

# Fund Evaluation Synthesis Report

## Year 1 (18/19)

### Prosperity Fund Evaluation and Learning

May 2019



HM Government

Prosperity Fund

Evaluation & Learning services delivered by:



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## Table of Acronyms

Abbreviation	
AC	Anti-corruption
AIIB	Asian Infrastructure Investment Bank
ASEAN	Association of South-East Asian Nations
BC	Business Case
CSR	Comprehensive Spending Review
DCMS	Department for Culture, Media and Sport
DfID	Department for International Development
DIT	Department for International Trade
E&L	Evaluation & Learning
EQs	Evaluation Questions
FCO	Foreign and Commonwealth Office
FDI	Foreign Direct Investment
GACP	Global Anti-Corruption Programme
GBE	Global Business Environment Programme
G&I	Gender & Inclusion
GDP	Gross Domestic Product
GGEF	Green Growth and Equity Fund
HMG	Her Majesty's Government
ICAI	Independent Commission for Aid Impact
JFU	Joint Funds Unit
KII	Key Informant Interviews
M&E	Monitoring and Evaluation
MREL	Monitoring, Reporting, Evaluation & Learning
ODA	Official Development Assistance
ODI	Overseas Direct Investment
PF	Prosperity Fund
PFDU	Prosperity Fund Delivery Unit

SB	Secondary Benefit
SDA	Social Development Advisor
SDG	Sustainable Development Goals
ToC	Theory of Change
VfM	Value for Money

## Version History

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## E&L Year 1 (18/19) Fund Evaluation Synthesis Report – Summary

This note summarises the Fund Evaluation Synthesis Report for the first year (2018/19) of the Evaluation and Learning (E&L) service to the UK cross government Prosperity Fund (PF).

Conclusions are drawn from the limited evidence produced by E&L up to April 2019, reflecting the fact that only six programmes were then in implementation, no E&L programme evaluations had yet been undertaken, and that Fund-level data available was limited. There is evidence however to draw the following conclusions.

The PF has made considerable progress in establishing a complex fund from a standing start. Programmes are moving into implementation, and the systems, processes and guidance required for effective delivery are now being set up, for instance to manage Secondary Benefits (SBs), Gender & Inclusion (G&I) and Value for Money (VfM). Despite delays and challenges, there are promising signs that the Fund is being set up for success.

Evidence of the benefits of the PF as a cross-government Fund are emerging – some programmes note the ability to access financial and technical cross-governmental resources.

Six programmes began delivery (i.e. inception) in 2018–19 and twelve programmes should be in inception or implementation by the end of 2019, while three programmes are not expected to start delivery until 2020. As the PF is currently planned to run until 2023, this may mean extending the time horizon for the PF, adapting programmes to the shorter timeframe and/or managing expectations on the results that can be achieved in the delivery period.

There are indications that staff capability has been an issue in getting programmes through design and approval processes and into implementation. This reflects the fact that many PF staff at programme level and in Whitehall have limited experience in managing the delivery of overseas development assistance (ODA). An expectation of a slower process should be anticipated for future interventions where key staff do not yet have extensive experience of managing development programmes. While the evidence is limited at this stage, potential synergies between country programmes and global programmes operating within the same country do not yet appear to have been exploited systematically.

The type of reforms being promoted by the PF have the potential to achieve primary purpose. At the business case stage, some programmes only included high-level ideas for how women and disadvantaged groups would benefit that needed to be further defined. However, there are indications that these issues are being addressed during inception and implementation phases. Better defining what inclusive growth is and putting in place appropriate G&I guidance and advisory staff

at JFU and programme level will contribute to the likelihood of delivery of inclusive growth and poverty reduction.

There is sizeable potential for the PF to achieve SBs. Programmes collectively forecast approximately £10.7 billion of secondary benefits across 24 programmes and 38 countries, with forecast benefits arising largely in the form of increased exports and Overseas Direct Investment. While these forecasts should be treated with some caution, they do suggest that substantial SBs can be achieved if they are properly planned for, and if Department of Trade (DIT) support is available to capitalise on opportunities. The evaluators recommend that in-country resourcing by DIT is reviewed, given that several programmes raised this as an issue.

There was an expectation (for instance, in the PF Theory of Change) that SBs would be delivered after the initial achievement of primary purpose. In practice SBs may occur before, during and after the delivery of primary benefits. In some instances, poverty reduction may be dependent on activities and outputs that can be regarded as 'SB focussed' (e.g. trade liberalisation or other policy reforms) happening first.

Early indications suggest PF systems and processes are being established in a manner with the potential to achieve VfM in the use of resources and results. It will be important to act in the near future to ensure these are embedded at programme level.

There are some positive examples of the PF setting itself up to learn, although very few robust lessons have yet emerged that are transferable across the Fund. Good practices include the monitoring, reporting, evaluation and learning (MREL) function, which provides a framework for learning, annual programme reviews and PF conferences that have enabled the exchange of best practice, peer support and expert advice. Anecdotal evidence also suggests there has been informal peer learning, with potential for this to be more formalised through the E&L peer-learning platform (PFLearning), the pilot modular individual training scheme, and other informal training for instance on Annual Reviews.

The PF is likely to make a bigger contribution to anti-corruption (AC) than presently recognised, with twelve out of 23 programmes reviewed likely to contribute to AC. PF contribution to AC should be more comprehensively captured by both programmes and MREL, to ensure AC results are measured and taken into consideration in future decision making.



**Box 1: Recommendations from Year 1 of E&L work (2018-19)**

Level	Recommendation	Priority	Who
Fund	1. JFU should clearly define what inclusive growth means, and expectations for programme design, implementation and targeting specific groups.	High	E&L team with JFU
	2. Revise the Theory of Change (ToC) to incorporate new evidence related to SBs and develop the lower half of the ToC.	Medium	
	3. Assess if programmes / projects in design and inception can still deliver their original intended objectives within the remaining period for the Fund, and consider adapting them to the remaining time horizon if they cannot.	High	JFU
	4. Review the issue of in-country resourcing for delivery of SB plans, to ensure there is adequate capacity to achieve this successfully.	High	JFU and DIT
Programmes	5. <b>General:</b> Ensure potential synergies between country programmes and global programmes in the same country are realised.	High	Programme teams and MREL
	6. <b>Secondary Benefits:</b> Ensure programmes integrate SB strategies into design and delivery arrangements at an early stage of their development.	High	
	7. <b>Gender &amp; Inclusion:</b> Programmes should provide more clarity on how they address inclusive growth, and the extent to which they target specific groups.	High	
	8. <b>Value for Money:</b> Strengthen the capacity of programme teams to understand VfM, and develop systems and processes to maximise VfM and ensure it is embedded in projects and programmes.	High	
	9. <b>Anti-Corruption:</b> The PF contribution to AC should be more comprehensively measured by both programme teams and MREL to ensure results are captured.	Medium	

## 1. Overview

### 1.1 Introductory note (February 2020)

This Fund Evaluation Synthesis Report 2018/19 was written in May 2019. It aimed to provide an overall assessment of the performance of the Prosperity Fund (PF), which was at an early state of implementation at that point in time. This report draws on information available up to April 2019 and acknowledges that most PF programmes were still being designed or in the early stages of implementation, and that the PF Evaluation & Learning (E&L) service was still in its infancy.

This report provides a limited and preliminary snapshot of progress and focusses substantially on process issues. Specifically, the approach for this year 1 report was to synthesise existing evidence from both external sources and from evaluative activities to provide preliminary indications on the extent to which the PF is establishing the relevant processes and systems to deliver on its primary purpose and secondary benefits.

It should be read in conjunction with the Fund management response (Annex 3), which provides some information on the progress made since May 2019 and the steps taken by the Fund to address recommendations in this report.

The Fund evaluation report for 2019/20 will be shared internally within PF in April 2020, and the external report is due for completion in June 2020. It will draw from a broader evidence base than the 2018/19 report, reflecting the fact that PF implementation, and the associated evaluation, will have advanced significantly. In addition to the Fund report, more detail on specific programmes, cross cutting thematics, and sectors are being produced and will be published.

### 1.2 The Prosperity Fund

The [Prosperity Fund](#) is a UK government initiative supporting inclusive economic growth in partner [countries](#) through a £1.2 billion portfolio of programmes over seven years. The Fund's activities will contribute to achieving the [UN Sustainable Development Goals](#) (SDGs). They will also aim to create opportunities for international business, including UK companies, as a result of this economic growth as a secondary benefit. The PF began operation in 2016-17 and this phase will run until 2023. The portfolio consists of 27 programmes with around 125 projects covering 23 countries and 12 sectors<sup>1</sup>.

The Fund's focus is on ODA-eligible (Official Development Assistance) middle-income countries where around 60% of the world's poor live and where 60% of global growth will come from by 2030. The Prosperity Fund is a [cross HMG programme](#), overseen by the Cabinet Office through the Joint Funds Unit (JFU), and implemented through the UK Foreign and Commonwealth Office (FCO), Department

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<sup>1</sup> These figures are correct at the time of writing. They are subject to change as the PF develops.

for International Development (DFID), Department for International Trade (DIT), the Treasury, the Department for Digital, Culture, Media & Sport (DCMS) and the Department for Business, Energy and Industrial Strategy (BEIS).

### 1.3 Evaluation of the Fund

Independent scrutiny of the Fund's work is undertaken by an independent evaluation service, conducted by WYG International BV, in partnership with LTS/Niras and Integrity, on behalf of the UK Cabinet Office. The [evaluation](#) considers progress, performance, value for money, gender impact and results at the programme and Fund level. The Evaluation & Learning (E&L) activities support accountability, by generating evidence to inform efficient and well-targeted spending that delivers value for money (VfM) and by interrogating the achievement of both primary purpose and SBs. E&L support also helps to identify learning to improve future Fund activities. A separate monitoring and reporting (M&R) service runs in parallel with E&L, led by PA Consulting.

This is the first Fund level evaluation synthesis report, providing a review of the performance of the PF at the end of the first year<sup>2</sup> of the E&L service (2018/19). It is based on a synthesis of evidence from evaluative activities undertaken by the E&L team up to the end of April 2019. It provides preliminary evidence to inform the three overarching evaluation questions (EQs):

- 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 PF experience to date to improve ongoing and future programming?

The E&L team is delivering an integrated programme of four types of evaluations in an annual cycle. These focus respectively on programmes, sector groupings of projects and programmes that target a common intermediate outcome, cross-cutting themes, and the overall PF itself. Table 1 sets out the different types of evaluation, who they are for and what types of information they yield.

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<sup>2</sup> "Year 1" hereafter

**Table 1: Evaluation types**

<b>Evaluation type</b>	<b>Audience</b>	<b>What it offers</b>
1. Programme evaluations	Programme managers, programme implementing partners	Considers evidence of the programme's effectiveness, what results are being achieved, why and how, and makes recommendations for improvement at programme level. Also identifies lessons on programme design and implementation relevant across the Fund.
2. Sector evaluations	JFU, Portfolio and Ministerial Boards	Considers contributions made by programmes towards the Fund's intermediate outcomes and the strength of that contribution. Also identifies lessons and findings at sector level for the current Fund and future programme design.
3. Thematic evaluations Year 1: <ul style="list-style-type: none"> <li>• SBs</li> <li>• VfM</li> <li>• G&amp;I</li> </ul>	JFU, Portfolio and Ministerial Boards, programme managers	Assesses Fund support for gender equality and women's economic empowerment, and the contribution to strengthening trade and investment relationships. Also measures if the Fund provides good VfM and identifies lessons and findings at thematic level for the current Fund and future programme design.
4. Fund evaluation	JFU, Portfolio and Ministerial Boards	Explores to what extent PF is contributing to sustainable economic growth and development and what secondary benefits are being achieved.

During Year 1 additional thematic studies were commissioned on Anti-Corruption Additional Focus, Stakeholder Mapping and Data Quality, in line with specific JFU requirements<sup>3</sup>.

This review has drawn mainly on secondary sources of evidence from cross-fund thematic studies undertaken by E&L on issues such as gender & inclusion (G&I), VfM and secondary benefits (SB). A limited number of interviews was also carried out with PF staff. In future years, the report will draw on evidence from all evaluations of PF programmes, further thematic and sector specific studies, as well as some primary data collection, predominantly through interviews.

#### **1.4 Audience and dissemination**

The primary audience for the report is the PF Portfolio and Ministerial Boards and senior JFU staff. The second Section of the report introduces the background and context of the PF, the third Section of the report outlines the evaluation methodology and approach, the fourth presents key findings, and the fifth presents conclusions, recommendations and lessons learned.

The report will be disseminated through discussion of the findings with senior JFU staff, a presentation to the PF Portfolio and Ministerial Boards, and publication on the PF website.

<sup>3</sup> It is anticipated that topics could be added annually to reflect JFU needs and the changing nature of PF.

## 2. Background and context

### 2.1 The Prosperity Fund

Expenditure in the first two years of the PF (2016-17 to 2017-18) included initial transition funding, designed to support 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 expenditure of a total of £63 million,<sup>4</sup> of which £5 million was non-ODA funding<sup>5</sup>. This included a range of technical assistance, capacity building, knowledge transfer and research programmes. In 2017-18, the total spend was also £63 million, of which £7 million was non-ODA. To date, 25 multi-year programmes have been approved with two still pending approval. Ten are now being fully implemented and one partially implemented. These programmes are outlined in Box 2.

- Centre for Global Disaster Protection (DfID)
- Global Business Environment (FCO)
- Global Finance (DfID)
- Asian Infrastructure Investment Bank Special Fund (HMT)
- Unlocking Economic Opportunities in Colombia's Post-Conflict and Conflict-Affected Regions (FCO)
- UK Green Growth Equity Fund (DfID)
- Global Infrastructure Programme (FCO)
- Mexico Prosperity programme (FCO, DIT)
- Indonesia Regulatory Reform Programme (FCO)
- ASEAN Economic Reform Programme (FCO-partially underway)
- ASEAN Low Carbon Energy programme (FCO)

**Source: JFU data, 25 March 2019**

Figure 1 overleaf presents the budget allocation by programme over the lifetime of the PF. The two largest programmes, Global Trade (£150 million) and Green Growth and Equity Fund (GGEF) (£100 million) account for just under a quarter of the overall funding. The rest of the programmes range from £15 million to £85 million.

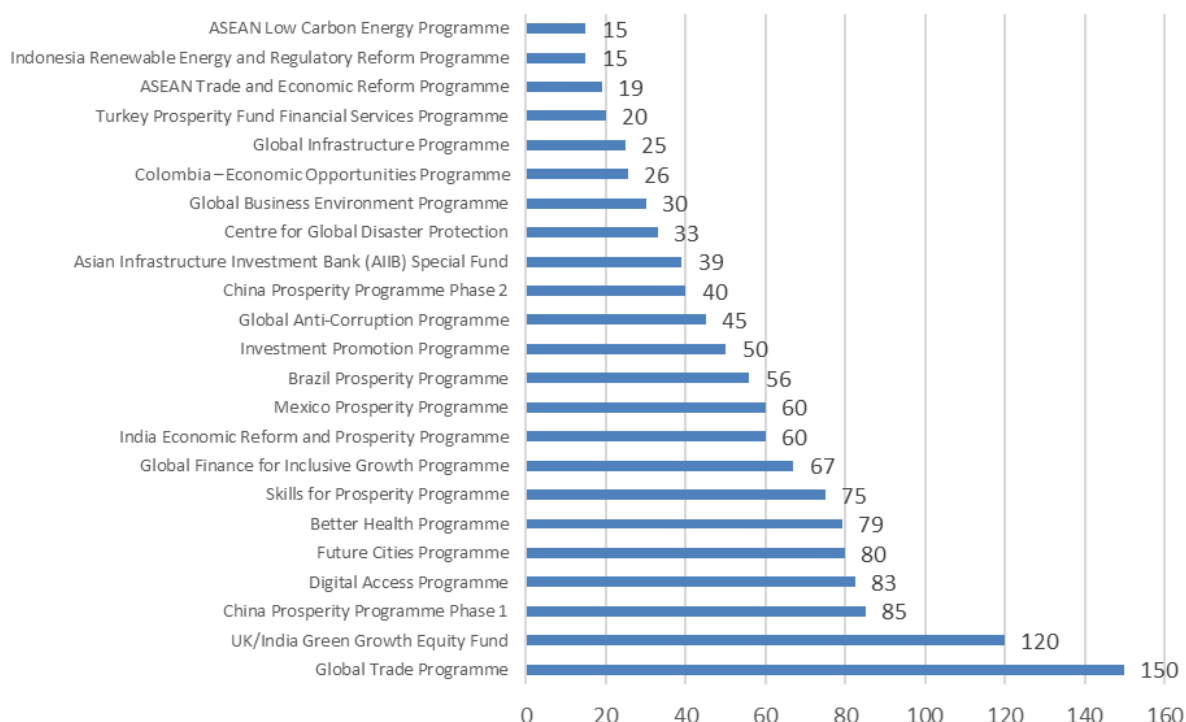
Programmes are also often multi-country and include different types of intervention. For example, the Indonesia programme of £15 million has been split further into separate programmes of £13.5 million (Renewable Energy) and £1.5 million (Regulatory Reform).

<sup>4</sup> The Prosperity Fund: Annual Report 2016-17

<sup>5</sup> The PF has access to £33 million of non-ODA funding, of which £10 million can be bid for by programme teams, with the remainder being disbursed centrally. Programme teams will use the funding for activities related to raising awareness of business opportunities, whereas central funding has been used, among other things, to create eight sector specialist posts in the DIT in London funded for two years to support programme teams in-country.

National-level programme activities complement other donor activities, details of which are found in individual programme documentation. Programmes co-delivered with HMG departments are aligned with their overall programme portfolios. There are particular synergies between the work of the Department of International Trade (DIT) at central and national level and the PF relating to SBs (see Section 0).

**Figure 1: Budget allocation per PF programme (£millions)**



Source: Family Approach Papers, Programme Approach Papers and the Portfolio Matrix. NB the chart combines both the Indonesia programmes in a single total.

The inclusion of SBs, through the delivery of primary purpose, is an innovative element of the PF. A description of the six types of SB identified by E&L is shown in Box 3.

**Box 3: The six Secondary Benefit types**

**Exports:** Increased export opportunities can arise from new markets in the partner country (market creation), a widening of the market (more of the same and more innovative goods and services in the same sector) or a deepening of the market (supplying the supply chain in the partner country).

**Foreign Direct Investment:** FDI from partner countries increases economic activity in the UK and other investor countries with competition and productivity and can lead to learning within sectors and along the supply chain.

**Outward direct investment:** UK and other international companies benefit from being able to outsource production into the partner country. Repatriation of profits and improvements to the supply chain as well as upskilling (i.e. the focus on the higher skill end of the production process) benefit the economy from which investment is made (applies to manufacturing and private and public services).

**Soft power:** Creating good will is an enabling SB. Soft power describes a nation's ability to attract and persuade, rather than coerce or buy the outcomes it wants. Soft power is a country's culture, political ideals and policies.

**Market access:** Improved market access for British and other international companies can have a number of benefits by reducing import costs: consumers may benefit directly, producers get better access to raw materials, intermediate goods and skilled labour.

**Network effects:** Business build partnerships and working successfully with companies from third countries, gaining new opportunities in markets of third countries.

### 3. Fund evaluation methodology

The methodology for the Fund evaluation is outlined in more detail in the Fund Methodology Inception Report, (see Annex 6 of this paper).<sup>6</sup> As the evaluation is a theory-based evaluation, it uses the PF Theory of Change (ToC) as its organising structure. It has an evaluation framework that includes a series of evaluative questions based on the ToC.

#### 3.1 Theory of Change

The ToC for the PF 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 occur. The ToC acts as an organising structure for applying a theory-based evaluation approach to test assumptions underlying the causal chain from inputs to intermediate outcomes, outcomes and contributions towards impact.

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<sup>6</sup> This replicates "Annex 4: Evaluation Framework" of the E&L Inception Report, May 2018. Available on PFLearning: <https://www.pflearning.co.uk/x/mpJAAQ>

### 3.1.1 Changes to the Theory of Change<sup>7</sup>

The 2015 PF ToC was revised as part of an E&L-supported process in 2018 and, more recently, the primary purpose was reworded to emphasise the SDGs. The revised ToC is outlined in Figure 2. The main changes made as a result of the review are:

- Increased focus on inclusive growth at impact level.
- Six new assumptions to highlight how the PF considers impact will be achieved in a gender-inclusive way and how the programme is expected to provide value for money, making the best use of human resource capacity and management structures and by seeking to learn and adapt throughout implementation.
- Emphasis 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 direction of expected causal flow.

The impact of these changes is to emphasise more how the Fund aims to support sustainable and inclusive growth and gender equality and women’s economic empowerment in line with Gender Equality Act compliance and the assumptions underpinning the Fund.

### 3.1.2 Impact

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 as well as supporting the implementation of the UK Aid Strategy. The Fund is particularly relevant to SDG 8, “Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.”<sup>8</sup>

A secondary benefit of the Fund is the creation of opportunities for international business, including UK companies. This will occur through higher rates of sustainable growth, greater investment and trade flows.

