indicate flexibility and responsiveness, they also contribute to delivering VfM, as they are helping PF programmes deliver their objectives more effectively. As was noted in the 2019 Annual Review of the Global Infrastructure Programme,[127] it will be essential for PF programmes to continue to undertake regular reviews of their portfolio of projects and activities in partner countries, to be willing to reallocate

[124] Brazil Annual Review, 2019, Page 5.

[125] Global Business Environment Programme Cycle 1 Evaluation Report, 2019, Page 20.

[126] Centre for Disaster Protection, Annual Review, 2018.

[127] Global Infrastructure Programme, Annual Review, 2019, Page 8.

resources between these, to support those likely to deliver the greatest impact and to respond to opportunities that can emerge at short notice.

The Fund's flexible approach has also stood the programmes in good stead during political changes, for example in Mexico, where the Programme team engaged with all three main political parties during the 2018 elections, which was key in generating insights into the policy priorities of the incoming government.[128] This, in turn, has helped the Programme team reposition the programme to secure the new government's buy-in. This approach was also used in the Global Business Environment Programme, where risks around elections were turned into opportunities in countries such as Brazil and South Africa by preparing diagnoses during election time, which enabled an effective and rapid response to the new incumbents' emerging priorities.[129]

In relation to the issue of flexibility, an important consideration is the extent to which the Fund's internal mechanisms allow it to respond to emerging priorities and support ongoing learning and adaptation. Processes in place to facilitate learning are discussed below. A key issue for programmes to consider to support ongoing adaptation, as delivery gathers pace, is the need to strengthen existing learning processes to involve implementing partners. Budget provision for learning and reflection within PF programmes is important, as is budget flexibility to scale work up, down or pivot to react to opportunities. Delays to delivery, time-consuming approval and assurance processes, as well as an inability to roll over unused funds to future financial years were identified by stakeholders as factors that hinder future flexibility.

8.1.4. Evaluation question 3: What can be learned from the Prosperity Fund experience to date to improve ongoing and future programming?

This section provides more detailed evidence on how the PF has set itself up to learn. It documents some of the key lessons from the PF experience so far. Annual Reviews, evaluation reports and interviewees for this research have identified a broad range of learning points in relation to PF design and early delivery, at both Fund and programme levels. While these learning areas are likely to be of general interest, their relevance (particularly at programme level) will depend on specific circumstances.

8.1.4.1. Sub-questions 3a and 3b: What are the key lessons from the experience of the Prosperity Fund's design and delivery to date?

There was a broad consensus among interviewees for this research that PF governance and management systems and processes have notably improved in the last twelve months as a result of lessons learned. Key lessons on design, approvals, procurement and delivery processes are listed below. These are applicable more widely to other government funds, as well as the PF as it progresses.

Lesson area 1 – Design

- On G&I issues, learning in some cases (whether supported by guidance from London, or from experience on the ground) came after initial design work, requiring Programme teams to consider these issues in more depth during inception phases. Programme teams need to undertake early research on G&I issues and it is important to have staff with experience in these areas in place from the design phase.
- The design process for PF programmes has continued into inception phases, and this has been critical in finalising programme and project-level ToCs. Some interviewees commented that

[128] Mexico Cycle 1 Evaluation Report, 2019, Page 8.

[129] Global Business Environment Programme Cycle 1 Evaluation Report, 2019, Page 36.

programmes need longer inception phases: both the Colombia Programme[130] and the Centre for Disaster Protection[131] have noted difficulties created by the absence of an inception phase. Alternatively (as noted in the China Cycle 1 evaluation[132]) much shorter design phases are possible, if it is recognised that more detailed design can be conducted once the primary delivery partner is selected. 'Design and delivery' contracts are used regularly elsewhere in development (for example by DFID), and may help mitigate some of the issues that have been created by delays in approvals and procurement.

