

Annual Review – post April 2018

Title: Ethiopia Portfolio Assurance Programme Phase 2 (EPAP 2)

Programme Value £ (full life): £1million

Review Date: November 2018

Programme Code: 300436

Start Date: September 2017

End Date: March 2020

Summary of Programme Performance

Year	2018							
Programme Score	B							
Risk Rating	Minor							

DevTracker Link
to Business Case:

[Click here](#)

DevTracker Link
to Log frame:

Link is in process of being established

A: SUMMARY AND OVERVIEW

Description of programme

DFID Ethiopia has a high value portfolio (currently the largest UK bilateral programme in Africa and the second largest UK bilateral programme globally). It operates in a challenging context where there are some high levels of fiduciary risks. The Ethiopia Portfolio Assurance Programme Phase 2 (EPAP 2) aims to strengthen DFID Ethiopia's ability to identify, understand, address and manage the major governance, management, and financial risks at programme level.

Specifically the programme will:

1. Commission in-depth reviews of the highest risk elements of DFID Ethiopia portfolio, ensuring there are robust governance, management and financial controls to manage and mitigate fiduciary risks;
2. Conduct targeted cash flow tracking reviews following the complete delivery chain from implementing partner through to downstream beneficiary/recipients;
3. Support staff in interpreting finance and assurance reports and adequate follow up;
4. Maintain capability to respond to emerging risk areas which may include targeted forensic audit in the areas of interest to specific programmes.

Beyond helping manage fiduciary risk, these activities will help DFID Ethiopia better identify and manage delivery and reputational risks in the highest risk programmes and across the portfolio. There are also new plans for EPAP 2 reviews to incorporate Safeguarding risk reviews. Therefore EPAP 2 is expected to provide increased assurance in some of the key priority risk areas in DFID.

At the impact level the programme aims to improve the efficiency and effectiveness of DFID Ethiopia investment in Ethiopia to ultimately ensure funds are reaching their intended beneficiaries. The outcome of the programme is improved financial, risk management and governance structures of implementing partners of DFID Ethiopia.

The programme is a successor to the original Ethiopia Portfolio Assurance Programme (EPAP 1). It will be delivered by IPE Global Limited as per the contract signed in November 2018.

Summary supporting narrative for the overall score in this review

This is the first annual review of this programme. Implementation of the programme was delayed from what was initially envisaged (where some activities were planned for FY 2017/18 in the business case). Since the approval of this programme in 2017, the programme has been going through the mobilisation phase - the programme team has been working with PCD to appoint a supplier and put in place a contract. This procurement process was concluded on 6 September 2018 and was delayed than the initially planned date of 20 June 2018. This impacted on the start date of the inception phase of the programme.

The programme has scored a B rating as it has not delivered to expectations over the last year:

- Output 1 was only partially met with procurement successfully completed (selection of preferred bidder and contract negotiation) but the inception phase has not yet started.

Summary of recommendations for the next year

1. The inception phase of the programme should be started immediately. The yearly work planning process will be designed in discussion with the suppliers. The log frame should be updated, in consultation with suppliers, prior to implementation. Output, outcome and impact indicators and milestones should be reviewed in line with the theory of change and the updated implementation timeline.
2. The exact methodology for selecting the high risk programmes for the EPAP 2 reviews need to be concluded. The EPAP 2 programme team will continue to engage with SROs and Programme Managers across the office in advance of the selection and allow them to present the risks in their programme. We anticipate that the selection will be based upon a combination of:
 - the value of the programmes;
 - the risk inherent to the partner(s) used in the programme;
 - the delivery risk;
 - the perceived fraud risk posed by the programme;
 - any other circumstances which give rise to specific risks

In addition, programme teams will be asked to continue to pull together thoughts on mechanisms as to how EPAP 2 could assist in identifying and/or validating the ways in which the implementing partners can control and mitigate these risks.