### 3.1.3 Outcomes

To reach 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).<sup>9</sup>

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<sup>7</sup> This Section draws on PF, The Proposed updated Prosperity Fund Fund-level theory of change, 19 October 2018

<sup>8</sup> Detail on these can be found on <https://www.gov.uk/government/publications/cross-government-prosperity-fund-programme/cross-government-prosperity-fund-update>

<sup>9</sup> 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.



### 3.1.4 Intermediate outcomes

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

- i. Investment in infrastructure;
- ii. Human capital, innovation and technology;
- iii. Trade;
- iv. Financial and economic reform; and
- v. Ease of doing business.

There is not a clear segregation between the intermediate outcomes as programmes can contribute to multiple intermediate outcomes, and progress in each intermediate outcome is likely to be highly dependent on complementary progress in other intermediate outcomes.

### 3.1.5 Assumptions

For the impacts to be achieved, it is assumed that:

- The PF will achieve growth that is sustainable by designing approaches that are green, self-financing and inclusive.
- Secondary benefits to the UK and other countries will be delivered in parallel, without impediment to the primary purpose of inclusive economic development in host countries.<sup>10</sup>
- The PF will bring a unique programmatic offering to the countries and sectors in which it works, additional to that of other national and international programmes operating in the same contexts.

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<sup>10</sup> This aligns with the assumption: “*there is an appropriate balance between primary and secondary benefit*” in the theory of change diagram.

Figure 2: Fund Theory of Change



## 3.2 Overarching evaluation framework and Evaluation Questions

The evaluation is a theory-based evaluation, with three overarching evaluation questions and 12 sub-questions mapped from the ToC as shown in Table 2.

**Table 2: Fund Evaluation Questions**

Evaluation Questions	
To what extent is the PF contributing to sustainable economic growth and development of partner countries and in doing so generating direct and indirect benefit for the UK?	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 PF experience to date to improve ongoing and future programming?
	1 What evidence is there that the PF is likely to contribute to the intended outputs and outcomes in the TOC, as well as any unintended or unexpected effects?
	2 Which types of interventions, sectors and country settings have been more or less successful in contributing to the achievement of primary benefits?
	3 Which types of interventions, sectors and country settings have been more or less successful in contributing to the achievement of secondary benefits?
	4 What evidence is there that the changes supported by the PF will be sustainable (environmental sustainability; self-financing; inclusive growth that reduces inequality)?
	5 What factors have contributed to the achievement of primary and secondary benefit?
	6 How has the balance and relationship between primary and secondary benefits across the portfolio influenced the achievement of results?
	7 Which assumptions and causal pathways outlined in the TOC remain valid, which have been adapted and what refinements need to be made?
	8 To what extent is the institutional governance set-up of the PF more or less effective in achieving i) primary benefits; ii) secondary benefits; iii) other results?
	9 What types of programmes, approaches and governance and management arrangements have been more or less effective for achieving results and demonstrate good approaches to supporting inclusive growth and VFM?
10 To what extent have the PF interventions contributed to results that support gender equality, women's economic empowerment and social inclusion?	
11 How is the PF learning and why is action on this learning happening more or less successfully?	
12 Which PF lessons in translating outputs into intermediate outcomes are sufficiently robust for wider learning	

The main methodology used for the evaluation is contribution analysis to confirm that an intervention is a contributory cause to a given outcome. As noted earlier, this methodology has not yet been applied, given the PF is in the early stages of implementation. The approach taken for this year 1 report is outlined below.

### 3.2.1 Year 1 fund evaluation approach

The approach for this year 1 report was to synthesise existing evidence from both external sources and from evaluative activities to provide preliminary indications on the extent to which the PF is establishing the relevant processes and systems to deliver on its primary purpose and secondary benefits. Findings can then be used by the PF to strengthen approaches and programme implementation. This led to a strong focus on evidence gathering related to EQs 7-10 to provide lessons learned to strengthen PF activities going forward (EQs 11 and 12). This information will also provide a baseline to monitor PF future progress.

The following activities were undertaken: a document review and interviews.

## Document review

A review was undertaken of E&L reports completed by the middle of April 2019. This did not include any programme evaluations, but consisted of the following:

- Reviews of transition funding: India Prosperity Fund.
- Five thematic reviews: Secondary Benefits, Value for Money (VfM), Gender & Inclusion (G&I), anti-corruption (AC) thematic review and stakeholder engagement.
- Comprehensive Spending Review (CSR) report and the evidence bank of projects (mainly transition funding and similar activities).

Annual Reviews of the Centre for Global Disaster Protection, Global Business Environment, Colombia PF and the Global Anti-corruption Programme, which were undertaken by the PF programme teams, also provided evidence.

The report also draws on other reviews and evaluations of the PF that have recently been undertaken, particularly by the Independent Commission for Aid Impact (ICAI), the Infrastructure and Projects Authority (IPA) and information provided by the JFU on programme implementation.

## Interviews

The report draws on interviews, conferences attended and country visits by the E&L programme evaluation and thematic evaluation teams. A small number of additional interviews were undertaken with JFU staff, the MR supplier, and three programme teams. A list of interviewees can be found in Annex 2.

Interviews were based on an interview framework outlining key questions which were then adapted according to the informant. Questions were not pre-tested given the number of interviews undertaken.

### **3.3 Other data sources**

At this stage, the data are mainly qualitative, apart from the available spending data (see Figure 1) and estimates for SBs (see Figure 3). The monitoring system Prospero has no quantified usable data so far.<sup>11</sup>

### **3.4 Limitations to the methodology**

As indicated above, the report is constrained by the limited nature of PF implementation to date, and the associated reduced availability of programme data and lack of programme evaluations. Evidence to make a definitive judgement on PF performance is absent, and the focus has to a great extent been on assessing PF progress in establishing effective processes and systems, to understand if the Fund has been set up for success. Where possible, the report flags lessons and important issues for further exploration.

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<sup>11</sup> Prospero is the monitoring system developed by the Monitoring and Reporting function. It will collect data as soon as programmes are delivering and able to collect quantified data.

Specifically, the evidence used in this report was primarily from the CSR Rapid Evidence Report undertaken by the E&L team and the thematic reports, which focussed on SBs and G&I. Information anticipated from programme evaluations was not available due to the delayed implementation, which reduced the availability of evidence on the systems to deliver primary benefits and VfM. As a result, the report's approach relied on synthesising evidence available, rather than the methodological approach originally envisaged in the E&L inception report.

Findings at this stage are, therefore, tentative and will need to be strengthened by further evidence collected during year 2 (2019/20), as PF implementation matured and evaluation increases.

### **3.5 Adherence to ethical principles**

Ethical principles have been applied by the E&L team throughout the delivery of report processes and activities, based on the ethics policy developed by the E&L team in line with best practice. This covers the requirement to use independently verifiable evidence, to operate without interference in their assessments, and to be transparent in reporting potential conflicts of interest and divergence of views.

## 4. Analysis and key findings

The discussion of key findings is grouped by the three overarching EQs, as it is too early in the life of the Fund to address all 12 EQs. This is designed to give a preliminary assessment of the evidence available related to the likely achievement of objectives, establishment of systems and processes and lessons that can be used to strengthen future programming. First, findings on what has been or is likely to be achieved as a result of the PF are covered followed by what factors have contributed to or hindered these achievements. What can be learned from the PF experience to date to improve ongoing and future programming is presented in the final Section.

### 4.1 What has been or is likely to be achieved as a result of the Prosperity Fund?

This Section focuses primarily on what is likely to be achieved by the PF. Although there is limited evidence on this to date, this Section makes some preliminary observations on EQ1 and EQ4, but it is not yet possible to address EQs 2 and 3 on the extent to which the PF is on track to deliver its stated objectives. It will examine progress towards achieving results to date by reviewing evidence from programme Annual Reviews and transition funding. This is followed by an assessment of the realism of the results expected by analysing primary purpose and secondary benefit claims and programme progress to date.

#### 4.1.1 Programme Annual Reviews

There is limited evidence on results to date as there have been no programme evaluations undertaken by the E&L team and only four Annual Reviews of PF programmes. These reviews will be undertaken on an annual basis by programmes and represent a key strategic opportunity for programmes to consider progress to date and enhance the impact and effectiveness of the programme<sup>12</sup>. They assess whether the programme is delivering the expected outputs as set out in the programme's results framework and draw conclusions as to the likelihood of a programme achieving its stated outcomes. Judgements are made on whether the programme is managing risk well and represents good VfM, as well as the quality of financial and results reporting. They also provide assurance that funds are being managed well.

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<sup>12</sup> Prosperity Fund Annual Review Guidance, undated.

**Table 3: PF programmes with Annual Reviews**

Programme	Score
Colombia Programme	A
Centre for Global Disaster Protection	A
Global business environment programme	B
Global anti-corruption programme	U

Table 3 gives a mixed picture of progress with two programmes achieving As, as outputs met expectations in their first year (Colombia Programme and Centre for Global Disaster Protection) as they are more or less on track. The Global Business Environment programme received a B rating as outputs moderately did not meet expectations as key governance and management structures were not in place. The Global Anti-Corruption Programme was given a U rating as it had no results framework so could not be scored<sup>13</sup>. However, all these reviews were undertaken between August and November 2018, so it is expected that further progress has occurred in the period since the reviews and the development of this report.

#### 4.1.2 Transition Funding

Transition funding was provided to some PF countries (Brazil, India, China, Mexico and Indonesia) in the first year of PF operation. These projects were designed to lay the groundwork for the larger multi-year programmes, which began to be implemented from 2017-18 onward. The available data for assessing these projects consists of Project Completion Reports and quarterly reviews. Box 4 provides an example from Mexico transition funding. However, there is no evaluation study available that takes an overarching look at the effects of these transition projects.

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<sup>13</sup> Annual Reviews are undertaken by programme teams.

**Box 4: Mexico – preparing for a low carbon future**

The objective of PF Energy and Low Carbon support is to improve workforce skills development and capacity building for SMEs and regulatory agencies. The projects include:

- Support for the delivery of credible Carbon Management Plans of 5 states, providing the 'Low Carbon States' methodology & template
- Creation of methodologies for Mexico's public bodies to mobilise investment and research capacity in clean technologies
- Empowering selected cities to become low carbon hubs through understanding of their emissions sources and energy efficiency in building solutions
- Developing a framework to improve energy storage capacity and boost renewable energy generation
- Design for a skills development framework for the hydrocarbon sector, thereby addressing the skills gap
- Establishing biomass energy production potential in Mexico
- Strengthening the capacity of Mexico's regulators in regulating major accident hazards in the energy sector and health and safety standards in relevant industries
- Preparation of a distributed generation roadmap for policy development on, and use of, distributed generation
- Support efficient and effective regulation by strengthening institutional capacity building
- Development and delivery of a pilot leadership program for sector regulators
- Strengthening the implementation and enforcement capacity of health and safety regulators

The E&L team undertook a desk review of the India Prosperity Fund Transition funding for eight projects. The PF India team indicated that the transition projects were valuable for maintaining and strengthening relationships with the government of India and establishing credibility prior to implementing. For example, managing the transition fund helped the PF India team identify key capacity gaps including in Monitoring & Evaluation (M&E), G&I and VfM and allowed the team to address these issues ahead of the main PF programme. Additional benefits of the transition funding identified by E&L are outlined in Box 5.



**Box 5: Benefits from India Programme Transition Funding**

- i) Laying the groundwork for the UK's long-term strategic engagement by responding to demand from the GoI, tackling bottlenecks through developing tools for system improvements (energy, and IT-based contract management systems) and working in areas where Her Majesty's Government (HMG) has had little previous programmatic-type engagement (e.g. Ease of Doing Business (EoDB), financial services).
- ii) Demonstrating the UK's comparative expertise by facilitating engagement and collaboration with the government, and between UK and Indian industry partners; and by using international forums (e.g. energy activities at the World Utility Summit, the World Sustainable Development Summit and ELECRAMA) to promote the UK and to reach broader sets of stakeholders.
- iii) Engaging stakeholders by convening them at the state and national levels to share information and raise awareness, for instance through the Green Leadership activity (Energy), roundtables, and exchange visits (Financial Services, Energy, Ease of Doing Business).
- iv) Gathering market intelligence to inform the design of the larger PF programme – through roundtables and scoping studies (all strands).

Source: *India Prosperity Fund: Review of eight transition projects delivered in financial year 2017-18.*

**4.1.3 Primary benefits<sup>14</sup>**

An analysis of PF programmes undertaken for the E&L CSR Rapid Evidence Report found that programmes had very high expected returns for primary benefits (see Annex 3 for a summary). Benefit-cost ratios were regularly in the region of 20 to 1, which is high and may be due to the methodology used. This estimates the impact of interventions (such as improving regulation or reducing corruption) on GDP growth. Any impact on GDP, even if a small percentage, tends to generate very large absolute numbers, which, in practice, may or may not be achieved.

Even so, evidence from a literature review that was undertaken as part of the CSR Rapid Evidence Report supports the nature and scope of the current PF portfolio.<sup>15</sup> This review found the following:

- There is strong evidence that the type of reform effort that PF programmes focus on (such as improving internet access, reducing corruption, improving business environment) can have a significant impact on high-level outcomes such as GDP growth.
- The scope to improve environmental outcomes is also strongly supported for particular programmes (Future Cities, Energy and Low Carbon, Infrastructure).
- There is a significant body of evidence on the relationship between human capital and economic growth, suggesting a virtuous cycle as raising health and education results in a more productive workforce.

<sup>14</sup> This Section draws on the analysis of primary and secondary benefits undertaken in the CSR report and the secondary benefits thematic report, particularly the heat map exercise.

<sup>15</sup> See CSR report for a further discussion of the development literature.

- The evidence on the potential distributional impacts of these types of reform is less straightforward. It is widely noted in the literature that GDP improvements do not necessarily translate into better poverty or gender outcomes unless programmes are specifically designed to do so – see Box 6. General links were found to be strong in education and other interventions to improve human capital.

**Box 6: Inclusive growth**

***If growth alone is not enough to reduce poverty, what are the implications for the evaluation of the PF?***

The relationship between economic growth, reducing poverty and improving welfare is complex. Although there is a broad consensus that at a global and national level, economic growth is essential in order to reduce poverty, it is also accepted that there are limits to the extent to which poverty can be reduced by growth alone. In particular, if there are inequalities in access to education and assets such as land, these can limit the extent to which the poorest can benefit from the opportunities provided by economic growth.

The World Bank's Independent Evaluation Group sets out the argument that accelerated growth is not enough to reduce poverty on its own. Growth must also be inclusive. The PF, if it is to have an impact on the well-being of poor people in middle-income countries, must, therefore, not only focus on increasing national wealth, but it must also pay attention to influencing government policies that help convert national wealth into improved welfare for all.

The World Bank proposes four steps that evaluators can take to contribute to better assessing whether growth is sufficiently inclusive to contribute to reducing poverty and improving welfare.

1. ToCs should spell out the assumptions that link project activity and its supposed impact on poor people.
2. Different approaches are needed in different countries. The underlying causes of poverty and extreme poverty and the factors that lead to systematic discrimination against particular groups of poor people need to be understood. These will vary from country to country.
3. Evaluations need to go beyond measuring higher-level outcomes, such as aggregate changes in average household income, and analyse the differential impact of programmes on different groups of people and the causes of these differences.
4. The experience of different development agencies in understanding inequality and the relationship with economic growth and poverty reduction should be more widely shared and discussed.

Therefore, there is strong evidence that most types of reforms that PF programmes focus on can have a positive impact on outcomes such as GDP growth, the environment and human capital. However, there is less evidence on the potential distributional impacts as GDP growth-enhancing reforms do not necessarily translate into better poverty or gender outcomes unless programmes are specifically designed to do so. The evidence is weakest for infrastructure, although 37 percent of PF funds are allocated to infrastructure (see Table 4 overleaf), which may constitute a risk and also highlights the importance of ensuring a strong PF focus on inclusion in programme design. This is discussed further in Section 4.1.5.

**Table 4: Spend by intermediate outcome**

Intermediate outcome	Budgeted spend	Percentage of total budgeted spend <sup>16</sup>
<b>1. Investment in Infrastructure</b>	£464.7 million	37%
Physical Infrastructure Family	£219.6 million	17%
Future Cities Family	£125.1 million	10%
Energy and Low Carbon Family	£120 million	9%
<b>2. Human Capital, Innovation and Technology</b> *overlaps especially with IOs 1 and 4	£449.4 million	36%
Human Capital Family (covers health and education)	£205 million	16%
Innovation family (overlaps with other sectors that involve piloting/demonstrating innovative products)	£175 million	14%
<b>3. Trade</b>	£216.6 million	17%
Trade family	£216 million	17%
<b>4. Financial and Economic Reform</b>	£183.2 million	14%
Financial Services family	£128.6 million	10%
<b>5. Ease of Doing Business</b>	£ 147.5 million	12%
Business Environment family	£92.2 million	7%
Transparency and Anti-Corruption family	£55.3 million	4%

Source: Family Approach Papers (apart from the two Ease of Doing Business IOs where data is from latest PF Portfolio Matrix)

#### 4.1.4 Secondary Benefits<sup>17</sup>

Most programmes based their calculation of secondary benefits results on their estimations of anticipated primary benefits. Because of this, their estimation of SBs suffers from the same challenges as those for primary benefits. On average, the ambition is to deliver £8.50 in SBs for every £1 spent in the PF programmes. On a regional basis, this ratio ranges from £6.20 for South East Asian Programmes to £14.50 for Middle Eastern programmes<sup>18</sup>. The forecasting method again focuses on linking SB delivery directly to an increase in economic activity and GDP growth. Analysis undertaken in the E&L SB Thematic Report highlighted a number of weaknesses in the forecasts and uncertainties around programme delivery

<sup>16</sup> The percentages add up to more than 100% given that some projects feature in two families and are, therefore, counted twice. The percentages are calculated by dividing the budgeted spend by the total spend of the mapped programmes. The total spend of the mapped programmes is £1,272m.

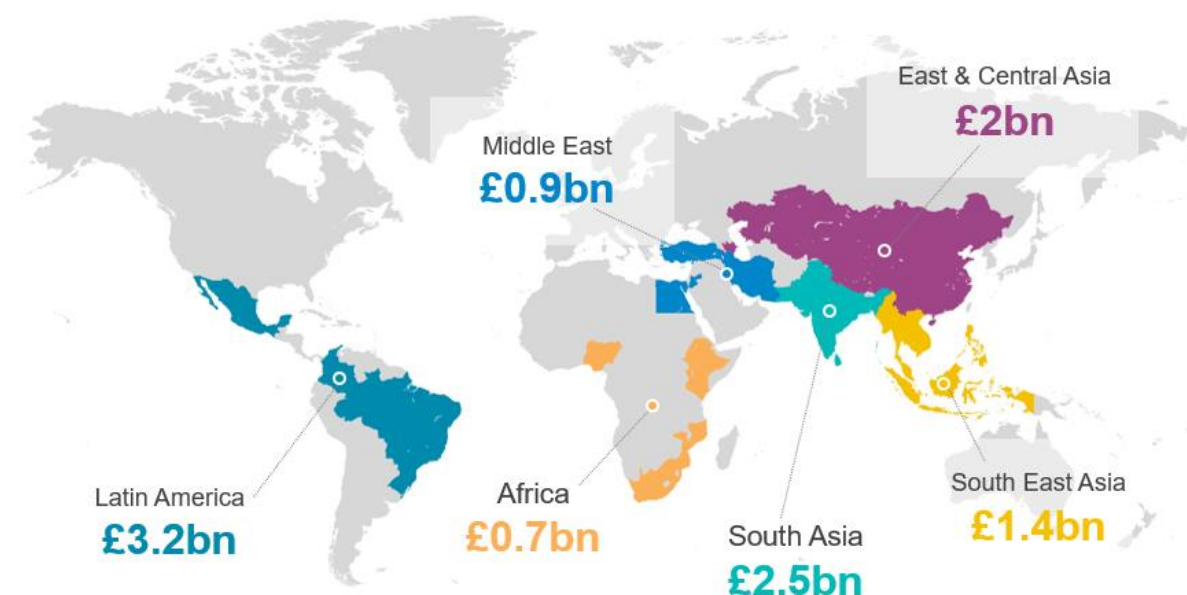
<sup>17</sup> This Section draws heavily on the analysis of primary and secondary benefits undertaken in the E&L CSR report January 2019 and the Secondary Benefits Thematic Report April 2019, particularly the heat map exercise.

<sup>18</sup> The report *Secondary Benefits Thematic Review* April 2019 was relying on programme SB plans, SB strategies and BC documentation, therefore, some programme estimations may have moved forward since these documents were created.

demonstrating that these ratios may be unrealistic. Some of the forecasted SB estimations are based on potentially optimistic assumptions, their final delivery is several years in the future, while attribution to the PF will be difficult.

The heat map shown in Figure 3 illustrates that, at present, PF programmes collectively forecast approximately £10.7 billion of SBs across 24 programmes and 38 countries<sup>19</sup>.

**Figure 3: Regional distribution of quantified Secondary Benefit forecasts**



Although the figures should be read with caution, SB forecasts have overwhelmingly focused on increases to UK exports<sup>20</sup>. As Table 5 shows, very few programmes have attempted to quantify other SB type forecasts. This suggests that other SB benefits that have not yet been quantified, are likely to emerge as the potential for investment (Overseas Direct Investment -ODI and Foreign Direct Investment - FDI) and soft power may be more substantial than currently identified in the programmes' SB plans.<sup>21</sup>

<sup>19</sup> See *Secondary Benefit Thematic Review* April 2019 for further information on SBs.