- Government policy on ODA alignment with the Paris Agreement has been developing during the years the PF has been active, and there is now more focus from the centre to ensure clear climate guidance is in place for all PF programmes. As the guidelines on how to operationalise Paris Agreement are made clearer, programmes will need to explicitly assess compliance with the UK's climate change commitments.
- Some stakeholders believed that, in retrospect, more advice should have been provided by and taken from DFID, who already had the knowledge and capability, given that programme development and delivery is central to what DFID does. As PF has progressed, it has brought key staff into the JFU from DFID and has leaned very heavily on DFID processes (for example on Annual Reviews, ToCs, logframes) and guidance (for example on G&I). However, some evaluation reports and many of the stakeholders who took part in fact-finding interviews note said that it would have been better to lean more heavily on DFID knowledge and experience from the outset, and that there are still areas where understanding or adopting DFID approaches would be helpful (approvals, risk appetite and management of high-risk programmes, adaptive management).

Lesson area 2 – Approvals

- On approvals processes, there is a need to strike an appropriate balance around the level of detail captured in business cases and in procurement specifications. The focus of quality assurance of design should be on ensuring that the development processes used by Programme teams are good, rather than trying to steer the substance of the programme. One stakeholder involved in programme delivery noted that: "At DFID, approvals typically took one year, from the initial concept to ministerial approval. Our programme took two years, and other PF programmes have taken three."
- There is also a key learning point on the need to be realistic about timescales for approvals, which were underestimated by the PF. The Fund has a relatively low threshold for a full ministerial approval process (compared to DFID for example), and has additional approvals hurdles in the process. As a result, many programmes have taken two years to move to approval and some have taken more than three years. The initial assumptions that the approvals process would take one year at most is considered overly optimistic by stakeholders, and is one of the key factors behind implementation plans being behind schedule.

Lesson area 3 – Procurement

- Multiple interviewees stressed the importance of investing time to ensure that implementing partners fully understand requirements and are therefore able to mobilise to deliver these. Ensuring that Statements of Requirements contain sufficient detail to avoid extensive post-award negotiation is also important. This includes being specific about desired outcomes and impacts.

[130] Colombia Cycle 1 Evaluation Report, 2019, Page 10.

[131] Centre for Disaster Protection Cycle 1 Evaluation Report, 2019, Page 9.

[132] China Cycle 1 Evaluation Report, 2019, Page 98.

There is value in engaging with suppliers from the start of the process (e.g. running effective early market engagements), and throughout the procurement and inception process.

Lesson area 4 – Delivery

- Capable and skilled in-country and local staff at Post are key for successfully delivering programmes. There have been issues with recruiting staff with appropriate skills in adequate numbers. Vacant posts in Programme teams are one of the key reasons why delays have occurred. It takes time to recruit staff with specialist capabilities, particularly in departments that are building their capacity for ODA spending, and this needs to be factored into planning timescales.
- Involvement of a broader set of UK institutions in delivery (e.g. NHS partner involvement in scoping health programmes, involvement of the Bank of England in the Global Finance programme) has strengthened programme credibility, provided access to high-quality expertise and promoted soft power.
- There is value in Programme teams taking a partnership, rather than a client-implementer approach when working with suppliers. This allows issues to be escalated early and joint solutions to problems to be agreed as a way of mitigating risk.
- The PF has learned that it needs a consistent programme-level structure and tools for managing risk across individual projects and strands, and that it needs Programme teams to develop a 'risk mind-set'.

Lesson area 5 – Secondary benefits

- SBs, in particular soft power SBs, can emerge quite early in the programme cycle. Although some SBs (in particular those relating to exports, market access and imports, and foreign direct investment) are expected, in the main, to crystallise some time after PF programmes have ended, stakeholders have already noted soft power SBs in Annual Reviews, even at this early stage of delivery.
- Non-ODA funding is important to drive the realisation of SBs, in particular to ensure effective engagement with international (including UK) business.

8.1.4.2. Sub-question 3c: Does the Prosperity Fund have processes in place to facilitate learning? Are the learning processes effective?

There is broad consensus that the Fund takes learning seriously, with numerous initiatives to encourage it:

- All programmes have Annual Reviews, which distil the lessons learned and offer recommendations for improvement.
- The MREL service has been commissioned, which included: creation of the Prospero platform to hold monitoring information, annual EL evaluation reports, studies on thematic issues across the Fund and the PFLearning platform, which is a repository of guidance and lessons accessible by all Programme teams.
- EL services conduct multi-year evaluations of programmes, thematic areas (VfM, G&I, SBs) and the Fund through the annual assessment cycles. This generates learning, which can inform delivery, and helps develop the evidence base on mutual prosperity. Sector-focused synthesis evaluations are also planned by EL and will be valuable to support learning across sectors aligned to the Fund's intermediate outcomes.
- Internal PF events are held, including regular global conferences and regional events in Latin America and South East Asia.