3. EPAP 2 can potentially be used to assist DFID Ethiopia to meet its objective of ensuring that implementing partners' comply with DFID's safeguarding policies. The exact scope of this work and the deliverables will be discussed and agreed in DFID Ethiopia and with the implementing partner.
4. EPAP 2 is due to come to an end in March 2020. Due to the delays in entering to the implementation phase of the programme (primarily related to procurement), the programme will need a no-cost extension. The EPAP 2 programme team will work on this in the next year.

Acronyms

BDD	Better Delivery Department
CDP	Commercial Delivery Plan
GEFA	Global Evaluation Framework Agreement
EPAP	Ethiopia Portfolio Assurance Programme
FACC	Financial Accountability and Anti-Corruption Committee
FRA	Fiduciary Risk Assessment
IAD	Internal Audit Department
PCD	Procurement and Commercial Department
PPA	Partnership Principles Assessment

MA	Management Agency
SRO	Senior Responsible Owner
TA	Technical Assistance
VFM	Value for Money

B: DETAILED OUTPUT SCORING

Output Title	<i>Procurement and Inception Phase Successfully Completed</i>		
Output number per LF	1	Output Score	B
Impact weighting (%):	100%	Impact weighting % revised since last AR?	N

Indicator(s)	Milestone(s) for this review	Progress
MA Procurement	1	<ul style="list-style-type: none"> Preferred bidder selected Contract Award notified
Robust M&E framework in place and agreed by MA and DFID	0	N/A

Provide supporting narrative for the score

MA Procurement – Outputs moderately did not meet expectations.

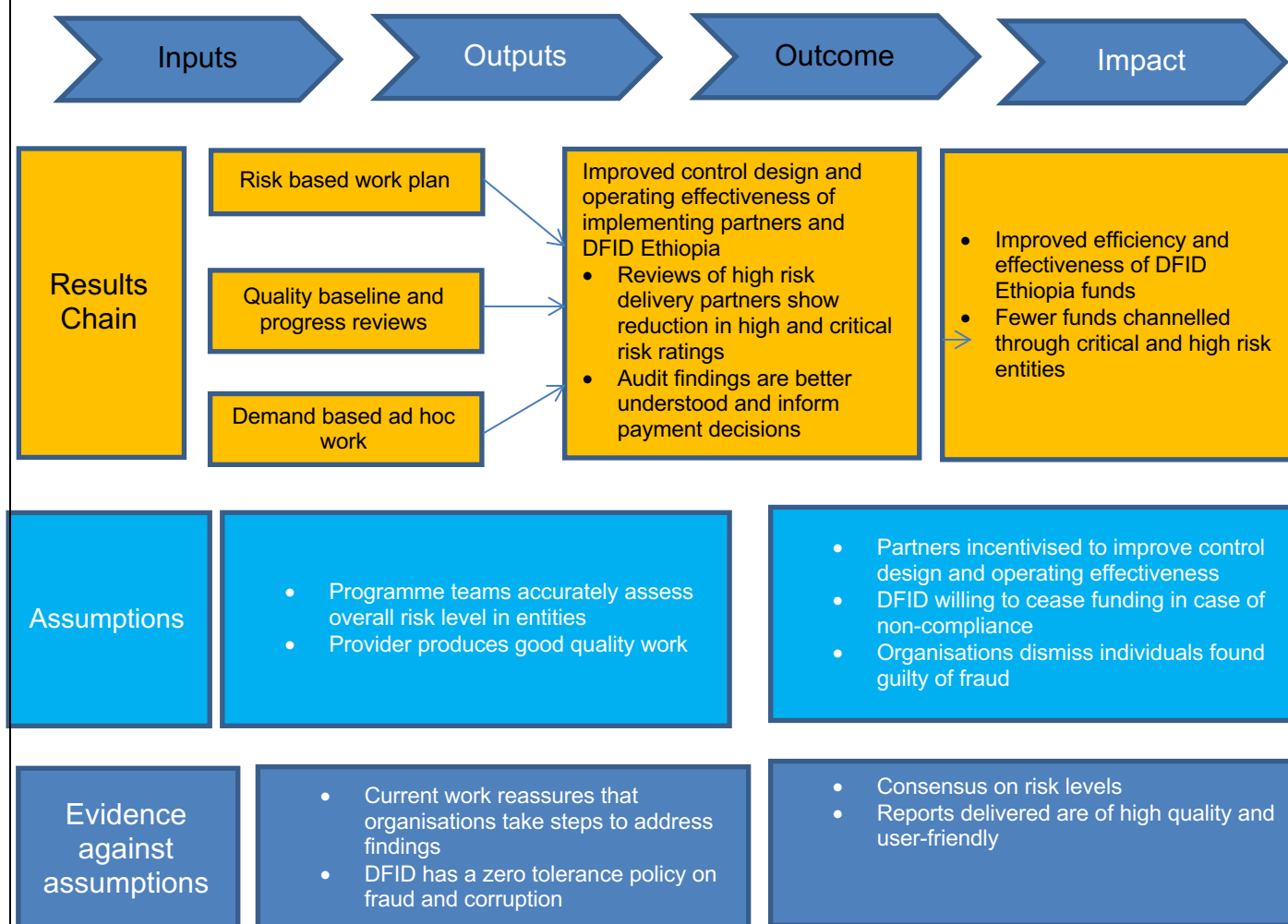
This output is scoring a B rating as the programme moderately did not meet the expectation of finalising the procurement process to enter into the inception phase. The CDP issued by PCD on 5 March 2018 sets out a timeline for the entire procurement process i.e. BID publication to GEFA suppliers, evaluation as well as final contract award on 20 June 2018. However, this process was delayed and the selected bidder was informed of their selection on 6 September 2018. This has therefore impacted on the start of the inception phase, which was initially planned to start in July 2018.