<sup>20</sup> Although SBs may of course comprise benefits realised by companies based in countries other than the UK.

<sup>21</sup> There are six types of SB expected from PF programmes: exports, foreign direct investment, overseas direct investment, soft power, network effects and market access.

**Table 5: Secondary Benefit forecasts by type**

Secondary Benefit Type	Amount in £
Exports	£7.3 billion
ODI	£1.8 billion
FDI	£25 million
Market Access	£30 million
Soft Power	£0
Network Effects	£0
Aggregated	£1.0 billion

Source: *Secondary Benefits Thematic Review*

In addition, a literature review undertaken as part of the SB thematic study finds evidence that supports the likely emergence of the six types of SBs as a result of PF activity. However, the literature available identified a number of conditions that have to be met to enable SBs. These include a well-targeted aid programme – aimed at sectors of the economy that enable further development, such as infrastructure or the regulatory and legal system. In addition, they need to focus on those aspects of economic sectors in which the donor country has a comparative advantage, which is aligned with PF objectives.

Therefore, while there is sizeable ambition and potential for SBs, their delivery is still uncertain. As with Primary Benefits, the delivery of SBs depends on the progress made in the implementation of the PF, which is discussed in Section 4.1.6.

#### **4.1.5 Inclusive growth (EQ4)<sup>22</sup>**

Findings to date suggest many programmes have focused on gender more than inclusion for other excluded groups. Some programmes included analyses of inclusion of other groups (people with disabilities, youth and indigenous people) and the different challenges faced by low-income people in accessing services and goods. However, in general there is a need for programmes to complete deeper analysis of the needs and barriers faced by different groups as they tailor their specific programme interventions aligned to the objective of inclusive growth.

There is often a disconnect between the situational analysis, expected results and the activities and pathways outlined to achieve such results. Many programmes state that detailed approaches will be outlined in the design/inception phase in collaboration with the delivery partners, so it is likely that these activities and pathways will become clearer after project delivery plans have been finalised.

<sup>22</sup> EQ4 examines environmental sustainability, self-financing and inclusive growth. As only gender has been focused on as a thematic by the evaluation team, this Section only focuses on inclusive growth. However, findings are tentative as the E&L Team has focused on gender, but during this review of PF programme documents, it was noted that the focus is more on women, rather than poverty or other groups.

Going forward, while there is clear potential for most programmes to achieve inclusive growth outcomes, they need to consider and outline in detail what inclusive growth means in the programme context, and what concrete programmatic measures or approaches ensure inclusive growth outcomes/reduce inequalities.

#### **4.1.6 Programme implementation progress**

The PF has made considerable progress in establishing a complex fund from a standing start and is showing promising signs of being set up to achieve success. For instance, the systems, processes and guidance required for effective implementation (e.g. to manage SBs, G&I or VfM) are now being set up.

Nonetheless, implementation of the PF has been slower than originally expected as procurement processes proved to be lengthier in practice than originally anticipated. This has led to delays in programme implementation and underspending of PF funding. Some of this delay was deliberate as ICAI in its 2017 review of the PF recommended that expenditure was slowed down to reflect the PF's delivery capacity. Rather than the original £1.3 billion allocated, this was revised down to £1.2 billion, and the lifespan of the PF was expanded from five to seven years. The PF will now run until 2023<sup>23</sup>.

Due to this, there are likely to be significant implications for the achievement of objectives within the timeframe considered here as only six programmes began delivery in 2018-19, another 12 programmes should be delivering by the end of 2019, while three programmes are not expected to start to deliver until 2020 (see Annex 4). As the PF is scheduled to run up to 2023, it is likely that some programmes may not achieve expected outcomes in the lifetime of the PF and some are likely to achieve limited outputs. This assessment is based on the consideration that as it will not be easy to accelerate delivery of outputs or outcomes during the course of implementation, programmes with a delayed start are likely to achieve less than anticipated by the current planned end of the Fund in 2023. This is particularly true as most programmes will have inception phases before moving to full implementation. This is highlighted in both the Global Anti-Corruption Programme (GACP) Annual Review, which notes that the long scoping and transition period of two years is likely to reduce the level of impact because there are only three more years left for implementation.

While it is true that many programmes have factored in benefits occurring after the end of the Fund, there is more risk to these where they depend on other PF inputs (such as DIT support, or PF-induced reforms in the business environment), which may no longer be in place after 2023. This indicates a mismatch between the level of ambition and the short funding period. It is also notable that of the top five programmes in terms of budget, only one of these (UK/India Green Growth Equity

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<sup>23</sup> HMG, The Prosperity Fund Annual Report, 2016-17

Fund) has begun delivery<sup>24</sup>. Three programmes are due to begin implementation in mid-2019 and one programme (Digital Access), in January 2020. This is equal to £397.5 million out of the £1.2 billion total PF funding.

This probably also reflects the fact that four of these programmes have multiple HMG departments involved, which increases the complexity of programme management (India Economic Reform, Global Anti-corruption programme, Digital Access and the Global Trade programme). This is a novel and innovative approach to ODA delivery and may inadvertently lead to delays. In terms of other programmes that have three or more departments involved in management, the Association of South-East Asian Nations (ASEAN) economic reform programme is partially underway and the Centre for Global Disaster Protection began in 2018 with Department for International Development (DfID) as the lead department.

## 4.2 What factors have contributed to or hindered these achievements?

This Section reviews progress to date on establishing systems and processes for delivery of SBs, G&I and VfM. Primary benefits are only briefly addressed as there was no evaluative work undertaken by the E&L team focused on this in year 1. The emphasis is on the design of the PF and assessing the extent to which the relevant PF systems and processes have been established that will underpin future success. It addresses EQs 5, 6, 7, 9 and 10. It was not possible to address EQ8 at this moment.

Box 7 below discusses the likelihood of primary and secondary benefits being achieved given existing evidence on the types of interventions being implemented and the forecasts that have been made.

### ***Box 7: What has been or is likely to be achieved as a result of the Prosperity Fund?***

There is limited evidence to date on PF progress towards achieving results which is to be expected at the current stage of implementation. In practice, the forecasted PB and SB estimations are likely to be optimistic as they are based on GDP growth, while the current sequencing of programme implementation implies that some programmes may not achieve expected outcomes and outputs in the lifetime of the PF.

There is strong evidence that most types of reforms that PF programmes focus on will have a positive impact on outcomes such as GDP growth, the environment and human capital. There is less evidence on the potential distributional impacts as GDP growth-enhancing reforms do not necessarily translate into better poverty or gender outcomes unless programmes are specifically designed to do so.

### **4.2.1 What factors have contributed to the achievement of primary and secondary benefits? (EQ5)**

<sup>24</sup> The largest five programmes in terms of budget are the Global Trade programme, GGEF, China PF Phase 1, Digital Access and Future Cities.

Establishing systems for managing the delivery of both primary and secondary benefits are important for underpinning the delivery of results. This Section addresses the contributing factors for Secondary and Primary Benefits as far as these could be assessed by the evaluation team.

### Primary Purpose

So far, it is not possible to comment on the delivery of primary purpose, although progress is being made in the establishment of systems to support programmes to achieve objectives related to primary purpose. Quarterly reports provide some evidence of the current operation of management and governance systems in programme delivery through information on programme activities, risks and mitigation measures. These demonstrate programmes are progressing and risks being addressed. Annual Reviews indicate that programmes have been making efforts to establish governance arrangements, such as programme boards. This is reflected in the Colombia Programme, Global Business Environment (GBE), GACP and CGDP Annual Reviews where mechanisms have been established. An early IPA Critical Friend Review recognised the programme's strong commitment to ensuring effective governance, but also reflected a number of consistent concerns from stakeholders, including the level of resourcing of the central team (JFU and Whitehall staff of participating departments e.g. PFDU) to maximise the potential synergies, manage the challenge of working across Government and oversee the governance of multiple strands within the programme.<sup>25</sup> The constraints in producing this report (see Section 4.2 above) means that it is not possible to make an evaluative judgement on how significant these concerns are, though it should be possible to in the year 2 Fund evaluation note, a draft of which will be submitted in March 2020.

Some interviewees have raised concerns about the problems of staffing and the need for adequate resourcing of central administrative capacity given there is an administrative cost cap in order to run PF programmes effectively<sup>26</sup>. There is currently very limited evidence to assess the effectiveness of programme or central level governance arrangements.

Significant efforts have also been made in the last year to establish monitoring systems through the development of programme ToCs, results frameworks and logframes with the support of PA Consulting. To date, 23 programmes have a ToC, 17 have results frameworks and 9 have logframes<sup>27</sup>. While this shows that more needs to be done, it also demonstrates that more programmes are set up to deliver than before.

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<sup>25</sup> Infrastructure and Project Authority Critical Friend Review Global Anti-Corruption Programme, July 2018

<sup>26</sup> It is worth mentioning this concern, even if the evidence to assess its significance could not be reviewed in this report.

<sup>27</sup> PA Consulting [Programme Theory of Change, Results Framework, Logframe Status Review](#).



## Secondary Benefit delivery

At the time of drafting this report, SB systems and processes are still being established and comprise initiatives at both central and programme level using ODA and non-ODA funding. Support for the delivery of SBs has been provided to programme teams by the JFU, the Prosperity Fund Delivery Unit (PFDU) and the Department of International Trade (DIT) in London.

Systems and tools have been put in place since the start of the implementation phase of the PF. However, this has taken considerable time and the work is not yet complete. So far, these include: sector-specific SB advisors in DIT and programme teams, the use of SB plans to identify SB potential within most programmes and the use of the Monitoring and Reporting service to track delivery.

At programme level, some programme teams have begun working with the DIT in-country, identifying opportunities and relationship building with host countries and UK business, while the DIT in the longer term will leverage these opportunities through other activities designed to raise awareness among UK business, for example marketing, arranging visits and missions. Some programme teams have also hired SB or commercial experts as part of their team in-country.

This non-ODA funding provides some additional resources, but programme teams have highlighted under-resourcing and a lack of guidance in some areas. Concerns were raised related to a lack of DIT resourcing in-country, which might undermine SB delivery. Given that these concerns were raised by programme teams themselves in many SB plans, the evaluators recommend that the issue of in-country resourcing is reviewed by DIT.

Although the support and initiatives mentioned above indicate a will to have the right systems in place to assure SB delivery, they are not as completely integrated as they might have been if they had been included at the design stage. For example, at the time of writing, guidance to programme teams on SB delivery from the JFU is still outstanding<sup>28</sup>. Also, there is scope for making linkages between country programmes and global programmes operating within the country to create synergies which have not yet been exploited.

Analysis undertaken by the SB thematic team identified a number of areas in which UK advice can ensure the emergence of enabling conditions for economic growth and SB delivery. These are: infrastructure, finance or insurance, cooperating with partner governments on regulatory reforms and a focus on enabling growth through the increase in overall economic activity.

It is worth highlighting that many of the enabling conditions for SB delivery are dependent on economic growth. This contrasts with the achievement of primary benefits, which require not just economic growth, but inclusive growth. Programmes

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<sup>28</sup> These observations are from the SB Thematic Review based on the Key Informant Interviews (KIIs) and the analysis of the development of different stage Business Cases (BCs) and SB plans.

therefore need to be aware of the tensions as a focus on the enabling environment for SBs may not bring primary benefits.

The evidence shows that by examining SB dynamics and timing, programme teams can open up opportunities to enable the realisation of early and expanded SBs. However, to unlock the UK's potential for opportunities in the sectors of strength, a number of conditions have to be fulfilled which are indicated in Box 8 below. The current programme design already addresses some of these, but not all. This indicates that the PF is – at least partially – already on the route to delivering SBs. But there are a number of uncertainties to delivery: PF programmes are only just starting to implement their projects, insufficient analysis has been undertaken by programme teams on the necessary conditions for delivery, and the expected timing of delivery of the forecast SBs is uncertain and may be up to 10–15 years in the future.

**Box 8: Conditions to be fulfilled for delivery of UK Secondary Benefits**

- Sequencing: It is important that the programme team develops the steps of programme delivery in a way that focus on primary purpose, but subsequently also maximise the commercial opportunities for international businesses.
- Conditions: Regulatory and other conditions have to be right to allow UK and international companies to be involved.
- Communication to partner country institutions: It is important to be clear about the UK's strengths in the areas discussed to demonstrate that their involvement will also unlock the primary purpose.
- Communication to UK business: Communication must be relevant. Consider the time horizon within which business works and ensure that communication is meaningful. Business is interested in opportunities in a timely manner, not the very long-term horizon on which some development projects operate.

#### 4.2.1 Relationship between primary and Secondary Benefits (EQ6)

A key assumption of the ToC is that the delivery of SBs is dependent on the *prior* achievement of primary benefits. For the majority of forecast SBs (around three-quarters) this is the case i.e. they are dependent on the successful achievement of programme outcomes and, therefore may take many years to be realised.<sup>29</sup> This is because they are based, in full or in part, on PF interventions stimulating economic growth in the partner country.

However, one of the conclusions from E&L work on SBs in year 1 is that the latter can arise *during* the implementation of outputs, outcomes and impacts which are delivered to achieve primary purpose. Indeed, in some cases, the nature of the SB drivers is such that it is possible for SBs to be achieved both *prior to* and

<sup>29</sup> Secondary Benefits Thematic Study 2019.

*independently* of the main programme outcomes being achieved<sup>30</sup>. This can happen in several ways:

- PF programmes stimulate increased interest, activity and procurement<sup>31</sup> in certain sectors in-country prior to related interventions being completed and reforms or other initiatives being implemented.
- PF programme activity may also bring about soft power benefits to the UK that could lead to UK business wins, prior to and independently of, the completion of programmes or realisation of outcomes.
- Where programmes aim to improve networks for UK and international companies, including links to third country companies, the UK (or other countries) may benefit from increased export and investment opportunities before the intended outcomes of improved sector performance (and eventual growth effects) are felt.

This should not be a concern from the consideration that the International Development Act requires ODA spending to focus on primary purpose. What matters is the overall focus of the programme and the delivery of inputs, activities, outputs etc along the causal pathway to achieve the primary purpose. As long as that remains the main objective of PF programmes (and our assessment of programmes so far is that this is in fact the case) they should be in alignment with the Act.

Therefore, SBs can form a key part of the delivery of Primary Benefits.

**Box 9: Examples of Secondary Benefits in Prosperity Fund programmes achievable prior to programme outcomes**

- China Phase 1 (Infrastructure strand) SB: Increased returns and export wins on public–private partnership (PPP) financing opportunities on the One-Belt-One-Road – this will happen prior to the benefits of improved infrastructure being felt.
- SEA Low Carbon SB: Recognition of UK expertise and thought leadership on green finance and energy efficiency – this will happen through the presence and publicity generated by PF activities in partner countries as opposed to the eventual achievement of outcomes.

Source: *Secondary Benefits, Thematic Study, 2019 forthcoming.*

Around a third (33 per cent) of the value of SBs also appear to be achievable *independent* of programme outcomes. There is a great deal of overlap in the SBs realisable prior to and independently of outcome success. SBs that are mainly the product of ongoing programme inputs and outputs, such as legal reforms opening sectors to foreign involvement (outputs), or the soft power gained through UK spend in-country (inputs), can take place *both* early on and without the success of the desired programme outcomes. However, there are also SBs which only emerge at

<sup>30</sup> An analysis of the SBs causal pathways described in programme documents by the SB Thematic Team indicated that 27 per cent of the total value) could be achieved prior to programme outcomes. This is based on the team's judgement, supplemented with the views of sector specialists.

<sup>31</sup> Note, this does not include PF spending itself.

the stage in which programme outcomes should be realised, but which can be realised independently of outcome success.<sup>32</sup>

The varying drivers and dynamics behind SBs and the differing time scales involved present challenges, but also significant opportunities. By examining SB dynamics and timing, there are opportunities for programme teams and other stakeholders to support the potential realisation of early and expanded SBs. Also, the concept of a trade-off between Primary and Secondary Benefits, described as balancing Primary and Secondary Benefit delivery, may need to be revisited in light of these findings to change it to one of co-design and co-delivery of these benefits.

#### **4.2.2 Implications for the Theory of Change causal pathways (EQ7)**

The PF ToC outlines the expected causal pathways through which outcomes and impacts are likely to be achieved and the key assumptions (see ToC in Figure 2). Although theory provides broad support for these causal pathways, there is limited evidence on the strength of these causal pathways in practice, given there are insufficient results to test their robustness. Evidence discussed in Section 4.1.3 on primary benefits above suggests that, in theory, they should work for both primary and secondary benefits, although the potential distributional impacts of GDP growth-enhancing reforms do not necessarily translate into better poverty or gender outcomes, particularly for infrastructure. This implies a need to reflect G&I better in each pathway.

Delays in programming imply that some pathways may be more relevant than others, given some programmes will have been implementing longer than others by the end of the PF. For example, the trade intermediate outcome (IO 3) is comprised of the delivery by the Global Trade Programme and the Investment Promotion Programme. Since the approval of the full business case for the former took place in late 2019 and was still outstanding for the latter programme at the time of publication of this report<sup>33</sup>, this causal pathway may end up weaker in practice. There may be country programmes that envisage cooperating with these global programmes to achieve their trade or investment objectives. These will also be impacted by delays. However, no evidence has been available on these cross-cutting effects and further analysis will be necessary. Further analysis (in year 2, 2019-20) will also be required to assess impacts of these types of delays on the overall balance in the Fund delivery and achievement of final objectives. At this time, it is too early to assess this.

The ToC assumes that SBs emerge from the achievement of intermediate outcomes which in turn generate new opportunities and mutually beneficial economic relationships. At impact level this can result in opportunities for UK businesses to become key partners or service providers in target sectors. The analysis above

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<sup>32</sup> Around two-thirds of SBs achievable independently of programme outcome success can also be achieved prior to the outcome stage. As would be expected, all of the SBs which appear achievable prior to outcomes also appear to be achievable independent of these outcomes.

<sup>33</sup> November 2020.

indicates that in practice the causal pathways are likely to be different and more complex than the ToC currently indicates. Some SBs are likely to emerge prior to the achievement of outcomes, while others could be achievable independent of programme outcomes.

This entails a clarification of Assumption A3 of the PF ToC, that “there is an appropriate balance between primary and secondary benefits”. On one hand, it is now clear that a simple dichotomy of primary purpose and secondary benefits (more of one necessarily means less of the other) is not appropriate, given that the two can be understood as ‘two sides of the same coin’. At the same time, the assumption is still worth reviewing to see what has occurred in practice in delivery of the Fund, given that it is perfectly possible that an intervention that delivers excellent primary purpose is discarded because it fails to deliver secondary benefits, and replaced by one where primary purpose is still paramount but with better opportunities for secondary benefits.

There is also a need for the lower portion of the ToC to be developed because the Section beneath intermediate outcomes has not yet been scoped out. This would normally comprise outputs or activities of interventions and an option would be to organise this by PF family interventions. It is envisaged by the JFU that a ToC review will take place in 2019-20 which will address this and other issues raised related to the ToC.

#### **4.2.3 Value for Money (EQ8)**

Given the early stage of Fund implementation, our assessment of VfM has necessarily focused on whether systems and processes to help deliver VfM in future have been established and are working effectively, rather than on actual achievement of VfM. Nonetheless, evidence on the potential to achieve VfM is limited as the year 1 VfM thematic report has not yet been submitted. Preliminary observations are that the attention on VfM has increased within the PF . This is evident with the development of central-level systems and guidance, although this has not yet been embedded within programme teams as they are still in the early stages of implementation. For example, a review of Business Cases (BCs) undertaken for the JFU at the end of 2018 showed that programme teams had considerable variation in understanding and capacity to address VfM, although interviews indicate that attention to VfM appears to strengthen as implementation progresses. The results are shown in Table 6 below.

**Table 6: VfM review of 22 business cases**

Programme	VfM capacity and understanding
China Prosperity programme Phase 1	Strong
ASEAN Low Carbon Energy programme	Strong
ASEAN Economic Reform programme	Strong
Centre for Global Disaster Protection	Medium
India Prosperity Programme	Medium
Global Business Environment Programme	Medium
Green Growth Equity Fund	Medium
Indonesia Programme	Medium
Global Trade Programme	Medium
Skills for Prosperity Programme	Medium
Colombia Programme	Weak
Asian Infrastructure Investment Bank	Weak
Mexico Prosperity Fund	Weak
Digital Access	Weak
Global Anti-Corruption Programme	Weak
Brazil Prosperity Programme	Weak
Global Infrastructure programme	Weak

Source: E&L, *Comprehensive Spending Rapid Evidence Review*, January 2019

Out of 17 programme BCs, only 3 demonstrated strong VfM capacity and understanding with a strong knowledge of VfM and included draft VfM indicators, but none of them had adequate discussion of methodology (the China and two South East Asia programmes). Seven BCs were judged to demonstrate medium VfM capacity and understanding (Centre for Global Disaster Protection, India Prosperity Reform Programme, Global Business Environment Programme, GGEF, Indonesia Programme<sup>34</sup>, Global Trade Programme and Skills for Prosperity Programme). There were seven programmes that were considered weak (the Colombia Programme, AIIB Special Fund, Mexico Prosperity Fund, Digital Access, Brazil Prosperity Fund, Global Infrastructure Programme and Global Anti-Corruption Programme) where VfM was only discussed briefly<sup>35</sup>. However, more work will have been done over the last few months that has not yet been documented and is therefore not available for this review.