- Guidance notes for cross-Fund use are developed and issued. Training (for example on SBs, G&I and commercial aspects) has been provided both in person and through an online learning pilot.
- Extensive training for PF staff in the UK and overseas, hiring of gender and social development expertise, and the issuing of guidance notes for all staff have all provided a valuable platform for lesson learning and capacity development.

There is good evidence that the Annual Review and evaluation processes are considered useful by stakeholders. Independent Evaluation Quality Assurance and Learning Services (EQuALS) reviewers scored EL outputs highly.[133] There is also evidence that EL thematic studies have been effective in contributing to decision-making. For example, EL's study on G&I highlighted a number of areas for improvement, which raised the awareness of potential shortcomings in this area, and an ongoing effort in 2019 to improve the G&I aspects of programmes and to upskill Programme teams. EL work on conceptualising SBs has influenced DIT's thinking on this issue. PFLearning is an online platform designed to respond dynamically to learning needs and link people together with interests in topics such as transparency, procurement and economics. A recent ICAI review noted that the platform stands out as a strong example of using technology to enhance learning. [134]

As noted above, the PF is deemed valuable for offering an avenue through which to test new approaches and solutions which could be expanded by individual departments after incubation. Described by one stakeholder as an "incubator for learning", the Fund presents an opportunity to learn what works (or not), when and how, and to build the evidence base for mutual prosperity.

There is evidence of effective learning within Programme teams, both formally and informally.

Box 13: Examples of effective learning by Prosperity Fund Programme teams

- In Mexico, 14 separate cross-cutting themes were identified by the Head of PF in Mexico, and lead responsibilities for each theme were allocated to team members. Theme Leads have invested time for learning, sharing and coordination on their respective themes, which has enabled them to develop their professional capacities and strengthened cross-team learning and action related to the themes. There is strong evidence that these cross-cutting themes have improved the design of the strands and supported peer learning within the Programme team.[135]
- The Global Business Environment Programme has regular peer-to-peer learning events. The first three-day event in Johannesburg gathered 78 participants including government counterparts and FCO, DFID and World Bank colleagues to share reform experiences, global trends and best practices. According to a survey, 88 per cent of participants said its content was relevant, and 94 per cent said they had extracted lessons for their own project.
- The Global Business Environment Programme's Global Influence Window is facilitating the sharing of good practice and driving VfM. It has also engaged in valuable learning processes such as a peer-to-peer learning event on G&I in Johannesburg (March 2019), and study tours (a Philippines delegation visited Malaysia).[136]

---

[133] As of December 2019, the EL service has produced 36 outputs which have been submitted to the independent EQuALS. 80 per cent of reports have been judged 'good' or 'excellent', which is a higher proportion than the ratings assigned by EQuALS to other evaluations.

[134] ICAI, How UK Aid learns: a rapid review, September 2019.

[135] Mexico Cycle 1 Evaluation Report, 2019, Pages 28-29.

[136] Global Business Environment Programme, Annual Review, 2019, Page 2.

- The ASEAN Economic Reform has a quarterly catch-up forum which includes lesson learning. Learning also occurs across programme management team members and across the Fund through informal network discussions and via PFLearning.[137]
- The ASEAN Low Carbon Energy Programme team made a video highlighting lessons learned in procuring the implementing partners, which was also shared with London teams via PFLearning.
- Reflection sessions have been held with time allocated for lessons, for example in Brazil.[138] The Brazil Programme has also shared its learning on frameworks and approaches (e.g. how to scale interventions) effectively with the Latin America network[139] and on PFLearning.
- Three of the China Phase 1 programmes are implemented through competitive grant funds, and different Programme teams have held internal discussions on what has worked well in fund management.

Source: Annual Reviews and Evaluation Reports

8.1.4.3. Sub-question 3d: Are there processes in place to react from learning and adapt to promote ongoing programme improvement?

There is evidence of processes in place to facilitate the generation of lessons and some evidence that processes are being established to enable Programme teams to act on learning, to adapt and improve programming.