Lessons identified this year, and recommendations for the year ahead linked to this output.

The procurement of the programme has been successfully completed but the inception phase of the programme has not yet started. DFID Ethiopia will work with DFID's Procurement and Commercial Department (PCD) to learn lessons from the procurement process. The delayed inception of the programme is being started with a view to speed up programme implementation and avoiding further delays for the year ahead. However, the desire to speed up implementation needs to be balanced with constructing an appropriate methodology, cross-office engagement and processes to ensure that the objectives of the programme are met fully.

C: THEORY OF CHANGE AND PROGRESS TOWARDS OUTCOMES

Summarise the programme's theory of change and any major changes in the past year



Describe where the programme is on track to contribute to the expected outcomes and impact, and where it is off track and so what action is planned as a result in the year ahead (1/2 page)

The programme implementation has not yet started as the procurement of the TA for the programme (output 1) has taken longer than planned. Thus, there has been no progress against expected outcome. The partial completion of output 1 places the programme in a good position to go on to deliver on the expected outcomes of the programme. For the year ahead, it is planned to speed up the programme implementation so that the programme inputs will lead to timely delivery of planned outputs, which will ultimately result in the delivery of the impact – i.e. improved efficiency and effectiveness of programme delivery across DFID Ethiopia.

Underpinning the theory of change is the assumption that programme teams will invest and learn from working with TA that enables teams to manage programme risk more effectively. This will ultimately deliver higher standard programmes (in comparison to the absence of the EPAP2 reviews), that programme teams across DFID Ethiopia and implementing partners will be incentivised to use this resource to help manage risk in their programmes and that they will take action to improve controls as a result of the conclusions.

Although not sufficient to evaluate the expected outcome and impact for EPAP2, positive feedbacks were provided by DFID Programme teams on the performance of EPAP 1. This has been compiled with an assumption that it will inform the way forward for EPAP2 including best practices and learnings.

One of the actions for the year ahead will be to ensure best practices are shared and lessons are taken into account.

Explain major changes to the log frame in the past year

The programme did not have a log frame at the time of Business case Approval. This is the first annual review of the programme and in consultation with BDD a new log frame was developed in November 2018 to reflect a realistic expectation of the programme. .