Other evidence indicates a positive trajectory on VfM. An institutional review undertaken as part of the CSR Rapid Evidence Review pointed towards stronger VfM due to the extension of the Fund's lifespan in response to the Independent Commission for Aid Impact (ICAI) review's recommendation to reduce the planned

<sup>34</sup> This refers to both Indonesia programmes combined.

<sup>35</sup> E&L, *Comprehensive Spending Rapid Evidence Review*, January 2019

rate of expenditure. Additionally, the National Security Adviser Capability Review highlighted the PF's cross-governmental structure as providing the PF with significant potential to achieve results. The review also observed that early results indicated that the PF was an effective mechanism for making strategic, coordinated, prioritised and integrated use of official development assistance (ODA) and non-ODA resources. This was also highlighted in interviews undertaken for this report in which programme teams noted the ability of the PF to leverage cross-governmental resources, both financial and technical, as key advantages of the PF. This was also confirmed in the recent E&L Stakeholder Engagement Update Report, which notes that more attention is being paid by government departments to the possibility of leveraging the PF to support their roles (see Box 10).

**Box 10: The PF as a cross-government Fund**

“First, in relation to organisational structures in Whitehall, it is apparent there is now much more attention being paid to the PF. In addition to those already engaged, other departments are beginning – if still only relatively slowly – to look at the Fund from the perspective of how it might be leveraged to support their roles. At BEIS, for example, there is considerable interest in the PF as a medium for work to support UK companies. Moreover, departments have developed quite similar management arrangements. In all cases, there is a main point of contact whose role it is to monitor developments at the Fund and bring in relevant colleagues, as necessary. Perhaps even more significantly, the PF is now being seen from a strategic, not just an operational perspective. With the creation in the past year of National Security Strategy Implementation Groups (NSSIGs), the PF is now being seen as a potential tool for the delivery of a cross-Whitehall strategy by HMG.”

*Source: Stakeholder Engagement Update (Report, February 2019).*

On the other hand, the need to co-ordinate a number of government departments can also be a disadvantage. Section 4.1.6 indicates those programmes with several departments involved have taken the longest to reach delivery stage. The Annual Review of the GACP also notes that “greater cohesion with government departments is needed for the programme to succeed”. A related example concerns the Global Business Environment Programme, where the coordination of a large project with external partners (the World Bank in this case) has made establishing governance structures more complicated.<sup>36</sup>

The ability of the PF to respond to the recommendations of the various reviews by ICAI, IPA and others, also indicates a flexibility and an adaptive approach to programming, which is likely to be a positive characteristic given the risks and challenges of implementing a large and innovative programme.<sup>37</sup>

However, capability is an issue as many of the PF staff at programme and central level have little experience of managing ODA. Rotation of staff also means skills and experience learned are lost when staff move out of the FCO or into diplomatic roles.

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<sup>36</sup> Global Business Environment Programme, Annual Review, November 2018, Global Anti-corruption Programme Annual Review, August 2018

<sup>37</sup> E&L, Comprehensive Spending Rapid Evidence Review, January 2019

This is particularly the case of ex-DfID staff currently in place who are likely to move back to DfID. There have also been issues with procurement that have involved lengthy processes and delayed programming, which were noted by interviewees. Governance structures are also very important for effective programme delivery, but the E&L team were not able to assess these in detail in year 1 as there were no programme evaluations available and only a limited number of Annual Reviews. A few observations on programme governance are made in Section 4.1.1.

Early indications suggest that efforts have been made at the PF central level to establish systems and processes in a manner that has the potential to achieve VfM in the use of resources and results achieved. It will be important to embed these systems and processes at programme level and build staff capacity.

#### 4.2.4 Gender and Inclusion (EQ9)

G&I issues were assessed at programme level by the E&L G&I Thematic team, through a two-stage, desk-based, scorecard process to assess the extent to which procedures and processes have been put in place. How these are managed and operationalised in practice is not yet known and will be assessed in later evaluation cycles, but this gives an indication of programmes' readiness to deliver. The scorecard assessed against five programming dimensions - programme design, internal capability and incentives, financial resources, accountability mechanisms and partnerships - rated against different levels of alignment with the PF G&I Policy summarised in Box 11. See Annex 5 for a summary of the scorecard. This annex also contains detail of the markers used in the scorecard, the levels of potential achievements and the scoring system.<sup>38</sup>

##### **Box 11: Summary of PF's G&I policy**

Prosperity Fund programmes tackle barriers to prosperity for women and excluded groups taking opportunities for addressing gender and other inequalities by:

- ensuring compliance with the International Development (Gender Equality) Act: programmes must consider gender issues in their interventions. As a minimum, they must not exacerbate gender inequality and are required to report annually on their performance.
- identifying poor and excluded groups, such as rural women, youth, people with disabilities, and aspiring to be ambitious by promoting empowerment (building assets, capabilities and opportunities) and transformation (addressing systemic barriers to economic empowerment).

*Source: Guidance, Cross-Government Prosperity Fund: further information, Updated 15 November 2018 on [www.gov.uk](http://www.gov.uk).*

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<sup>38</sup> The Fund has outlined in its Gender and Inclusion Policy Statement that it aspires to be “*ambitious*” in supporting women’s economic opportunities and promoting positive outcomes for women. It also aspires to be “*transformative*” in seeking opportunities to address systemic constraints that contribute to persistent gaps in women’s economic opportunities.



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. The G&I Scorecard review assesses programmes alignment with the requisite standards. Improvement in programmes was evident as reflected in differences of individual programmes scores between the first and second rounds of the G&I Scorecard review. This suggests programmes improve as implementation progresses. This improvement is due to programmes undertaking more comprehensive G&I analyses and develop robust plans as they move from business cases and into contracting, inception and implementation phases. Many programmes are developing specific G&I action plans, which are expected to further improve scores.

Results are illustrated in Table 7 below:

- Overall, 8 out of 23 programmes achieved alignment with PF G&I Policy (Level 3), while the remaining 15 were rated as having insufficient evidence to demonstrate alignment with PF G&I Policy (Level 2). However, many of the programmes that received an overall score of Level 2 still had several programming dimensions rated as Level 3. A total of 15 out of 23 programmes have 2 or more programming dimensions rated at Level 3. Four of these programmes (Colombia, Indonesia, Digital Access and Skills for Prosperity) have one programming dimension rated at Level 4 (potential for women and girls' economic empowerment).
- Programmes scored relatively equally on different programming dimensions. The dimension of partnerships had the highest number of programmes scoring Level 3 with minimum alignment with the PF G&I policy with 13 out of 23 programmes. Programme design and internal capability were a close second with 12 out of 23 programmes scoring as Level 3 higher. Programme design was the only dimension where four programmes scored Level 4 (Potential for women and girls' economic empowerment). The available information on internal capability relates mainly to programme-level G&I resources in headquarters, while the resource and capacity at the country level is less clear. Eleven programmes scored Level 3 on accountability mechanisms.

Most programmes had accountability mechanisms to ensure that G&I-related results are monitored and reported on, including from implementing partners. This is done by integrating G&I considerations and sex-disaggregated data into programme M&E and logframes. However, the quality of G&I-specific results or indicators in logframes was often variable. There were also processes to ensure that implementing partners have the requisite G&I expertise and that they are accountable for delivering on G&I-related results. A commitment to do no harm to women and girls is a consistent requirement for all PF programmes in accordance with Gender Equality Act guidance. As programmes progress detailed design of their interventions, they will have to ensure adequate identification and mitigation of do no harm risks.

The ability to make a judgement on G&I issues at Fund level, is limited by the fact that the unit of analysis for G&I work in year 1 was programmes, via desk-based document review. We have not therefore judged the adequacy, quality of procedures and capacity (with any objectively verifiable criteria) at Fund level.

It is notable though that the JFU/PFDU have put in place central-level G&I-related systems/mechanisms to support programmes. These include the G&I Policy and related guidance, Social Development Advisor (SDA) resources in JFU and PFDU as well as in one regional office in South Africa. Capacity building resources can also be provided, for instance, through PFLearning. While there is undoubtedly value in having staff that can share learning and good practice across a range of contexts, the support provided may be too 'arms-length' to be sufficiently context-specific and timely to programmes in countries. Overall, the level of resource seems insufficient to cover the range of country contexts and sectors and this carries a risk for PF programmes.

Table 7: G&amp;I Scorecard ratings per programme

G&I Scorecard ratings per programme and programming dimension						
Programme <sup>39</sup>	Programme design	Internal capability/institutional incentives	Financial resources <sup>40</sup> NOT INCLUDED IN SCORING	Accountability mechanisms	Partnerships	Overall score
<b>Centre for Global Disaster Protection</b>	2	3	2	2	2	2
Global Finance	2	3	2	2	2	2
India Green Growth Equity Fund	2	2	2	2	2	2
Horn of Africa	3	3	3	3	2	3
(DIT) Investment Promotion	3	3	2	2	2	2
Better Health	3	3	2	3	3	3
Digital Access	4	3	3	3	2	3
Future Cities	3	3	2	3	3	3
<b>Global Anti-Corruption</b>	2	3	2	3	2	2
<b>Global Business Environment Reform</b>	2	3	2	2	3	2
Global Infrastructure	2	2	2	2	3	2
Global Trade	2	2	3	2	3	2

<sup>39</sup> When programmes have had substantive discussions about planning more focused G&I approaches or activities in response to the first stage of the review, these are highlighted in bold. Evidence of these plans is not yet available however, so these have not been considered in the scoring.

<sup>40</sup> Financial resources could not be adequately assessed for all programmes at this stage of the review due to a lack of documentation on budgets. Therefore, while presented in the table, the dimension has not been included in the scoring. A fuller assessment also requires conversations with programme staff during programme evaluations.

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Skills for Prosperity	4	3	2	3	3	3
South East Asia Economic Reform	3	2	2	2	3	2
South Asia Low Carbon Energy	3	2	2	2	3	2
Brazil	2	3	2	2	3	2
China Phase 1	2	2	2	2	2	2
China Phase 2	2	2	2	2	2	2
Colombia	4	3	2	3	3	3
India Business Environment Reform	2	2	2	2	3	2
Indonesia	4	2	2	3	3	3
Mexico	3	3	2	3	3	3
Asian Infrastructure Investment Bank	3	2	2	3	2	2
<b>Key to scoring</b>						
<b>1 Not aligned with PF G&amp;I Policy</b>	<b>2 Insufficient evidence of alignment with PF G&amp;I Policy</b>	<b>3 Minimum level of alignment with PF G&amp;I Policy</b>	<b>4 Potential for women and girls' economic empowerment (Level 3 +)</b>	<b>5 Potential for transformation (Level 3, 4 +)</b>		

While there were good examples of programmes that have systematically worked to integrate G&I issues into their programmes, weaknesses existed particularly in the intervention design and the ToCs/pathways to ensure that women and other excluded groups can garner benefits from programme interventions. There is often a lack of logical flow and the situational analysis of G&I issues does not follow through in outcomes to be achieved or specific interventions to achieve these outcomes. Often where sector-specific detailed analysis exists, this was not followed with an assessment of which barriers a programme will address and what solutions it offers to tackle these. Assumptions are often made about women and other excluded groups benefiting without a need for specific targeted measures. Going forward, programmes need to consider and outline in detail concrete measures or approaches that might tackle some of the gendered barriers or ensure inclusive outcomes. They should also mainstream and embed G&I considerations more fully into intervention design.

Programmes also seem to place much of the responsibility of carrying out better G&I analysis and designing interventions with a G&I lens on suppliers. This makes sense as suppliers are closer to the issues and know what works with different target groups. However, it could also present a risk. Steps should be taken to enable programme staff at country level to assess and manage the G&I-related content and quality of supplier proposals, plans and implementation.

Most programmes mention some of the required G&I capabilities of staff and the staff capacity/expertise available to programmes in their BCs and other documentation. Most of the capacity appears to be concentrated at Department and JFU level in London, although regional SDAs have also been hired. Departments have different levels of SDA technical resource to support programmes. The JFU has one full-time SDA and all departments can bid for her support. FCO has one full-time SDA at the time of writing. Many DfID programmes along with the DIT programme specifically outlined the internal SDA resource and how much of their time will be allocated to the programme. The level of staff resources relating to G&I at country-level is less clear from the documentation. Gender champions have also been appointed in FCO-managed bilateral, global and programmes managed by other government departments, 17 at the time of writing.

#### **4.2.5 Anti-corruption**

A thematic study is being undertaken to provide clarity on the breadth and type of all relevant PF actions contributing to the global fight against corruption.<sup>41</sup>

This study examined four research questions:

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<sup>41</sup> E&L, Thematic Study of Anti-Corruption Elements across Prosperity Fund Programmes and Projects, Final Report, April 2019

1. Which mechanisms and/or causal pathways characterise the Fund's likely contribution to AC?
2. Which PF programmes and projects include potential AC elements?
3. How can these AC elements—individually and collectively—contribute to the global fight against corruption and link up with the Fund's primary and secondary purposes?
4. Which programming, evaluation and learning opportunities exist to further promote the Fund's contribution to AC?

**Box 12: Preliminary findings from the thematic study of anti-corruption**

The Fund's likely contribution to AC is through disincentivising corruption; designing out opportunities for corruption; and recovering illegally gained assets. Key assumptions are that there are linkages between (i) whole of government reforms and AC (ii) transparency and AC (iii) social accountability mechanisms and AC and (iv) regulatory reforms and AC.

Out of the 23 programmes reviewed, a contribution to AC was confirmed for a total of 12 programmes. Regulatory reforms are by far the most prominent category of potential AC elements included in programme designs, followed by whole of government reforms and public reporting. Almost no programmes include social accountability or multi-stakeholder initiatives.

For most AC elements, programme design documents do not provide any context analysis that could establish their relevance. All business cases include references to corruption in generic terms but very few delve deeper and discuss specific forms of corruption or relate corruption to programme/project sectors, activities and objectives.

The preliminary findings (the report has not yet been finalised) indicate the PF is likely to make a bigger contribution to AC than presently recognised when focusing on programmes and projects that self-identify as AC (see Box 12 below for preliminary findings). There are therefore significant opportunities for the PF contribution to AC to be more comprehensively captured by both programme teams and MREL to ensure results in the AC space are measured and captured.

*Source: E&L, Thematic Study of Anti-Corruption Elements across Prosperity Fund Programmes and Projects, forthcoming, April 2019.*

### **4.3 What can be learned from the Prosperity Fund experience to date to improve ongoing and future programming**

This Section outlines evidence of how the PF has set itself up to learn, and documents some examples of learning where they are transferrable within the PF. As programme evaluations were not undertaken in year 1 and the E&L team was able to undertake only limited interviews at central level, it has not been possible to assess lessons learned from the design and implementation phase.

#### **4.3.1 How is the Prosperity Fund Learning? (EQ11)**

The PF established an MREL function at the beginning of the PF programme designed to monitor and evaluate PF activities and provide a framework for learning. This is the central tool for gaining evidence-based insight into how well programmes are performing. This is supported by Prospero, which will provide data on achievement of programme outcomes, key performance indicators and other relevant evaluation material. This is good practice in terms of establishing a robust M&E framework to learn lessons and inform programming throughout the life of the PF.

A system of annual programme reviews has been set up by the JFU, whereby programmes will be reviewed on an annual basis against logframe indicators and other criteria such as VfM, G&I and sustainability. As outlined above, only four Annual Reviews have taken place to date, but this process will be a key element through which the PF can learn at both programme and central level. In addition, E&L Programme Evaluation Leads are conducting country visits with thematic experts from the E&L team to deliver workshops and to provide support in specific areas such as G&I to support PF learning. PA Consulting have also undertaken a series of country visits (sometimes with the E&L team) to deliver workshops on ToC, logframes and results frameworks.

The E&L team has established PFLearning, which is a digital platform that promotes peer learning across the PF. It aims to support teams that have acquired knowledge to share with other teams and disseminate it throughout the PF. There appears to be an appetite for this learning across the PF and, as of 1 March 2019, the platform had 478 user profiles in total. Of these, 310 are from the FCO, 44 from DfID and 62 from other Government departments with the interactive peer space being the most popular part of the site.<sup>42</sup> Of the peer spaces, those focusing on the Global Business Environment Programme, Better Health Programme and MREL (enabling programme team members to share lessons and best practices on MREL tools and processes) are the most visited by PF staff.<sup>43</sup> While this indicates an appetite and interest to learn, actual activity in some of the peer spaces is still low but is expected to increase as programme implementation proceeds. The use of PFLearning is monitored using the usual web-page monitoring tools.

As more programmes move into implementation, there will be increasing opportunities for this type of peer learning. One example of this is the Gender and Inclusion Champions Network made up of representatives from each programme. The first network meetings were held in April 2019 with 17 participants across both meetings (two meetings were held so that gender champions in all time zones were able to participate). The aim is that the network will meet monthly from now on to

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<sup>42</sup> The remaining 62 users are E&L or Monitoring and Reporting staff.

<sup>43</sup> These figures are correct as of the date stated. They are subject to change as PFLearning membership grows.

share their experience and generate learning across programmes. There are also opportunities to create learning in other areas.

Other forums for learning have been the various conferences the PF has held, which act as important mechanisms for the exchange of best practice, peer support and forums through which experts have been invited to present on key topics (i.e. SBs and G&I) and have acted as a means to disseminate information on PF activities to external stakeholders. Examples of these are the Latin America's Regional Prosperity Conference held in Colombia in January 2019 and the South East Asia Conference held in Singapore in late 2018. Results of conferences are written up by organisers and shared across the network to allow others to benefit.

#### **4.3.2 Which Prosperity Fund lessons in translating outputs into intermediate outcomes are sufficiently robust for wider learning? (EQ12)**

There have been few formal lessons generated by the PF so far as few Annual Reviews or programme evaluations have been undertaken and there have not been any learning workshops delivered by E&L as part of year 1. Some lessons highlighted in the Annual Reviews are shown in Box 13 below as they cut across the PF. However, it is notable that, in some cases, lessons that have been learned already by other government departments have not always been drawn upon by the PF. An example that emerged in interviews and is highlighted by the Global Business Environment Programme Annual Review, is the need for careful management of relationships with multilateral organisations implementing programmes. This is something that DfID has had many years of experience with, but this learning does not yet seem to have been drawn on by the PF.

##### ***Box 13: Annual Review lessons – a preliminary summary***

- All primary and secondary objectives require substantial socialisation with implementing partners to understand poverty, gender and inclusion and how procurement frameworks operate.
- Design costs are double what was originally budgeted for Colombia as regional competitiveness and urban development required a higher spend to fit with primary and secondary objectives.
- A risk is that DIT is not adequately resourced to maximise PF commercial opportunities.
- Commercial partners were contracted to undertake training, but used these opportunities as sales pitches instead.
- Components of global programmes have been working in isolation and synergies should be developed.

The PF has generated few formal lessons so far, but anecdotal evidence suggests there has been informal peer learning, such as in Latin America where the Brazil, Colombia and Mexico programmes learned from each other during conference talks and informal networks about SBs delivery and effective procurement. There is potential for this to be more formalised through the peer learning platforms that have been established. Some of the more ad-hoc peer-to-peer learning was driven by a



lack of guidance or support from the JFU in the initial stages. For example, SB guidance has not yet been issued and the enhanced focus on gender came after programmes were designed. In the lessons learned from ARs summarised in Box 13 above, there were comments that global programmes could work less in isolation, which indicates that programmes that have only recently begun implementing could benefit greatly from learning from the experience of programmes that have been delivering longer.

## 5. Conclusions and recommendations

### 5.1 Conclusions

The PF has made considerable progress in establishing a complex fund from a standing start. The systems, processes and guidance required for effective implementation (e.g. to manage SBs, G&I or VfM) are now being set up, and provide promising signs that the Fund is being set up to achieve success. It has overcome the first challenges to governance arising from being a cross-departmental fund with a number of departments new to ODA delivery.

The type of reforms being focused on have the potential to achieve primary purpose and SBs, while most programmes are expected to be in the implementation phase by the end of 2019.

The PF's success will be judged by its achievement of results related to primary and secondary benefits, but delays in programme delivery suggest that, in practice, results may fall short of expectations. This may mean extending the time horizon for the PF or adapting programmes if they will only implement for a short timeframe.

The value and timeframe for generation of both primary and secondary benefits are also uncertain and, while there is a sizeable ambition and also potential for SBs, their delivery and timeframe are still uncertain. However, a number of programmes have already taken the necessary steps to deliver them. SBs can occur before, during and after the delivery of Primary Benefits due to their enabling characteristics. This has implications for the ToC, which will need to be adjusted to reflect this.

The PF is likely to make a bigger contribution to AC than presently recognised. There are significant opportunities for the PF contribution to AC to be more comprehensively captured by both programme teams and MREL to ensure results in the AC space are measured and taken into consideration in future decision making.