The PF aspires to be flexible and adaptive, scaling up interventions based on successes and scaling back interventions when evidence emerges on what is not working. Identifying opportunities for adaptation within and across programmes requires effective communications and learning, as well as a clear process for identifying and implementing changes. The PF needs to have flexibility to adjust allocations of resources as evidence of what is working emerges. There are already good examples of learning processes in place and being acted on, leading to programme improvement.

Box 14: Examples of adaptation and programme improvement

- All projects under the Global Business Environment Programme, including country programmes and the overarching 'Window' were reviewed by the World Bank in December 2018. This led to a reallocation of budgets for Pakistan and Turkey allowing the programme to expand into three new countries (Malaysia, the Philippines and Vietnam), and additional overarching initiatives in areas such as G&I.[140]
- The Global Infrastructure Programme reassigned surplus resources to add a project in Peru (originally a 'Tier 2' country, where no work was planned until phase 2 of implementation), in the light of clear interests from partners, and was able to further allocate resources between activities. The programme was able to respond to a partner country request to deliver a higher-than-planned level of activity, while keeping to overall programme budget.[141]
- Lessons from the India Green Growth Equity Fund procurement experience have proven useful for the ongoing procurement of fund managers for other DFID investment programmes including the UK–India Fast Track Start-up Programme and Innovative Ventures and Technologies for Development (INVENT).

---

[137] ASEAN Economic Reform Cycle 1 Evaluation Report, 2019, Page 62.

[138] Brazil, Annual Review, 2019, Page 10.

[139] Brazil, Annual Review, 2019, Page 11.

[140] Global Business Environment Programme Annual Review, 2019, Page 23.

[141] Global Infrastructure Programme Annual Review, 2019, Page 8.

- There are good synergies between the Global Infrastructure Programme and the Colombia Programme. Tools are being integrated into the airport design and La Dorada to Chiriguana rail rehabilitation projects.[142]
- Since the first outline business case for the Mexico bilateral programme was submitted in June 2017, the Programme team has continuously adapted its designs and positioning to meet with changing realities. The evidence shows that the changes made to programme and strand designs were driven by three key factors: (i) a changing political environment; (ii) overly ambitious initial designs; and (iii) resourcing realities.[143]

Source: Annual Reviews and EL Evaluation Reports

While the examples in Box 14 are positive demonstrations of adaptation by the Fund, more still needs to be done to help PF become more flexible and adaptive.[144] There was a shared belief among stakeholders that more support for learning was needed, should be led from the centre and should focus on strengthening adaptive management of the Fund. There is also a need to strengthen the Fund's existing learning processes by increasing involvement of implementing partners and ensuring that there is budget provision for learning and reflection.

[142] Colombia, Annual Review, 2019, Page 2.

[143] Mexico Cycle 1 Evaluation Report, 2019.

[144] This was noted in Evaluation Reports (for example in China), and mentioned by a number of stakeholders interviewed for this evaluation.

Annex 9: Additional recommendations

9.1. Recommendations

The findings from this Fund-level evaluation suggest a number of recommendations for the Portfolio Board and the JFU to enhance the effectiveness of the PF and strengthen programme implementation in the future – these are set out in the Fund-Level Note (page 16). Additional recommendations relating to monitoring, results, evaluation and learning teams are set out in Table 9 below.

Table 9: List of recommendations relating to MREL

Monitoring and Results and Evaluation and Learning Teams should	
• In the coming year, **assess the level of ambition of PF programme-level ToCs** in relation to available resources, timelines and feasibility (by testing the validity/sufficiency of assumptions).	Next 12 months
• In the coming year, examine the quality of G&I analysis undertaken in inception periods, to assess how these activities have impacted on the quality of programme design.	Next 12 months
• In the next Fund level evaluation, ensure that there is a focus on assessing the adequacy of reporting systems supporting decision making at portfolio level. With all programmes in implementation, this assessment will distil feedback to ensure reporting systems are "fit for purpose" and resource key stakeholders with the requisite timely and high-quality data on Fund performance.	Next 12 months
• Consider how **global good impacts** can be more effectively captured in Fund- and programme-level documents, and identify appropriate metrics to capture and measure 'global good'	Next 6 months