Describe any planned changes to the log frame as a result of this review

The team plans to review and update the log frame in light of discussion with the implementing partner:

- The key changes on the log frame will be a result of the decision around the level of activity to be included in the work plan to bring the programme back on course;
- Baselines will be included in the log frame from EPAP 1
- It is suggested that this programme can be used to assist DFID Ethiopia meet its objective of ensuring implementing partner's compliance on safeguarding issues. The exact scope of the deliverables in this area need to be discussed and agreed with the implementing partner and reflected in the log frame

D: VALUE FOR MONEY

Key cost drivers and performance

The business case highlights that the key underlying cost driver in this intervention is technical assistance. This will include consultancy fee rates, economy class travel and accommodation expenses for the International/local specialists, as required.

The Technical Assistance procurement was managed in such a way to ensure compliance with DFID's best practice on procurement/commercial requirement. This contract for implementation has been procured through a robust competitive process. The commercial evaluation team managed to save £7k through challenging the preferred bidders to reduce their management fee from 13% to 12% which contributes to the economy aspect of VfM.

Assess VfM compared to the proposition in the Business Case, based on the past year

As the programme is not yet started, it is too early in the programme to reasonably compare VfM performance.

Explain whether and why the programme should continue from a VfM perspective, based on its own merits and in the context of the wider portfolio

There is no new information to suggest that the assumptions at the Business Case stage for the delivery of VfM have changed – i.e. the programme will provides significant added value to the rigorous financial management systems currently in place without increasing transactions costs, and will enhances the assurance of DFID reporting to the UK taxpayer.

In addition, DFID Ethiopia is currently considering the possibility of EPAP 2 supporting the ongoing work in the office to put in place robust checks to ensure that all implementing partners are complying with DFID's Safeguarding requirements. Tackling issues of Safeguarding will increase risk assessment, compliance in this area and will help ensure that marginalised groups including girls and women are protected. This promotes increased equity in DFID's programmes, which in turn contributes to an increased VfM. This is an area of work not envisaged when the Business Case was initially developed and therefore if pursued it will potentially enhance the VfM case.

E. RISK

Overview of programme risk and mitigation

Overall risk rating: Minor

There are limited external risks associated with this programme. The EPAP 2 programme team will work closely with the implementing partner to militate against risks outlined in the Business Case. The team will formalise regular in-house staff engagement to proactively identify new risks as they arise.

Previously DFID Ethiopia programme teams were fully engaged with EPAP 1 and understand what is delivered in respective programmes and the associated risks. A quarterly FACC meeting will also continue to play a role to ensure relevant checks and balances are in place, that EPAP 2 recommended interventions meet the scope of the programme, continue to present value for money and risks are appropriately managed.

To ensure the programme risks are tightly managed with clear planning and oversight from the DFID team as well as clarity on expectations and timely reporting shared and agreed with IPE Global, the following will be planned for the year ahead.

- Periodic monitoring by the DFID EPAP programme team, including securing frequent progress reports from IPE Global. Progress reports will include timely corrective action on any delays;
- The DFID EPAP programme team will consider if more senior DFID oversight of the programme is needed and if this is deemed to be necessary the oversight will be allocated in 2019/20 to tighten all aspects of programme management and delivery tracking mechanisms.
- Developing and monitoring arrangements to track the trajectory of risk ratings for each of the programmes being reviewed, that also ensure recommendations are pursued to a conclusion and action plans signed off as completed.

Update on partnership principles

The Partnership Principles Assessment for Ethiopia has no implications for the delivery of the EPAP programme. However, outcomes of the PPA with regards to principles three and four, which provide an indicator of Government commitment to strengthened financial management and accountability and domestic accountability are useful for the programme. Assessments of commitment to these principles may inform likely responses to reviews conducted by EPAP and therefore how we might manage our messaging to Government partners when a review is completed and we are agreeing an action plan.

The 2018 Partnership Principles Assessment noted the political change underway in Ethiopia and the increased recognition of the importance of civil and political rights. It highlighted the Government's continued commitment to reducing poverty. There are also indications that the new Ethiopian Government in place is committed to tackling fraud and corruption. EPAP 2 provides the mechanism to scrutinise the effectiveness of Financial Aid provided to the Ethiopia through cash flow tracking and will be able to identify emerging risks.