There is a risk that the expected impacts on poverty may not occur as reforms designed to enhance economic growth do not necessarily translate into inclusive outcomes, unless programmes are specifically designed to do so. This suggests a greater emphasis on inclusive growth is needed. This is particularly true as programmes often do not include detailed measures on addressing gendered barriers or inclusive outcomes.

Early indications also suggest the PF systems and processes have been established in a manner that have the potential to achieve VfM in the use of resources and results achieved. Overall, it will be important there is follow-up support in the near future to embed these systems and processes related to SB, G&I and VfM at programme level and build staff capacity.

## 5.2 Recommendations

The table below provides recommendations based on the findings of this report to enhance the effectiveness of PF approaches and strengthen programme implementation going forward.

**Table 8: Recommendations**

Level	Recommendation	Priority	Who
Fund	10. The JFU should clearly define what is meant by inclusive growth and the expectations in terms of programme design, implementation and targeting of specific groups.	High	E&L team with JFU
	11. Revise ToC to incorporate new evidence related to SBs and develop the lower half of the ToC.	Medium	
	12. Assess if programmes / projects in design and inception can still deliver their original intended objectives within the remaining period for the Fund, and consider adapting them to the remaining time horizon if they cannot.	High	JFU
	13. Review the issue of in-country resourcing for delivery of SB plans, to ensure there is adequate capacity to achieve this successfully.	High	JFU and DIT
Programmes	14. <b>General:</b> Ensure potential synergies between country programmes and global programmes in the same country are realised.	High	Programme teams and MREL
	15. <b>SBs:</b> Ensure programmes integrate SB strategies into design and delivery arrangements at an early stage of their development.	High	
	16. <b>G&amp;I:</b> Projects and programmes should provide more clarity on how they address inclusive growth, and the extent to which they target specific groups.	High	
	17. <b>VfM:</b> Strengthen the capacity of programme teams to understand VfM, and develop systems and processes to maximise VfM and ensure it is embedded in projects and programmes.	High	
	18. <b>Anti-Corruption (AC):</b> The PF contribution to AC should be more comprehensively measured by both programme teams and MREL to ensure results are captured.	Medium	

*Note: More specific recommendations on the thematic areas are provided in the thematic reports.*

### **5.3 Lessons learned**

A few lessons can be drawn out at this early stage in the PF:

- Thought should be given to how transition funding should be monitored and evaluated in future, to ensure achievements of PF activities and expenditure during this period is adequately assessed.
- Ensure there is sufficient management and technical capacity at the central level, so that relevant systems and guidance can be put in place before programmes begin implementation.
- The earlier programmes consider VfM and G&I and put in place relevant indicators, contractual mechanisms and relevant management systems and processes, the more likely it is that VfM and G&I will be generated through programme operations.
- Wider access of the evaluation team to key members of PF staff and other stakeholders would improve the usefulness of the fund evaluation report.

## Annex 1: Documents consulted

- E&L, Comprehensive Spending Review: Rapid Evidence Review, final report, December 2018
- E&L, Fund methodology, Prosperity Fund, March 2018
- E&L, India Prosperity Fund: Review of eight transition projects delivered in financial year 2017-18
- E&L, Secondary Benefit Thematic, forthcoming April 2019
- E&L Stakeholder Engagement Update Report, February 2019
- E&L, Thematic Study of Anti-Corruption Elements across Prosperity Fund Programmes and Projects, forthcoming, April 2019
- PF, The Proposed updated Prosperity Fund Fund-level theory of change, 19 October 2018
- PF, Centre for Global Disaster Protection, Annual Review, September 2018
- PF, Colombia Prosperity Fund Programme Annual Review, 20 November 2018
- PF, Global Business Environment Programme, Annual Review, November 2018
- PF, Global Anti-corruption Programme Annual Review, August 2018

## Annex 2: People interviewed

<b>Name</b>	<b>Position/organisation</b>
Mike Thompson	Portfolio Programme Manager, Prosperity Fund, National Security Secretariat, JFU
Andrea Robinson	JFU
Helen Poulsen	Senior Social Development Advisor
Megan Kazakeo	AIIB Programme team, HMT
Nicola Jens	CDPM Programme team, DfID
Anurag Satpathy	India PF Programme, FCO

### Annex 3: Summary of benefits and costs of PF programmes

Programme	Overall programme value <sup>44</sup>	Geography (region)	Net present value (NPV) primary benefits (range, NPV)	Secondary benefits (NPV or total <sup>**</sup> )	Years	Benefit-cost ratio Primary benefits*	Notes
Colombia	£25.3 million	Latin America	£1.9 billion	£265 million	10	91:1	Uses 3.5% discount rate on benefits, not 10%
Global Insurance and Risk Facility (Centre for Disaster Protection)	£30 million	Global	£2 billion - £6.7 billion	£21 million - £120 billion <sup>**</sup>	10	70:1 - 200:1	Primary benefits are potential avoided economic losses
AIB Special Fund	£39 million	Asia	\$4.9 billion - \$103 billion	\$9 million	10	-	NB: Results in \$ not £. Fund expected to leverage additional infrastructure investment
India Prosperity Reform Programme	£60 million	Asia	£0.6 billion (low) £1 billion (mid) £1.6 billion (high)	£0.6 billion (low) £1 billion (mid) £1.6 billion (high)	10	-	
China Prosperity Facility (Phase 1)	£85 million	Asia	£11.8 billion (low) £57.3 billion (mid) £131.9 billion (high)	£1 billion (low) £1.3 billion (mid) £1.6 billion (high)	10	-	
China Prosperity Facility (Phase 2)	£40 million	Asia	£390 million	£449 million	10	-	Contains skills and health programmes

<sup>44</sup> Financial values of programmes are according to those reported in Business Cases.

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Global Business Environment Programme	£30 million	Global	£0.68 billion (low) £1.7 billion (mid)	£170 million (mid) £50 million (low)	10	58:1*	
Mexico	£60 million	Latin America	£2.75 billion (low) £3.15 billion £3.54 billion (high)	£493 million (low) £590 million £680 million (high)	10	53:1*	
Digital Access	£82.5 million	Global	£7.9 billion (low) £19 billion (high)	–£1.4 million (low) £100.5 million (high)	10	-	BC also presents estimates of crowding in private finance
Global Anti-Corruption Programme	£45.1 million	Global	£362 million	£0.8 million**	10	9.7:1	50% failure rate assumed
GGEF (NIIF)	£100 million	Asia	£9.5 billion	£168 million	15	8	Estimates of costs and benefits include private and Indian + HMG funds. Additional £30 million is provided from DfID
Brazil Prosperity Programme	£56 million	Latin America	£6.6 billion	£466 million	10	119:1	
Skills for Prosperity	£75 million	Global	Not quantified	Not quantified	-	N/A	
Indonesia PF Bilateral Programme <b>Renewable Energy</b> and Regulatory Reform	£13.5 million	Asia	£9.4 million	£14.7 million**	10	1.8:1	Uses minimum attribution rate – BC also shows much higher returns from other approaches
Indonesia PF Bilateral Programme Renewable Energy and <b>Regulatory Reform</b>	£1.5 million	Asia	£278 million	£112 million**	10	202:1	
Global Trade Programme	£150 million (£64 million appraised)	Global	£2.2 billion**	£35 million	10	37:1	Applies a 50% success probability and clear (3%) attribution rate to programme

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SE Asia Clean Energy/Low Carbon	£15 million	SE Asia	£442 million	£76 million	10	16.3:1	Primary benefit is reduced carbon emissions. Benefit-cost ratio appears incorrect
SE Asia Trade and Economic Reform	£19 million	SE Asia	£351 million	£352 million	10	21:1*	
Future Cities	£80 million	Global	£7 billion (low-risk) £4.3 billion £1.5 billion (high-risk)	£448 million (low-risk) £320 million £193 million (high-risk)	10	57:1	Uses success percentages and attribution rates
Better Health	£75 million	Global	£2.2 billion (low-risk) £1.4 billion (raw) £0.2 billion (high-risk)	£1.5 billion	10	20:1	Uses risk scenario to generate high/low risk
Global Finance for Inclusive Growth	£28 million	Global	£102 million - £512 million	-	10	-	Benefits are illustrative only and estimate returns for different parts of the Fund (not a range)
Global Infrastructure	£25 million	Latin America/Association of South East Asian Nations	£1,153 million	£161 million	10	-	Infrastructure is likely to have whole life benefits beyond 10 years
Investment Promotion	£50 million	Global	£5.2 billion	£1.2 billion	10	-	
Turkey	£20 million	Europe/Asia	£13.5 billion (low) £20.4 billion (high)	£269 million (low) £413 million (high)	10	-	Concept note only
Horn of Africa	£25 million	Africa	£9 billion	£165 million - £330 million	20	-	Concept note only



*Note all figures are from BCs with the exception of the GGEF, Better Health, the AIIB and Colombia where the JFU provided updated values in November 2018. There are 24 PF programmes in the table above. The Indonesia PF bilateral programme was given two separate lines in the table as costs and benefits were calculated for the Renewable Energy and Regulatory Reform programmes separately. Numbers have been rounded.*

*\* Estimated from BC \*\* Total benefits (not NPV)*

## Annex 4: Status of PF programmes

	Title	Departments involved (Lead in bold)	Value	Ministerial Board	Portfolio Board sign-off	Dept. full business case approvals	Expected delivery date
1	Centre for Global Disaster Protection	<b>DfID</b> , FCO, DIT	30	Jul-16	08-Mar-17	Sep 2017	Underway
2	Colombia - Economic Opportunities Programme	<b>FCO</b> DIT	25.3		08-Mar-17	Nov 2017	Underway
3	India Economic Reform & Prosperity Programme	<b>FCO</b> , DIT, DfID, HMT	60		21-Mar-17	Finance and skills strands approved Dec 2018 Final FBC Sep 2019	Target Jan 2019
4	China Prosperity Programme (Phase 1)	<b>FCO</b>	85		04-Apr-17	Target May-Jul 2019	Target Jun 2019
5	Global Business Environment Programme	<b>FCO</b>	30		15-May-17	Oct 2017	Underway
					20-Jun-17	Dec 2018	Underway
6	Mexico Prosperity Programme	<b>FCO</b> , DIT	60		25-Jan-18	Target Jul 2019	Target Aug 2019
7	Global Anti-Corruption Programme *	<b>FCO, NCA, SFO, DfID, HMT</b>	45.1				
8	Brazil Prosperity Programme	<b>FCO</b>	56	19-Sep-17	Target May 2019	Target Jun 2019	
9	Indonesia Renewable Energy Programme	<b>FCO</b>	13.5	12-Oct-17	Target June 2019	Target June 2019	

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	Title	Departments involved (Lead in bold)	Value	Ministerial Board	Portfolio Board sign-off	Dept. full business case approvals	Expected delivery date
10	Indonesia Regulatory Reform Programme	<b>FCO</b>	1.5		12-Oct-17	Nov 2018	In Delivery by MOU.
11	Global Trade Programme	<b>FCO, DIT, DfID, BEIS</b>	150		13-Dec-17	Targets Mar-Jul 2019	Targets Mar – Aug 2019
12	Global Skills for Prosperity Programme	<b>DfID, FCO</b>	75		26 April 2018	Target July/Aug 2019.	Target Sept 2019 DfID May 2019 FCO.
13	ASEAN Economic Reform Programme	<b>FCO, HMT, BEIS, IPO</b>	19		19-Sep-17	Nov 2018	Partly underway
14	Asian Infrastructure Investment Bank	<b>HMT</b>	36	<b>Oct-16</b>	21-Mar-17	Jan 2018	Underway
15	Digital Access	<b>DfID, FCO, DCMS</b>	82.5		20-Jun-17	Phase 2 proposal May 2019	Staggered delivery. Target Jan 2020.
					25-Jul-17	Dec 2018	IPA Underway
16	Global Infrastructure Programme	<b>FCO</b>	25			Target Apr 2019	Target Jun 2019
17	ASEAN Low Carbon Energy Programme	<b>FCO</b>	15		19-Sep-17	Dec 2018	Underway

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	Title	Departments involved (Lead in bold)	Value	Ministerial Board	Portfolio Board sign-off	Dept. full business case approvals	Expected delivery date
18	UK/India Green Growth Equity Fund	<b>DfID</b>	120		20-Jun-17	May 2018	Underway
19	China Prosperity Facility (Phase 2)	<b>FCO</b>	54.8	<b>Jul-17</b>	22-Mar-18	Target Mar 2020	Target Mar 2020
20	Global Future Cities Programme	<b>FCO</b>	80		13-Dec-17	Target June 2019	Target Aug 2019
21	Global Better Health Programme	<b>FCO</b>	79.3		13-Dec-17	Mar 2019	Target Mar 2019
22	Turkey	<b>FCO</b>	20	<b>Nov-17</b>	Mar 2019	Target Jun 2019	Target Jun 2019
23	Investment Promotion	<b>DIT</b>	50.1		20 Sep 2018	Target Oct -Dec 2019	Target April 2019 (pillars 2 and 3)  Target April 2020 (Pillars 1 and 4)
24	Global Finance Programme	<b>DfID</b>	27.8		22-Feb-18	DfID Approval Apr 18	Underway
25	Horn of Africa	<b>DfID</b>	25	<b>Jan 2018</b>	Jul 2018		Tbc
26	India Tech	<b>DCMS</b>	13	<b>July 2018</b>	Target Apr 2019	Tbc	Target Apr 2019
27	China P3	<b>FCO</b>	14.75	<b>July 2018</b>	Nov 2018	Target Mar 2020	Target Apr 2020

## Annex 5: Summary of G&I Scorecard

Programming dimension	Focus of assessment	Rating scale
<b>Programme design</b>	<p>Is there a clearly identified prosperity problem?</p> <p>Have programmes conducted a sufficiently in-depth G&amp;I analysis of this problem to identify excluded groups and dynamics, gender dimensions, barriers, blocks, gaps and opportunities in the national context or relevant sector? Have programmes considered and mitigated against potential harm to women, excluded groups and children?</p> <p>Do programmes have impact and outcome statements that clearly integrate G&amp;I?</p> <p>Does the ToC have G&amp;I outcomes and pathways of change to achieve these outcomes?</p> <p>Do programmes monitor relevant G&amp;I indicators?</p>	<p><b>1 Not aligned with the PF G&amp;I Policy and Guidance</b></p>
		<p><b>2 Insufficient evidence of alignment with the PF G&amp;I Policy and Guidance</b></p>
<b>Internal capability and incentives</b>	<p>Has the programme design had inputs from a G&amp;I or social development adviser?</p> <p>Do programmes/implementing partners have G&amp;I technical expertise?</p> <p>Does the programme have a specific gender equality policy/plan?</p> <p>Has the programme organised orientation/training on G&amp;I for most members of staff?</p>	<p><b>3 Minimum level of alignment with the PF G&amp;I Policy and Guidance</b></p>
		<p><b>4 Potential for women and girls' economic empowerment (Level 3 +)</b></p>
<b>Financial resources</b>	<p>Have programmes considered the costs of reaching women and other excluded beneficiaries?</p> <p>Does the budget reflect the G&amp;I priorities?</p> <p>Has the programme budgeted for G&amp;I-focused inputs and activities?</p>	<p><b>5 Potential for transformation (Level 3, 4 +)</b></p>
<b>Accountability mechanisms</b>	<p>Does the programme have governance systems that hold staff at all levels to account on G&amp;I?</p> <p>Do monitoring systems include relevant G&amp;I-specific programme indicators and disaggregate data by relevant variables?</p> <p>Does programme reporting require partners to report on G&amp;I?</p>	
<b>Partnerships</b>	<p>Was due diligence conducted on partners' G&amp;I credentials (existence of a safeguarding policy, G&amp;I/diversity policy, fair recruitment and equal pay policies)?</p> <p>Have programmes provided PF G&amp;I Policy guidance and requirements to suppliers during bidding/project selection (Terms of Reference, bid instructions)?</p> <p>Have relevant organisations representing women and other excluded groups been consulted on programme design and is their feedback sought during implementation?</p>	

## Annex 6: Evaluation Framework

### 1. Introduction and Purpose

This document outlines the evaluation framework for the Evaluation and Learning (E&L) team for the Prosperity Fund (PF), which will be used to guide the implementation of the evaluation. As outlined in the Magenta book, an evaluation requires a framework within which the evaluation can be designed, data analysed and results interpreted<sup>45</sup>. For the PF, the evaluation framework will be based on the Fund's theory of change (ToC included as Figure 1 in this document). The evaluation has a dual purpose to support organisational learning and contribute to the accountability mechanisms of the Fund. This dual purpose will be achieved through both the way in which it is conducted and the evidence it will generate.

This framework outlines for both the Fund and programme level:

- The evaluation approach to assessing the Prosperity Fund's contribution to its primary purpose, secondary (UK) benefits and value for money (VfM);
- The identification and organisation of evaluation questions (EQs);
- The basis for how the evaluation and learning will use evaluation data and findings; and
- How the evaluation will present evaluation findings, conclusions and recommendations and the process through which the evaluation framework will be reviewed and further iterated based on evidence.

This document is one output of the PF evaluation and learning Inception Phase. This document acts as a guiding framework to the overall evaluation and learning approach and is supported by a range of other evaluation outputs, including detailed approach papers on how the PF evaluations will consider secondary benefits, VfM, synthesis and gender. An evaluation question matrix, detailing methods and data sources is also being developed as part of the methodology. The content of this framework will be integrated and further expanded upon in the inception report submitted at the end of the PF evaluation and learning Inception Phase. The inception report will provide further detail on the specific evaluation and learning approach and methods for both the Fund and programme level evaluations, data sources and indicators to support implementation of this framework.

Submission of this framework separately and prior to the conclusion of the Inception Phase allows the PFMO and evaluation and learning stakeholders an early opportunity to comment on its content, thereby ensuring the approach and methods developed by the E&L team address stakeholders needs.

#### 1.1 Process to develop this document

This document has been developed based on design work undertaken by the E&L team since contract start in September 2017. This began with an initial review of the PF

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<sup>45</sup> H M Treasury, (2011), The Magenta Book: Guidance for evaluation, UK Government. Available at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/220542/magenta\\_book\\_combined.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220542/magenta_book_combined.pdf)

documents that were provided by the PFMO and the wider literature by the evaluation team. This included in-depth review of Fund and management level documents and an in-depth mapping and review of Business Cases (BCs) and interventions.

Given the user focus of the evaluation, it also drew on discussions with key PF stakeholder groups. This has been led by the E&L engagement team. The E&L team have been guided by PFMO in deciding the stakeholder groups outlined in Table 1 below.

**Table 1: Stakeholder Groups**

Stakeholder Group	Sub-Group
Prosperity Fund Management Office (PFMO)	Design Team
	Programme Delivery and Operations team
	Strategy and Design Adviser
	MREL team
	Portfolio Managers
	Secondary benefit lead
	Communications Team
	Head of the PF
	Programme Managers (PMs) and staff
The Portfolio Board	Includes representation from: FCO, Department for Internal Trade (DIT) Department for Business, Energy & Industrial Strategy (BEIS) Her Majesty's Treasury (HMT), NSS, CCS, Cabinet Office, Department for International Development (DFID)
Technical Advisory Group	Includes representation from: FCO, DIT, BEIS, DFID, ICF Leads

The majority of meetings underpinning this process have been face-to-face between PF stakeholders and members of the E&L engagement team. These have been undertaken along an agreed rubric designed by the team and agreed by the PFMO. Where not possible to meet in-person, the meetings have been conducted by phone or Skype. The process has been a rolling one, with initial meetings often followed up by further information and documentation gathering.

E&L team members also attended 3 regional workshops: in Beijing for the China programmes; in Miami for the Latin American ones; and in Singapore for those in SE Asia. In each case E&L team members participated in the last day of the training, and held a 'clinic' with programme teams to explore their needs and expectations. A further London event attended by PF programme staff from across posts provided 'clinic' support and delivered an outreach presentation to the audience as part of the plenary session.

The process also benefited from in depth discussion and working sessions with the PFMO MREL and wider PF stakeholders on the scope, objectives and approach to delivering the Fund and programme evaluations. One highlight of this engagement included a workshop in October on the ToC that explored how ToC can best be used for evaluation and learning.

An important stakeholder in the development of this framework has been the Monitoring and Reporting (MR) contractor, who is responsible for developing indicators that will support performance management. The E&L team have had several engagements with the MR contractor, with a particular focus on proposed indicators and EQs to ensure coherence. This engagement will continue throughout inception and during implementation.

This document has also benefited from a range of in person and Skype brainstorming sessions between the E&L team to bring together the diverse workstreams, proposed visions and approaches to ensure a coherent vision for the PF evaluations at both the Fund and programme levels.

## 2. Methodological Approach

### 2.1 Capturing the Dual Purpose

The evaluation – both through the way it is conducted and the evidence it generates - will support organisational learning and contribute to the accountability mechanisms of the Fund and its participating Departments. An annual evaluation and learning cycle will drive evidence-based review of progress (on what has been achieved, how and why) and facilitate the sharing of, reflection on, and use of the evaluation evidence to support decision making at project, programme and Fund levels. Learning about what works (or doesn't), why and how, is expected to strengthen the interpretation of the progress monitoring and to improve reporting. In this way the evaluation can support adaptation and course correction at Programme level; and feed into adaptive management at the Fund level to improve performance of the Fund. In this regard, the evaluation will deliver evaluation findings on progress toward, and the achievement of:

- Primary Purpose (ODA requirements as articulated through the provisions of the UK International Development Act 2002 & International Development (Gender Equality) Act 2014);
- Secondary benefit through creation of opportunities for international business including UK companies; and
- VfM in the way resources are planned, managed and used to achieve the results.

To do this we will need to provide high-quality evidence and knowledge of what works, why, where, and for whom, in achieving the goals of the PF. If successful, there should be demonstrable impact of this knowledge at all levels of the PF, including centrally, as well as within individual programme management units and within Whitehall departments working with the PF.

The evaluation will be designed to be responsive to emerging evaluation needs from the range of different PF stakeholders (from PFMO to Programme Managers (PMs)) through structured consultative processes at the different levels. This allows plans to be adapted



and evaluation and learning activities to be tailored so that a range of different evaluation and learning outputs are generated that can support lesson learning and inform adaptive management.

### **2.2 Theory-based approach**

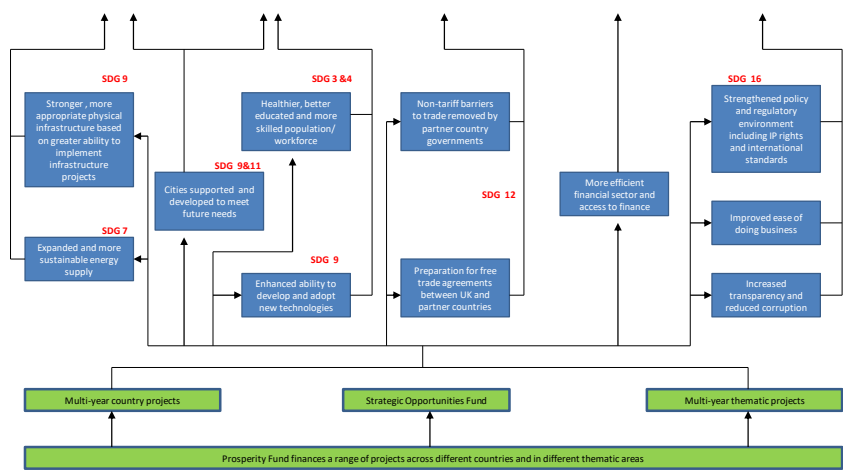
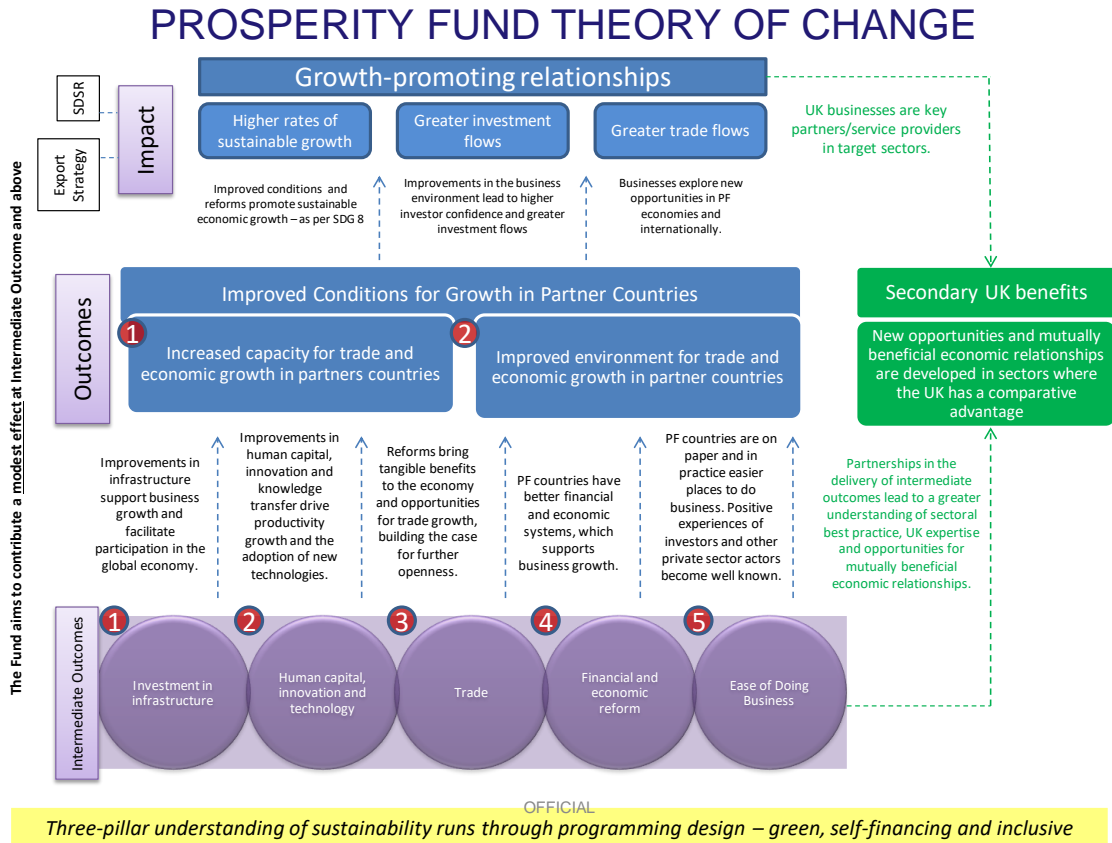
The evaluation framework uses the PF Fund ToC (Figure 1) as its central organising framework: applying a theory-based approach that draws on evidence from the range of evaluations and evidence sources will allow us to test the assumptions underlying the causal chain from inputs to Intermediate outcomes, outcomes and contributions towards impact<sup>46</sup>. Theory-based evaluation is appropriate in the overall context of PF as it is suitable when an intervention or the context of implementation has attributes of complexity. However, it may not be appropriate for the evaluation of all interventions and therefore other approaches may be used such as developmental approaches if the need emerges<sup>47</sup>.

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<sup>46</sup> Carvalho, Soniya and Howard White (2004) 'Theory-based evaluation: the case of social Funds' American Journal of Evaluation 25(2) 141-60, 2004.

<sup>47</sup> Stern Elliot *et al* (2012): Broadening the range of designs and methods for impact evaluations. Department for International Development, Working Paper 38.

Figure 1: Prosperity Fund Theory of Change



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This approach means that the PF ToC (Figure 1 above) will be the overarching framework guiding the evaluation and we will use the ToC in a dynamic way, testing causal assumptions during implementation and recommending modifications as appropriate.

The evaluation will draw and triangulate evidence from multiples sources, including the evidence emerging from the evaluation and learning activities and wider evidence bases to test and refine assumptions embedded in this model. The ToC as described in Figure 1

will guide examination of what changes have occurred, as well as how and why they have occurred; if the changes match those intended; the role of contextual factors; and the role of causal assumptions within the ToC in terms of adaptation and refinement during implementation. The PF ToC will also guide the design of EQs, the sampling of programmes, the approach to synthesis of PF results and the selection of themes for investigation for each evaluation cycle. The PF ToC has been iterated several times and is suitable in its current form as a high-level set of hypotheses to frame the evaluation. However, more work is needed to flesh out the ToC at Programme level and at the level of contracted projects that sit underneath and feed into different causal pathways at this high level. Theories at all levels will be viewed in a dynamic way and causal pathways and assumptions may be modified and refined in the light of evidence from the evaluation.

### **2.3 Applying a user and learning focus**

To ensure the evaluation is relevant, useful and usable, it will apply a user and learning focused approach<sup>48</sup> through the following points:

- Identify primary intended users;
- Gain commitment to the utility and focus for the evaluation;
- Decide on evaluation options;
- Analyse and interpret findings and reach conclusions through engagement with users;
- Disseminate evaluation findings with users in mind.

In this connection, evaluation activities will be designed to facilitate a learning process by responding to PMs' learning and information needs. This will help the PF at central level and PMs to apply evaluation findings and lessons to their work. Learning will be a focus at both the Fund and Programme levels, with opportunities for cross-programme learning facilitated in the latter case.

A focus on the users of the evaluation findings means that the PF managers at central and Programme level will need to be engaged in key decision and analysis points during the evaluation: the evaluation is done "with" them, not "on" them. In this way, they are more likely to use and benefit from an evaluation where there is ownership and engagement in the evaluation process and its findings. In a complex multi-stakeholder environment, such as the PF, there is added value in having a conscious approach to learning that will both build stakeholder relationships, awareness and ownership of evaluation objectives, and also enhance and accelerate its progress. At the same time, we expect this to strengthen confidence in the evaluative assessment of emerging results used by PMs and Fund management for reporting on the performance of the PF towards achievement of its stated objectives.

Engagement with the evaluation users has been initiated during the Inception Phase, with the aim of introducing the evaluation and learning function to all PMs, as well as representatives from the Advisory Group and PFMO. This early engagement has been

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<sup>48</sup> Drawing on the approaches proposed by Patton, M.Q. (2008). *Utilization-focused evaluation*, 4th edition. Thousand Oaks, CA: Sage, and the 5 step approach outlined by Patton, M.Q. and Horton, D. (2009). *Utilization-Focused Evaluation for Agricultural Innovation*. International Labor Accreditation Cooperation (ILAC) Brief No. 22. ILAC, Bioversity, Rome.

used, particularly with PMs, to identify priority evaluation and learning support for the early implementation phase and to support development of an approach to evaluation and learning that can be useful.

The user and learning focus will be reviewed annually, as part of the annual evaluation and learning cycle. The 5 points above will be assessed with the users and the feedback used to adapt our approach.

### 2.4 Fund and Programme Level Evaluations

Our approach integrates the Fund and Programme level evaluation and learning activities into one framework that seeks to map evaluations to the PF ToC (Figure 1). The way we will do this is described below. The advantages of this are:

- Ensuring that information collected at all levels can be used to answer the overarching EQs guiding the PF evaluation and learning assignment;
- Avoiding evaluation fatigue from multiple evaluations with different objectives, duplication and irrational use of data at the programme and Fund levels and having Fund evaluations being perceived as extractive by programme implementers and beneficiaries; and
- Enabling the E&L team to design a holistic approach to sampling and Programme level investigations which takes into account the dual learning and accountability purpose.

This approach entails a real-time annual evaluation and learning cycle linked to PF planning and decision time lines, with an initial focus on processes and in later phases contribution analysis – essentially moving up the ToC over time as evidence is generated and assumptions tested. This will involve the following activities:

1. *Evaluations for Programme level learning*: Responsive to PMs' needs to understand their portfolio and designed to provide information quickly to inform management decision-making, make course corrections and to support adaptation. In the first year, this evaluation would help set-up the PMs to use the evaluation strategically in their management cycle (*What does this evaluation finding mean for me?*). This would be conducted alongside the assessment of the evaluability of the programme's components (*i.e.* its projects in most cases), which would provide immediate information to the PMs on the strength of the programme's intervention designs and support readiness for implementation. The learning foci of these formative evaluations will be devised annually with the PMs, based on the results and learning needs identified across the programme portfolio. The aim would be to enable all programmes to be supported with these learning focused evaluations. The learning may be focused on specific programme needs or; where common learning needs are identified across programmes; may draw learning findings together for a number of programmes to support cross-programme learning. The learning findings from programme level will be synthesised annually and shared through the knowledge management system to be developed.
2. *Evaluations of families of projects and programmes*: Programmes and projects that contribute to the same intermediate outcome causal pathways may be evaluated as a group or 'family' of interventions, enabling joint evaluations or opportunities for

cross programme comparison. These evaluations will sample projects and synthesise programme evaluations to support cross-programme learning on performance (*what is working well, why*), evaluating progress towards the Fund ToC intermediate outcomes, and direction of travel towards intended results.

During the first year of evaluation these potential groupings of programmes or projects will be reviewed, through interaction with the PMs and the Programme evaluability assessments.

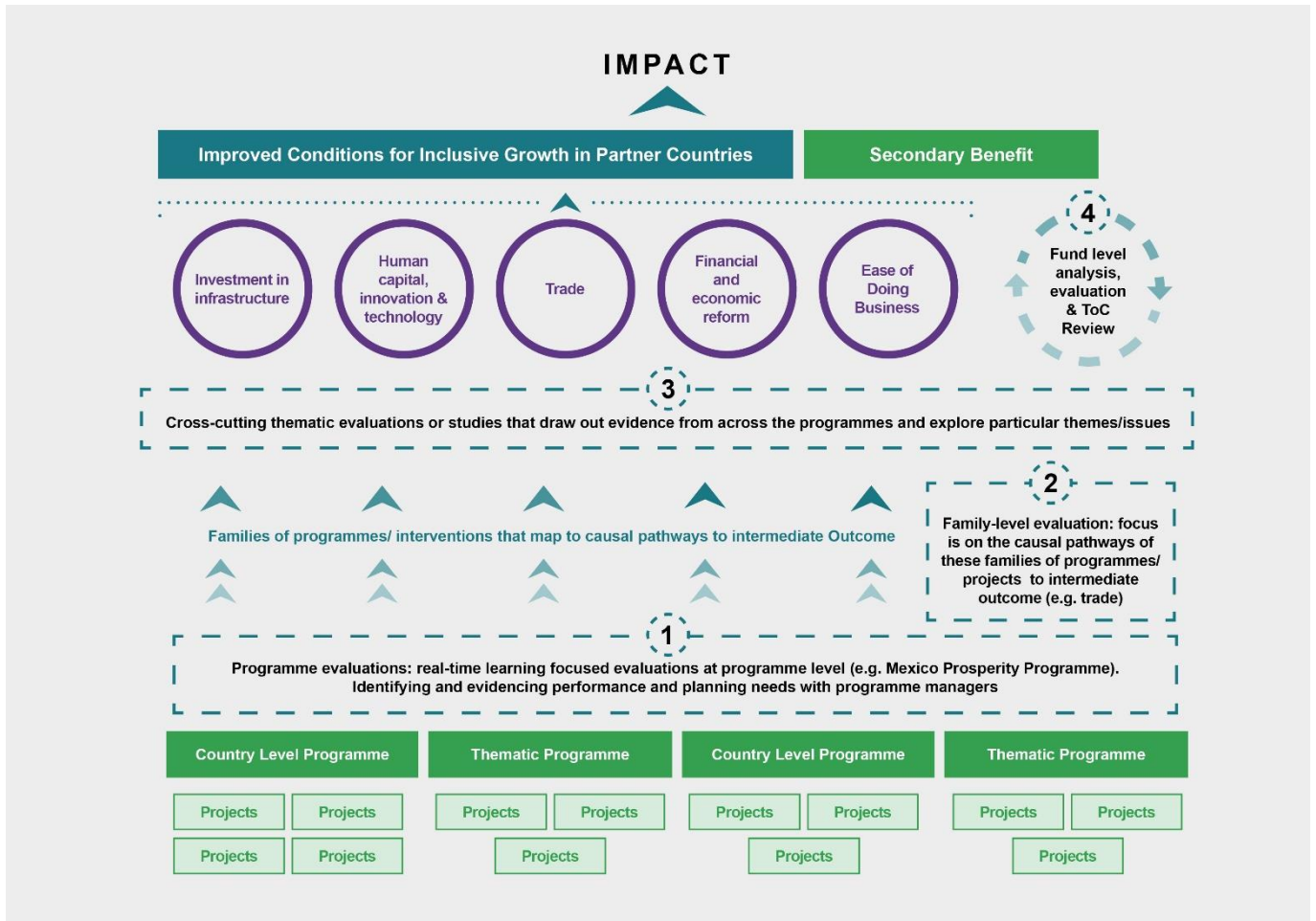
Following the first year's formative programme evaluations, a sample of PF programmes and interventions will be identified – in discussion with the PFMO – for summative learning evaluations. Sampling will be undertaken against clear and transparent criteria, but are likely to focus on the major strands of investment made by the PF (e.g. trade, infrastructure, financial services). In this way, it will allow lessons to be generated from the sample that can be usable across that 'family' of interventions. These evaluations will retain the user-focused approach, but provide learning on performance (*what works, why and for whom*) that will be valuable across the portfolio. By drawing-together the findings through a synthesis, these evaluations will inform the Fund level ToC, management strategy and decision-making. Synthesis of the summative evaluations will need to be based on the timeframes for generating findings from evaluations across the portfolio and will be staggered according to the start-up timings of the respective programmes.

- Fund level thematic cross-cutting evaluations:* Exploring specific themes that will be agreed with the PFMO at the beginning of each annual evaluation and learning cycle, based on areas of the Fund level ToC that require more Fund level evidence. These will cover cross-cutting issues (e.g. gender, VfM, partnership building) that are not specific to a particular strand (like health, infrastructure) but which will contribute to Fund level learning and assessment of performance as well as the Fund level processes that support Fund operations in these areas. The evaluations will draw on the existing Programme level evaluations being undertaken (to minimise duplication) but are also likely to make comparative assessments to other funds and programmes where there is potential for shared learning and also against which to 'benchmark' the PF. There may also be some additional data collection required at the central level and from the wider evidence base. The evidence will be synthesised from across the data sources and evaluations with the aim of providing Fund level user focused findings.
- Fund level analysis and ToC Review:* The data supporting the Fund review will come from the programme and evaluations of families of projects and programmes and Fund level thematic evaluations. This annual review will bring together the evidence on the overall performance and achievements of the Fund and draw out areas for Fund wide learning and strategy. The compiled evidence will be mapped to the Fund ToC and recommendations for adaptations made where relevant.

The responsibilities of the E&L contractor are limited to the time frame of the PF (2017/18- 2020/21) and the requirement to conduct a ten-year impact evaluation of the Fund is not part of the scope of this assignment. While the assignment will not

conduct an impact evaluation, it will generate conclusions about achievement of outcomes and direction of travel towards impact.

**Figure 2** below demonstrates the interaction between Fund and Programme level evaluations envisioned.



**Figure 2: Interaction of the different levels of evaluation at the Fund and Programme levels**

### 2.5 Approach to sampling, design and synthesis of evaluations across the portfolio

The E&L team expect to use a range of data sources, both internal and external to the Fund, in its annual assessments of the progress of the Fund as a whole. In each case, secondary data that builds the strength of evidence for intervention results being achieved will be collected (e.g. national statistical data, financial flow data) and this will need to be synthesised in order to contribute to the assessment of the progress along the ToC at Fund level. Much of the quantitative data required is expected to come from the MR data platform (Prospero). Evidence generated by the annual programme evaluations, the family-level and the thematic evaluations will also be brought together to contribute to the overall assessment of performance. In order to be able to synthesise findings on performance of the Fund as a whole, it is also important to develop comparable EQs for evaluating different types of interventions. It may not be appropriate or necessary to always use the same methods, but where there is an explicit expectation for the evidence to be aggregated or combined, we will first consider methods that allow for synthetic analysis. Our approach to sampling and synthesis will include:

- Using a set of criteria for selecting programme and intervention level evaluations, which will include evaluability.
- Preparing a menu of suggested methods appropriate for evaluating the types of projects we expect under the BCs, based on current knowledge and drawing from the evaluation literature. These cannot be definitive since methods will ultimately need to be tailored to the interventions which are actually contracted.
- Setting up a process for supporting our evaluation syntheses, including the use of common evaluation teams, data collection and analysis instruments, clear guidance on how evidence is collected, analysed and written up and coordinated to minimise duplication and evaluation fatigue.

### **2.6 Learning within the Annual Cycle**

We will support the Fund and its programmes to use the evaluation to actively manage delivery and inform future PF BCs and strategy. The form of support offered will be tailored through an evidence based Learning Diagnostic. This Learning Diagnostic has been completed during the Inception Phase. It analysed PF stakeholder learning priorities / preferences, existing learning plans and systems in PF HMG departments, and research on learning approaches in the UK public / international development sector. The learning diagnosis covered four dimensions: Culture, Process, Technology, and Risks.

Based on this diagnostic, and aligned to our user-focused approach, a strategy and plan for how, when and for whom learning support will be delivered will be prepared. On the basis of the diagnosis we have made, we propose that in our approach to learning within the annual cycle, PF stakeholders are offered relevant ongoing opportunities to:

- Participate in the design of programme level evaluation frameworks, Fund level process evaluation, and thematic studies (this is necessary under a user-focused approach);
- Validate draft evaluation outputs that present evidence from their work;
- Access evaluation and learning knowledge products;
- Make sense of evaluation findings and recommendations and plan follow-up actions;
- Engage in peer-to-peer conversations to share know-how and experience where gaps exist in informal PF networks;
- Experience a culture of learning within the PF;
- Develop their own organisational learning initiatives; and
- Identify additional sources of learning support outside the evaluation and learning service.

We acknowledge that learning requires a strong engagement with the users. This requires a commitment of time to be successful. Our evaluation and learning approach – whilst true to the spirit of utility and learning – will need to balance the availability of PF managers to engage and respond in a way that allows the evaluations to inform planning, management and organisational learning.

### **2.7 Cross cutting issues**

Through our integrated approach, cross cutting issues such as inclusive growth, gender and VfM will be considered at both the Fund and programme level, and throughout our evaluation activities rather than treating them as separate components.