F: DELIVERY, COMMERCIAL & FINANCIAL PERFORMANCE

Performance of partners and DFID, notably on commercial, and financial issues

The contract has been issued to the TA with a start date of 15th November 2018. Hence, it is too early to evaluate the performance of the supplier from delivery, commercial and financial point of view at this

stage. However, the supplier has been selected by PCD as preferred bidder for EPAP programme with a competitive tendering process.

Date of last narrative financial report(s)	NA
Date of last audited annual statement (s)	NA

G: MONITORING, EVIDENCE & LEARNING

Evidence and evaluation

Due to the nature of the programme, no evaluation is required or planned.

Monitoring progress throughout the review period

All monitoring of progress in the review period was internal to DFID and this related to progress made on the procurement process to appoint the implementing partner. As the implementation phase of the programme has not yet started, there is no previous monitoring undertaken on the deliverables expected from the implementing partner.

Tsegey Getachew is the lead author of this light touch review. This Annual Review was conducted with a close follow up from Samuel Mesfen (Senior Responsible Owner for EPAP 2 Programme).

Monitoring

The DFID Ethiopia EPAP 2 programme team will have frequent meetings with the implementing partner and relevant DFID Ethiopia staff going forward. These will include:

- Developing a delivery plan to ensure that activities are on track and products are delivered to a high standard
- Monthly teleconference meeting with the TA to follow up on progress
- Quarterly deep dive with IPG Global to review the programme more generally.
- Monthly review of invoices to ensure the payments are made in arrears
- Feedback from teams to ensure that the products are delivered to a high standard
- Regular reporting on action plan performance and deadlines

Evidence

This review was a light touch review since the implantation phase of the programme has not yet started. The relevant evidence from EPAP 1 programme will be used to for an evidence base for the implementation of this programme (EPAP 2).

Although not attributable to the programme, the 2017 IAD result has been shared out to all DFID Ethiopia programme teams. An action plan has been developed by EPAP programme team with a set deadline and follow up on the status is being made. This will contribute to the identification of the risks to be reviewed by the programme, as most of the programmes selected by IAD were high risk programmes.

Learning

Due to the reason above, it is too early to come up with learning. For the coming year, as findings emerge, the EPAP 2 programme team will ensure best practices are shared to DFID Ethiopia programme teams and partners and that these lessons are taken into account for future reviews.

The EPAP 2 programme team is also planning to share good practice from DFID Pakistan Portfolio Risk Assurance Programme with regard to adopting a dashboard/portal through which findings and recommendations associated with our work can be tracked.

Lessons learnt from EPAP 1 will also be taken into account during the implementation of this programme. The EPAP 2 programme will ensure that:

- each proposed review adds value beyond standard external financial audits
- the scope of work and Terms of Reference (ToR) for each piece of review under the programme is clear. A standard TOR has been put together to promote consistency from the outset
- there are an ongoing engagements between DFID Ethiopia programme teams and the consultants to ensure that there are clear understandings on the nature of programme under review, on the deliverables and the timings for this
- that a comprehensive gap analysis on the capability of DFID Ethiopia programme teams are undertaken before capability building sessions are planned

Progress on recommendations from previous reviews

This is the first annual review.

Gender Equality and Safeguarding considerations

Although this programme will not directly contribute to addressing gender inequality, it will play a role in gathering evidence on key gender indicators when conducting reviews including programmes' compliance with UK's Gender Equality Act. Reviews will also ensure that gender disaggregated data is being collected and appropriate gender technical resources are in place for effective programme delivery where relevant.

EPAP 2 can potentially be used to assist DFID Ethiopia to meet its objective of ensuring that implementing partners' comply with DFID's safeguarding policies. The exact scope of this work and the deliverables will be discussed and agreed in DFID Ethiopia and with the implementing partner.