Our understanding of VfM encompasses the concepts of both the delivery of 'value', i.e. results or benefits, as well as minimising 'expenditure of money' or costs related to the delivery of PF results. VfM for PF activities means the realisation of primary and secondary benefits at a reasonable cost. It implies the optimal or effective allocation of funds to achieve desired objectives, rather than simply minimising costs, and encompasses the notions of economy, efficiency and effectiveness.

Separate papers have been produced which outline our approaches to how these cross-cutting issues will be considered as well as the specific tools that will be used to allow examination of these issues as part of Fund and programme level evaluations. However, given their importance to understanding overall PF performance and to guide learning, they will be treated holistically when exploring performance of both the Fund and programmes.

### **2.8 Principles**

The following principles will guide our overall approach to evaluation and learning:

- Evaluation and learning activities will be guided by the evaluation framework and the underpinning Fund ToC. In line with the adaptive management of the Fund, the evaluation and learning approach will be reviewed and adapted annually based on evidence generated as part of the evaluation and learning cycle.
- As the central organisational structure guiding this evaluation, the ToC will be reviewed and updated annually based on evidence generated as part of the annual evaluation activities.
- Evaluation activities will have a learning focus in the sense that they will identify evidence to be used during planning and implementation (a formative approach) based on the information needs of stakeholders (user-focused).
- Interventions and activities will be based on 'do no harm' principles and incorporate ethical practices.
- The evaluation at the Fund and programme levels will incorporate gender and social inclusion-sensitive considerations.
- Our learning approach will be based on a clear understanding of the different stakeholders, including beneficiaries and their differing monitoring, evaluation and learning needs. Findings will be fed back in inclusive ways.
- Evaluations will be conducted at appropriate times to feed into key decision timelines of Fund.
- Learning-focused programme evaluations will be tailored to the needs of the individual programmes and PMs but their results will also inform the overall understanding of PF performance. To ensure that these evaluations fit with both their primary and secondary purpose, the frameworks for each individual programme evaluation will be developed with the overarching framework in mind and specific tools for matching and 'translating' data and findings across will be developed.



- Methods will address Organisation for Economic Cooperation and Development (OECD) evaluation best practices and respond appropriately to the EQs, data sources, beneficiary feedback and PF Fund and programmes to minimise limitations of evaluation findings.
- A robust multi-layered QA process will be applied to ensure the generation of high quality evidence. This will ensure the evaluation is governed by explicit principles covering: inputs (methodologies, people, resources); processes (oversight and governance, management arrangements, stakeholder engagement, communications); and deliverables (outputs).

### 3. Prosperity Fund Theory of Change

#### 3.1 Role of the Theory of Change

The ToC described in Figure 1 (and in its accompanying narrative not included in this document<sup>49</sup>) provides the basis for understanding the change and contributions made by PF. This broad, conceptual framework underpins this document and the evaluation as a whole and has been used to help frame the selection of EQs (the process for EQ selection is described in Section 3.2 below), and support prioritisation of evaluation and learning activities.

#### 3.2 Process of reviewing the theory of change during evaluation

The ToC as described in Figure 1 forms the backbone of the theory-based approach to the PF evaluation. This Section describes the approach to the ToC during implementation.

##### *Fund Level ToC*

The Fund ToC will be reviewed with key PF stakeholders each year in the light of emerging evidence. Recommendations for updates to the ToC will be made through this review process. The initial evidence base for change and assumptions in the “lower-half” of the ToC (i.e. below intermediate outcomes) will be reviewed and revisited based on the evidence from the first year’s formative evaluation of programmes.

There are aspects of the ToC that the evaluation team will unpack and explore as part of each annual learning event to feed into the annual Fund ToC reviews. The annual ToC review will focus on causal pathways and assumptions: whether the strengthening evidence base implies changes to assumptions of causal pathways. In the early years of implementation, this is likely to focus on evidence emerging at the lower level of the Fund ToC, and changes in the pathways from outputs to intermediate outcomes. During Inception Phase, the evaluation and learning team is making an initial assessment of how the programmes and projects map to the causal pathways into intermediate outcome (e.g. Trade, Infrastructure, Health). During the first year of evaluation these potential groupings, or ‘families’, of programmes or projects will be reviewed, through interaction with the PMs and the programme evaluability assessments.

As programme results emerge, evaluations that focus on different ‘families’ of projects or programmes may be undertaken, providing evaluative learning for the Fund ToC, and valuable cross-programme learning opportunities. The data supporting the Fund level ToC

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<sup>49</sup> The UK Prosperity Fund: Theory of change narrative, evidence and assumptions. FCO, October, 2015

review will come from the programme evaluations and Fund level thematic studies and the findings will be reported in the annual Fund performance evaluation / synthesis. Recommendations will be made on modifications to the ToC (such as changes to assumptions) that reflect PF adaptation and course correction where needed.

Towards the close of the Fund (in 2022) a final review of the Fund ToC at all levels will be conducted. In parallel, a contribution analysis of selected programmes using the ToCs will be undertaken.

### ***Programme level ToCs***

As indicated in the first paragraph above, the implementation stage of the PF evaluation will begin with the provision of formative support to ToC development in partnership with PMs. For the programmes, the purpose would not be for the E&L team to 'write the ToC' but rather to meet the demand for support from programmes to improve and then operationalise their ToCs and BCs as a tool for setting – and monitoring - realistic programme objectives. This process will allow an early opportunity to deliver usable recommendations for adaptation and course correction, and flows well from existing EQs.

### ***Comment on the Current ToC***

Analysis of the ToC undertaken during the Inception Phase, taking into consideration a review of programme BCs, has identified a number of changes that may be recommended for the end of the Inception Phase and will be captured in a separate inception deliverable. In summary, the analysis suggests consideration of additional assumptions and further consideration of the output to intermediate outcome causal pathways in the 'lower' part of the Fund ToC.

### ***Comment on Fund ToC Assumptions***

At the lower end of the ToC, for the funded projects to contribute to the intended intermediate outcome causal pathways, we have identified some underlying assumptions about the design and implementation of the programmes. These assumptions will be tested by a number of the proposed EQs and have a process nature. We would suggest that these be considered as underlying the implementation of good projects to contribute to the intermediate outcomes. These have been plotted (in orange) under the inputs on the Annex 1 ToC diagram.

- The three-pillar understanding of sustainability runs through programming design – green, self-financing and inclusive.
- PF programmes and interventions have built into design approaches that address issues related to the economic empowerment of women and other excluded groups in line with the UK's Gender Equality Act and the Prosperity Fund Gender and Inclusion Policy, Guidance and Inclusion Framework.
- There is an appropriate balance between primary and secondary benefit.
- The Prosperity Fund brings additionality and a unique programmatic offering to the countries and sectors in which it works.
- Human resource capacity and management needs at programme and fund level have been identified and measures have been put in place to support management.

- Evidence on VfM is used to guide improvements to PF programmes and processes.
- The PF is learning key lessons from its programmes and projects.

### **Comment on Intermediate Outcome Causal Pathways**

The initial analysis of the causal pathways to intermediate outcome in the Fund ToC suggest some commonalities in the ways that programmes seek to contribute to the Fund's intended outcomes and impacts and that it may be possible to map out common pathways against which evaluation evidence may be mapped as part of future analyses. Specifically, through the portfolio analysis, specific 'families' of projects (ten in total) have been identified. These 'families' represent projects which share a common sectoral focus or a similar pathway to change, comprising:

1. Physical Infrastructure,
2. Future Cities,
3. Energy and Low Carbon,
4. Technology / Digital Access,
5. Health and Education,
6. Innovation: projects which belong to a 'family', but which cluster together because they involve the piloting / demonstration of innovative products,
7. Trade,
8. Financial services,
9. Business Environment Reform (BER), and
10. Transparency and Anti-Corruption.

Validation, with programme leads, of the categorisation of projects according to these 'families' is ongoing. After this consultation the categorisation will be adjusted (and any new 'families' identified added). Given the utility of the 'families' in providing more detail on the composition of the 'lower half' of the Fund ToC (and in framing one of the evaluation products), the E&L team have proposed (in the *Theory of Change Paper*) that the 'families' be integrated into the PF ToC.

## **4. Evaluation questions**

The EQs provide a clear structure for analysis for both the Fund and programme level evaluations. These will also provide the basis for the structure of the data collection and analysis methods for the evaluation as a whole, as well as reporting. The PF MREL provided a list of indicative EQs in the ToRs. The E&L team followed the steps outlined in Box 14 below to generate the revised EQs that are included in this document.

**Box 14: Process to revise evaluation questions**

**Process taken to proposed EQs**

- Drawn from the EQs in the TOR
- Guided by OECD-DAC principles (relevance, effectiveness, efficiency, sustainability and impact)
- EQs refined after a process of:
  - Mapping to the ToC (outputs to intermediate outcomes, assumptions, VfM);
  - Identification of additional evidence/info needed
- Discussion and interaction with PFMO and MR

Once the EQs are agreed, they will be linked to appropriate data sources, indicators, methods and evaluation sequencing in a matrix format. This will form part of the methodology and Inception Report.

We propose to keep the overarching EQ the same as outlined in the ToR for the Fund and the programme evaluations:

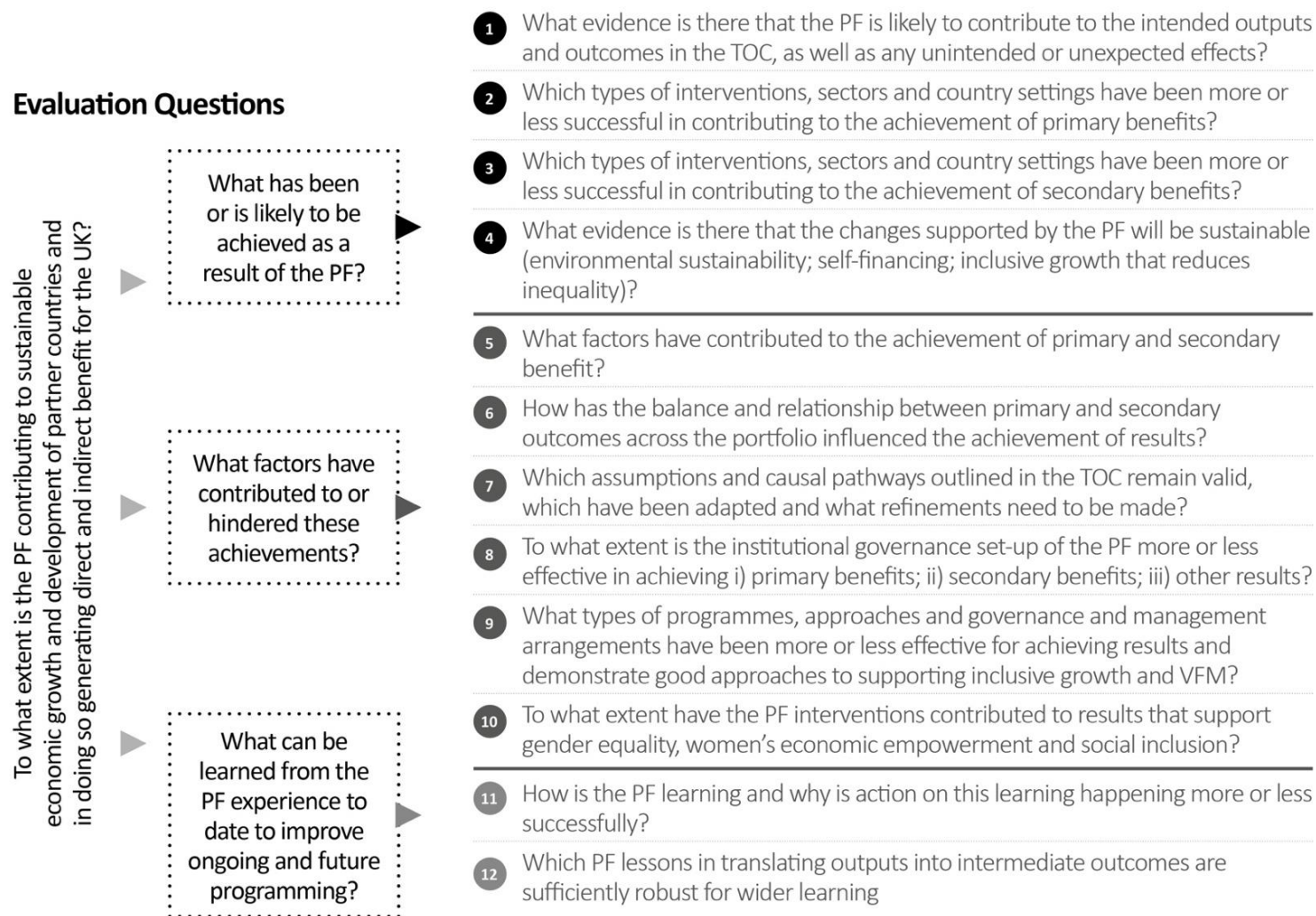
*To what extent is the Prosperity Fund contributing to sustainable economic growth and development of partner countries and in doing so generating direct and indirect benefit for the UK?*

The following three proposed core questions were included in the ToR; they will guide the evaluation and learning activities:

1. What has been or is likely to be achieved as a result of the Prosperity Fund?
2. What factors have contributed to or hindered these achievements?
3. What can be learnt from the Prosperity Fund experience to date to improve on-going and future programming?

Based on the assessment of the Fund thus far and interaction with key PF stakeholders at Fund and Programme level, a series of evaluation and learning questions have been prepared that cascade down from these three core questions. These are presented in Figure 3 below. These have been mapped to the ToC in Annex 1 whilst Annex 2 provides a more detailed breakdown indicating alignment to the OECD-DAC criteria and justification for revisions from original questions.

Figure 3: Evaluation Questions Annual Evaluation and Learning cycle



## 4.1 Cycle structure and outputs

Drawing on evaluation best practice for adaptive and learning focused evaluations<sup>50</sup>, the E&L team will deploy a structured annual evaluation and learning cycle to guide thematic, evaluations of families of projects and programmes, and programme evaluations.

Engagement with evaluation users at Fund and Programme level will inform the planning for the subsequent cycle (i.e. applying the five points in Section 2.3 above). That engagement will inform particular thematic and sampling foci and inform timing to ensure that our evaluation evidence and learning continues to respond to emerging interests and decision-points.

### 4.1.1 Generic Cycle

The evaluation and learning assignment will result in a range of evaluation outputs each year, which will be outlined in the annual approach paper which will cover process, performance and thematic aspects. In addition, there will be several programme evaluation outputs produced (that have a learning focus). How these products are variously formatted and presented will be determined as the Knowledge Management System and the process for how different types of evaluation information are disseminated, are agreed.

The process for the annual cycle of outputs is outlined below:

#### Fund Level

- *Annual Fund ToC review* - with relevant PF stakeholders to map new evidence to the Fund ToC and to identify any revisions needed and the causal steps, impact pathways or assumptions, and areas of focus for the next year. This will draw on the Fund level synthesis of evidence from the evaluations (programme level and the thematic).
- *Annual co-review* - with relevant PF stakeholders at the Fund level. Review of the previous year evaluation process and findings to guide decision-making on thematic questions and the scope of activities to be covered in the upcoming year. This will consider the ToC review and wider contextual factors that may affect prioritisation or focus.
- *Annual review of EQs*- with relevant PF stakeholders to ensure they are still fit for purpose and to make adjustments based on feedback and emerging evidence to ensure that we can collect evidence as expected.
- *Annual evaluation and learning paper* – which will include an annual synthesis of results and the questions, scope, team and resources, timelines, methods and evaluation activities and outputs to be delivered as part of the next year.
- *Annual summary report* - synthesising the Fund evaluation and learning activities that covers process, performance and thematic aspects and the outputs of the programme evaluation activities conducted that year.

#### Programme Level

At the programme level, the evaluation activities should be designed to facilitate a learning process by responding to PMs' learning and information needs. Given the scale of the Fund, it is unlikely that the evaluation can serve all the interests of all potential evaluation

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<sup>50</sup> A range of sources, including Wilson, Gregory (2016). What is Adaptive Management? USAID Learning Lab. Available at <https://usaidlearninglab.org/lab-notes/what-adaptive-management>

users. During the discussion of evaluation findings each year with PMs, including the assessment of both performance and programme design (through the evidencing and testing of the programme interventions' ToCs), knowledge gaps, learning needs and priorities will be reviewed. These will be combined across those programmes evaluated and fed back up to the Fund level to inform the annual co-review.

- *Implementation of evaluation and learning activities* - as outlined in the annual approach paper.
- *Annual programme evaluation and learning reports* – providing the results and recommendations from the programme evaluations specific to the targeted intervention, group of interventions, or programme. This would include:
  - Evidence mapped against the evaluated intervention ToCs to improve understanding of the causal steps, impact pathways or assumptions within the intervention's design.
  - Evaluation of progress towards results by qualifying the monitoring data.

### 4.2 Developing a process for Year 1

The plan for the first year (i.e. 1<sup>st</sup> year of implementation for the E&L team) is still being developed as our understanding of the PF programmes and their respective interventions improves. It will be presented in the Inception report. However, a Year 1 cycle is emerging: to bring together what has been presented in the framework, we are anticipating:

#### Fund Level

Comments on areas of strong or weak evidence within the Fund ToC will be prepared in the Inception phase and inform Y1 evidence gathering and synthesis. The initial evidence base for change pathways and assumptions in the “lower-half” of the Fund ToC (i.e. below intermediate outcomes) will be developed using the first year's formative evaluation of programmes. A baseline will be developed for each of the evaluation questions and to address context questions which explore the influence of differing contexts on the performance of interventions.

There are certain cross-cutting issues that could be captured more strongly in the Fund level ToC, and which would benefit from a thematic focus (i.e. are not specific to certain programmes or ‘families’ of programmes). Assessment of the extent to which VfM, gender and inclusion, and sustainability have been addressed within programme design are three examples of cross-cutting issues that may be a focus of the early thematic evaluation.

#### Programme Level

We recognise the PF is a new initiative using a wide range of modalities and that it is operating at a scale that may be new for some of the implementing Departments. This brings challenges and opportunities, and also requires the teams managing the programmes to build their understanding how they best use management information (of which evaluation data is part) as a tool to build learning and improve their performance. This process will allow an early opportunity to deliver usable recommendations for adaptation and course correction and flows well from the existing EQs.

We expect the first year's programme evaluations to reach all programmes. They will explore:

- Programme evaluability (through the assessment of their interventions' ToCs, clearly defining outcomes, causal pathways and building the initial evidence base necessary for any subsequent contribution analysis);
- Preparedness of management teams to use evaluation information effectively (“what can evaluation tell me” and “how can I use this to help me manage my programmes better”);
- Identification of early learning needs of programme teams and set out a process for using evaluation information to contribute to programme management cycles.
- In some cases, expanding on critical contextual evidence (such as through political economy analyses) may be identified as necessary and undertaken.

This will inform a user-focus to the design of user-focused EQs and necessary methods for answering them.

We expect these programme evaluations to be staggered as the programmes come on stream, with the majority in Y1, but some potentially being in Year 2 of the evaluation and learning implementation.

It should be emphasised that this is developing and will be subject to ongoing discussion with the PFMO during the inception.

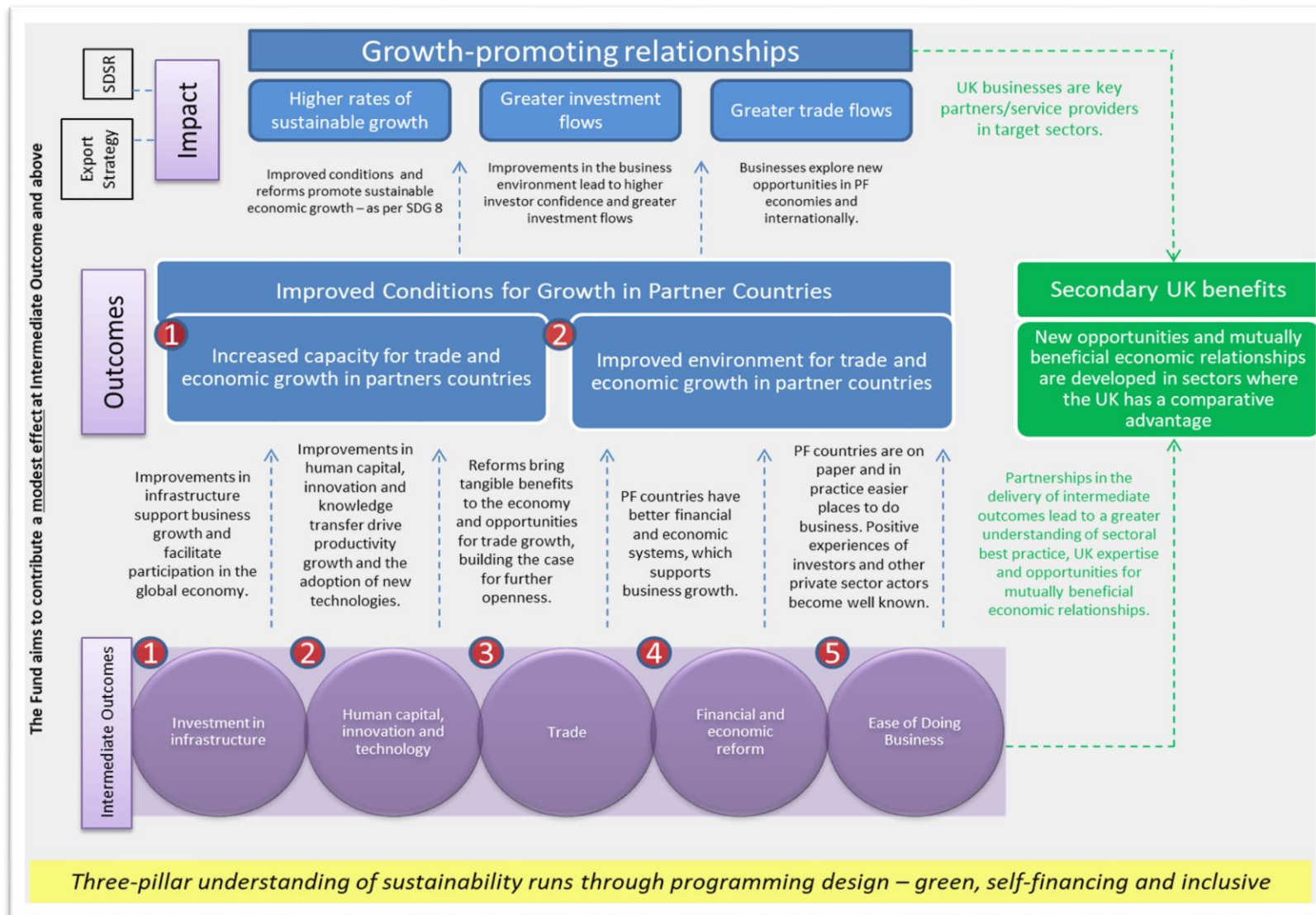
### **4.3 Practicalities & Risks**

The implementation of this framework will consider the following:

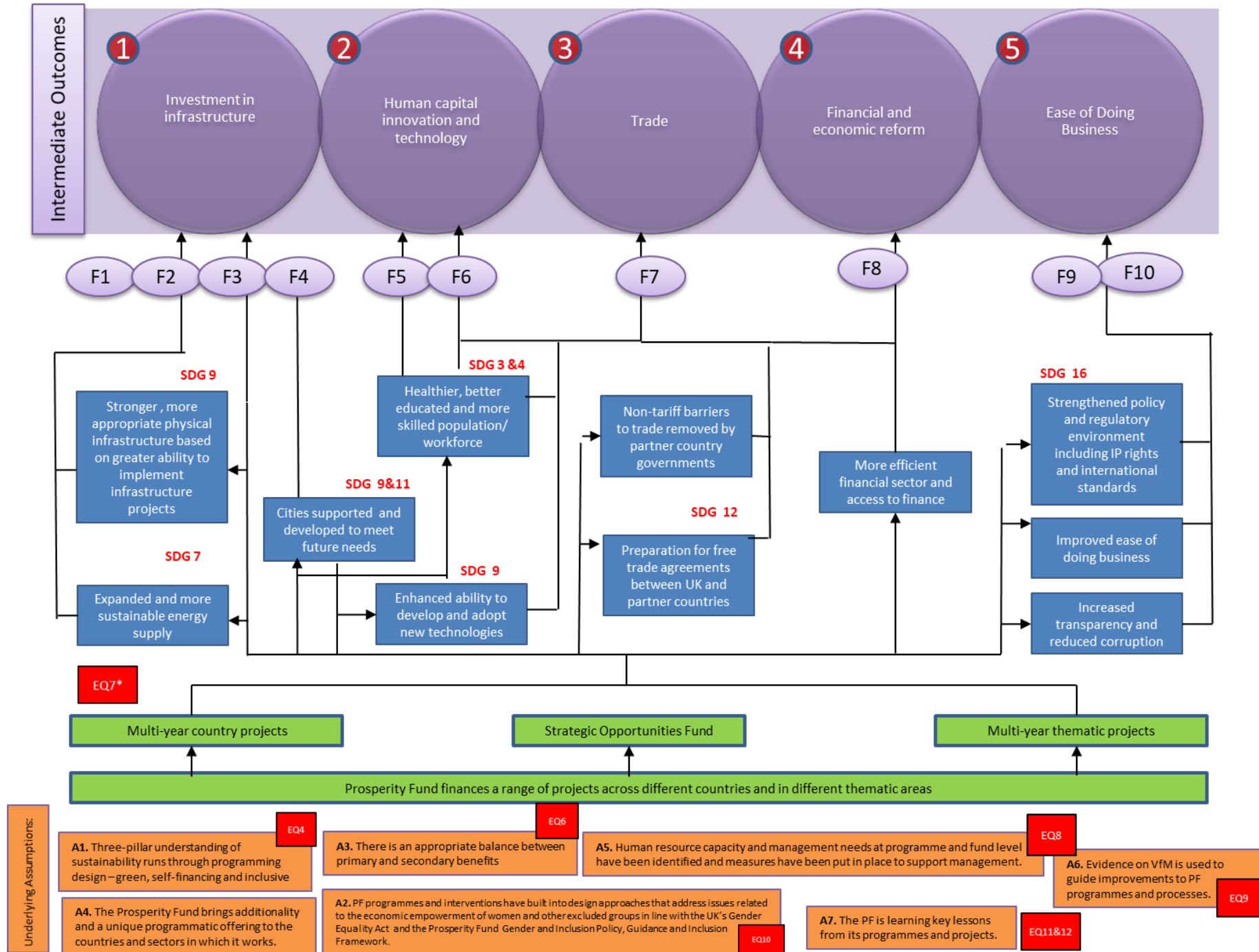
- Demands and burdens on busy PF stakeholders to ensure that interactions are not duplicative or repetitive and to ensure that evaluations provide findings that are practical and useful for these stakeholders.
- Use of targeted and user-oriented approaches that responds to practical needs (i.e. not every PM will be interested in engaging with the evaluation teams).
- Reliance on secondary data where possible (including MR data as one data source) to avoid burdens to PF stakeholders.
- Focuses on understanding key changes and processes rather than all activities undertaken at programme levels.
- The need for consistency of evaluation approaches across our large and geographically diverse team, particularly for programme level evaluations.
- Risks associated with delays to PF Programme level implementation and different speeds of implementation of PF projects.
- Risks associated with changes to the design and approach of PF programmes once implemented.
- Risks associated with high levels of trust needed to report and share less successful delivery.
- Risks associated with high levels of coordination needed to synchronise and / or re-purpose evaluation outputs to respond to PF stakeholder opportunities to act on learning.



## Annex 7: Prosperity Fund Theory of Change



# Prosperity Fund Evaluation Framework



## Annex 8: Evaluation Questions and Matrix

What has been or is likely to be achieved as a result of the Prosperity Fund? (intermediate outcomes and outputs)		Relevance	Effectiveness	Efficiency	Sustainability	Impact
<b>Proposed sub-questions</b>	Original evaluation questions comment and programme level question					
<p><b>1. What evidence is there that the Prosperity Fund is likely to contribute to the intended outputs and intermediate outcomes in the ToC, as well as any unintended or unexpected effects?</b></p>	<p>In the short-to-medium term, what evidence is there that the Fund has been or is likely to contribute to intended outputs and intermediate outcomes as suggested in the Fund’s ToC, as well as unintended or unexpected effects at any level?</p> <p><b>Comment:</b> No change from original question. This is a question that applies at Fund, and Programme level. Findings at Fund level will require information to be aggregated or synthesised by country/ programme and by major type and theme of project. To produce synthesisable findings of use to programme managers, sufficient information will be required either at the programme level or to synthesise up to programme level.</p> <p>Programme EQ: <i>What evidence is there that the programme or its projects are likely to contribute to the intended outputs and intermediate outcomes in the ToC, as well as any unintended or unexpected effects?</i></p>	✓	✓	✓		
<p><b>2. Which types of interventions, sectors and country settings have been more and less successful in contributing to the achievement of primary benefits?</b></p>	<p>Which types of interventions, and in which sectors and types of country settings, have been most successful in leading to outcomes in the areas of investment; innovation and knowledge transfer; trade, financial and economic reform; policy and regular capacity, and ease of doing business?</p> <p><b>Comment:</b> Changes have been made to capture evidence around less successful interventions and to outcome level changes to focus the questions more directly on the ToC. At the Fund level, the question relies on a synthesis of findings from interventions grouped by programme, country (if different from programme) and sector.</p> <p>Programme EQ: <i>Which types of interventions and which sectors or country settings have been more and less successful in contributing to the achievement of primary benefits?</i></p>	✓	✓			✓

What has been or is likely to be achieved as a result of the Prosperity Fund? (intermediate outcomes and outputs)		Relevance	Effectiveness	Efficiency	Sustainability	Impact
Proposed sub-questions	Original evaluation questions comment and programme level question					
<p><b>3. Which types of interventions, sectors and country settings have been more and less successful in contributing to the achievement of secondary benefits?</b></p>	<p>What are the characteristics of programmes and interventions that have led to strengthened partnerships that show evidence of likely contributing to improved economic growth and development and to UK benefit?</p> <p><b>Comment:</b> The question has been changed to match Question 2, with the focus on secondary benefits. At the Fund level, the question relies on a synthesis of findings from interventions grouped by programme, country (if different from programme) and sector.</p> <p>Programme EQ: <i>Which types of interventions and which sectors or country settings have been more and less successful in contributing to the achievement of secondary benefits?</i></p>	✓	✓			✓
<p><b>4. What evidence is there that Prosperity Fund interventions will be sustainable and ensure environmental sustainability, will be self-financing and lead to inclusive growth that reduces inequality?</b></p>	<p>Which types of initiative, and under which sets of circumstances, are most likely to lead to growth and development that benefits the poor and to cross-cutting themes, such as gender equality, human rights and respect for minority populations, reductions in corruption, respect for the environment?</p> <p><b>Comment:</b> Adapted to reflect the definition of sustainability in the PFMO Concept Note Findings when synthesised at Fund or portfolio levels will reveal patterns in factors affecting sustainability and inclusive growth.</p> <p>Programme EQ: <i>What evidence is there that the changes supported by the programme's interventions will be sustainable and ensure environmental sustainability, will be self-financing and lead to inclusive growth that reduces inequality?</i></p>				✓	✓

What factors have contributed to or hindered these achievements?		Relevance	Effectiveness	Efficiency	Sustainability	Impact
<b>Proposed sub-questions</b>	Original Evaluation questions and comment					
5. <b>What factors have contributed to the achievement of primary benefits and secondary benefits?</b>	<p>Not an original question. Captures an understand of contributing factors.</p> <p><b>Comment:</b> Evidence from programme, portfolio and thematic evaluations mapped to causal pathways at Fund level.</p> <p>Programme EQ: <i>What factors have contributed to the achievement of primary and secondary benefits?</i></p>	✓	✓			✓
6. <b>How has the balance and relationship between primary and secondary outcomes across the portfolio influenced the achievement of results?</b>	<p>Not an original question. Added in to capture evidence on the relationship between primary and secondary objectives.</p> <p><b>Comment:</b> This question relies on monitoring and other reporting at Fund level and an analysis of programme and project-level reporting, including monitoring indicators and output milestones.</p> <p>Programme EQ: <i>How has the balance and relationship between primary and secondary outcomes across the Programme's portfolio influenced the achievement of results?</i></p>	✓				✓
7. <b>Which assumptions and the causal pathways outlined in the ToC remain valid, which have been adapted and what refinements need to be made?</b>	<p>How valid are the assumptions in the ToC? Are there refinements or changes that should be made, based upon early experiences with programmes and activities supported through the Fund?</p> <p><b>Comment:</b> Adds a focus on causal pathways as well as assumptions. This question will also capture assumptions on sustainability, that the</p>	✓				

What factors have contributed to or hindered these achievements?		Relevance	Effectiveness	Efficiency	Sustainability	Impact
<b>Proposed sub-questions</b>	Original Evaluation questions and comment					
	<p>interventions are designed and managed to consider gender and inclusivity, that VfM is considered and used in the design and management of interventions. Synthesis showing analysis of assumptions at Fund level (including types or families of intervention) – mapped against Fund ToC causal pathways.</p> <p>Programme EQ: <i>Which assumptions and causal pathways outlined in the ToC remain valid, which have been adapted and what refinements need to be made?</i></p>					
<p>8. <b>To what extent is the institutional governance set-up of the Prosperity Fund more or less effective in achieving i) primary benefits; ii) secondary benefits; iii) other results?</b></p>	<p>Not an original question. Added in to capture the importance around generating evidence on the performance and quality of PF systems and partnership working.</p> <p><b>Comment:</b> Analysis of Fund, programme and project level governance and management processes.</p> <p>Programme EQ: <i>To what extent is the institutional governance set-up of the programme and its projects more or less effective in achieving i) primary benefits; ii) secondary benefits; iii) other results?</i></p>	✓	✓	✓		✓
<p>9. <b>What types of approaches, governance and management arrangements have been more and less effective for achieving results and demonstrate good approaches to supporting inclusive growth and VfM?</b></p>	<p>Which types of programmes and approaches represent better value for money?</p> <p><b>Comment:</b> Added focus on collecting learning on the effectiveness of governance and management arrangements.</p>		✓		✓	

What factors have contributed to or hindered these achievements?		Relevance	Effectiveness	Efficiency	Sustainability	Impact
<b>Proposed sub-questions</b>	Original Evaluation questions and comment					
	Programme EQ: <i>What types of approaches, governance and management arrangements have been more and less effective for achieving results and demonstrate good approaches to supporting inclusive growth and VfM?</i>					
10. <b>To what extent have the Prosperity Fund interventions contributed to results that support gender equality, women's economic empowerment and social inclusion in line with the UK's Gender Equality Act and the Prosperity Fund Policy and Guidance and the Prosperity Fund Gender and Inclusion Framework?</b>	<p><b>Comment:</b> At Fund level, evidence may be organised by type, country context and sector family.</p> <p>Programme EQ: <i>To what extent has the programme and its interventions contributed to results that support gender equality, women's economic empowerment and social inclusion in line with the UK's Gender Equality Act and the Prosperity Fund Policy and Guidance and the Prosperity Fund Gender and Inclusion Framework?</i></p>	✓	✓			

Proposed sub- questions	Original Evaluation questions and comment					
<p>11. <b>How is the Prosperity Fund learning and why is action on this learning happening more and less successfully?</b></p>	<p>Not an original question. Added in to capture evidence on learning and why or why not learning has been successful.</p> <p><b>Comment:</b> Fund level evidence synthesis of cases of feedback loops and adaptation from programmes. Validation of reported cases of programme level learning and adaptation.</p> <p>Programme EQ: <i>What kinds of learning processes are evident within and across programmes?</i></p>		✓		✓	
<p>12. <b>Which Prosperity Fund lessons in translating outputs into intermediate outcomes are sufficiently robust for wider learning?</b></p>	<p>What can be learned from initial experiences of the Fund overall, as well as of ongoing programmes, in order to make adjustments so that the intervention will be more likely to success?</p> <p><b>Comment:</b> Added focus on outcome level learning.</p> <p>Programme EQ: <i>What Programme level learning is sufficiently robust for wider circulation between programmes?</i></p>				✓	



## Annex 9: Management response to independent evaluation & recommendations action plan

**Evaluation report title and date:** Fund Evaluation Synthesis Report, Year 1 (18/19)

### Response to evaluation report (overarching narrative)

We thank the evaluation team for this report. Overall we find it constructive and helpful. We agree it is too early in our cycle to assess impact, but there are helpful pointers on whether the Fund is set up for success, and what further action we can take to maximise impact. There are however many examples of early programme activity where we are delivering results, captured in our annual reports.

We welcome the positive observations in the report, including that the Fund is operating in areas important for GDP growth, the environment, and human capital, and that many of the systems and governance processes have been put in place to help ensure success.

We agree with the observations made in the evaluation that it is only possible to assess activities and outputs from early programme activity at this point, as multi-year programmes were still mainly at the inception phase at the time of writing. We have already alerted our Portfolio and Management Board to some of the slippage we are experiencing in implementation timetables, and the potential value for money (VfM) implications. We have proposed an approach to Active Portfolio Management in order to maximise VfM, depending on the resources we have available in the future.

Much of the data gathering for this work took place in early 2019; we have therefore had an opportunity to act on many of the recommendations. For example, we view our Theory of Change as a living document, so have already revisited it to better embed what is meant by “inclusive growth”. We have issued extensive guidance on secondary benefits to our network, and have taken various measures to strengthen our practices and approach to gender and inclusion. We would argue that relevant capacity building was taking place on each of these issues prior to the completion of the evaluation.

We would like to highlight a number of other points:

- We view secondary benefits as the business opportunities generated through promoting inclusive growth. In this sense, primary and secondary benefits are the opposite sides of the same coin, and we don't consider that there is necessarily a trade-off between them, as the evaluation also notes. Secondary benefits can accrue across a range of points in the programme cycle, and our monitoring and evaluation work is looking to capture all of these, as well as just those generated for UK businesses (partly through Non-ODA funding).
- Project Completion Reports were undertaken by departments to capture the impact of transition funding.
- We believe that the indicative VfM assessment is a helpful snapshot and steps have taken steps to further maximise VfM through our approach to Active Portfolio Management and completion of inception phases.
- We agree entirely with the points made about the distributional aspects of growth, and that we can't assume that all benefit from increases in GDP. That is why we are looking to strengthen the approach to embedding sound approaches to gender and inclusion and our understanding of institutions across our programmes.

January 2020

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
The JFU should clearly define what is meant by inclusive growth and the expectations in terms of programme design and implementation of targeting specific groups.	E&L team, with JFU	Accept.	We have already revisited the Fund Theory of Change in order to better reflect inclusive growth, and are strengthening relevant guidance across the network. This includes on gender and inclusion, which has implications for all stages of the programme cycle.
Revise Theory of Change to incorporate new evidence related to SBs and develop the lower half of the ToC	E&L team, with JFU	Partially accept	The Theory of Change is a living document that we seek to update based on the latest evidence. We accept that secondary benefits can be delivered simultaneously, or earlier, than the realisation of the primary purpose, but this does not drive the Fund. We view secondary benefits as being delivered through the primary purpose – for example the building of better business environments is good for growth, good for trade and investment, good for business, and good for UK business. ICAI has defined this as “Mutual Prosperity”.
Assess if programmes/ projects in design and inception can still deliver their original intended objectives within the remaining period for the Fund, and consider adapting them to the remaining horizon if they cannot.	JFU	Accept	JFU has proposed a methodology for Active Portfolio Management to the PF Portfolio Board, designed to ensure value for money across the portfolio is maximised given available resources and time to implement.
Review the issue of in-country resourcing for delivery of SB plans, to ensure there is adequate capacity to achieve this successfully.	JFU and DIT	Partially accept	SB posts took longer to fill than expected, although are now fully staffed. In order to clarify a clear approach for programme teams, JFU Secondary Benefit guidance was developed alongside DIT and released in late 2019. To assess whether staffing levels and guidance have been sufficient, the Non-ODA Working Group will complete a review of Secondary Benefit Advisers and DIT Sector Specialists in FY20/21.
<b>General:</b> Ensure potential synergies between country programmes and global programmes in the same country are realised.	Programme teams and MREL	Accept	We recognise there are some implementation challenges in ensuring coherence between country and global programmes. To overcome this, most posts have a Prosperity Counsellor, who oversees and drives coherence between all PF activities within the country. We are also exploring how governance arrangements could be adjusted to further support coherence as the PF matures.

<p><b>SBs:</b> Ensure programmes integrate SB strategies into design and delivery arrangements at an early stage of their development.</p>	<p>Programme teams and MREL</p>	<p>Partially accept</p>	<p>We agree that establishing the approach to SBs came later than the PP. However, all programmes build SB plans through their Business Case, Secondary Benefit Action Plans, and monitor through the quarterly MREL and Annual Review cycles.</p>
<p><b>G&amp;I:</b> Projects and programmes should provide more clarity on how they address inclusive growth, and the extent to which they target specific groups.</p>	<p>Programme teams and MREL</p>	<p>Accept</p>	<p>We've improved G&amp;I guidance and strengthened the approach to G&amp;I thematic evaluations. There is now a G&amp;I champions network and there have been supplier engagement events to build understanding through PF delivery partners.</p>
<p><b>VfM:</b> Strengthen the capacity of programme teams to understand VfM, and develop systems and processes to maximise VfM and ensure it is embedded in projects and programmes.</p>	<p>Programme teams and MREL</p>	<p>Accept</p>	<p>We accept that as a new policy area, the understanding of VfM across prosperity programmes is still evolving. The JFU has supported this process by focussing on improving financial and commercial management, whilst being clear that departments are accountable for their own spend. Individual Departments are putting in place their own systems to strengthen VfM – for instance, the FCO has updated its own guidance and is strengthening internal capacity to support programme teams understanding of VfM.</p>
<p><b>Anti-Corruption (AC):</b> The PF contribution to AC should be more comprehensively measured by both programme teams and MREL to ensure results are captured.</p>	<p>Programme teams and MREL</p>	<p>Partially accept</p>	<p>We broadly agree, although this needs to be weighed up by programmes against the value of tracking their contributions to other thematic areas and portfolio level performance indicators. Given limited resource and the need for programmes to keep realistic and manageable MREL systems, it is likely to remain only a limited set of programmes tracking their contribution to AC.</p>