House of Commons

Committee of Public Accounts

The Department for International Development's bilateral support to primary education

Thirteenth Report of Session 2010–11

Report, together with formal minutes, oral and written evidence

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The Committee of Public Accounts

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The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at http://www.parliament.uk/pac. A list of Reports of the Committee in the present Session is at the back of this volume.

Committee staff

The current staff of the Committee is Philip Aylett (Clerk), Lori Verwaerde (Senior Committee Assistant), Ian Blair and Michelle Garratty (Committee Assistants) and Alex Paterson (Media Officer).

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Summary

The previous Government committed the Department for International Development (the Department) to rising expenditure on education, reaching at least £1 billion per annum by 2010-11, within the context of an overall rising aid budget. The coalition Government has since committed to increasing the Department's total aid spending from £7.8 billion in 2010-11 to £11.5 billion in 2014-15. This represents a real terms increase of roughly one third over this spending review period. The Department is currently reviewing how it allocates resources across its whole portfolio.

The Department's aim has been to improve and expand state primary education, focusing mainly on sub-Saharan Africa and Asia. It works largely by influencing and financing developing country governments to pursue global Millennium Development Goals. We universally support the aims of the Department's education programme. However we have significant concerns about its ability to assess the value for money of its spending.

The majority of the countries the Department supports have made good progress in enrolling a higher proportion of children in primary schools, up from typically 50% or lower in the mid-1990s to 70-90% now. The rate of increase in enrolment has been particularly strong for girls. Fourteen of the 22 countries the Department supports are on track to meet Millennium Development Goals for primary enrolment by 2015.

We are concerned, however, that the Department cannot adequately attribute impacts to its spending and its influence. Even for its largest programmes, such as in India, it typically contributes a low proportion of countries' education spend. In some countries, such as Kenya, private schools not supported by the Department account for over half of enrolment growth.

We recognise that choices of where to allocate aid must take into account a range of factors. But we were surprised that value for money has not been a primary focus for the Department either in allocating its resources or assessing the performance of its education programmes. The Department's rationale for investing in education is that it brings wider benefits which support reduction of poverty, but it has placed too much emphasis on measuring simply the numbers entering education. The Department has paid less attention to how many children attend and complete primary education, and the literacy and numeracy they achieve; key areas where limited progress has been made.

The Department is currently trying to change its approach by building value for money criteria into its spending choices. This includes a range of mechanisms to ensure money is well spent, such as the establishment of the Independent Commission on Aid Impact. We welcome Liz Ditchburn's appointment as the Director of Value For Money and the prominence the Department is now giving to this role. It assured us that it is placing an increasing emphasis on quality and attainment in deciding which programmes to support, and on measuring important indicators of education delivery against the costs. Until this is achieved, we can have little confidence that UK taxpayers' money is securing the fullest benefits for poor people overseas.

A series of frauds have occurred in the main education programme supported by the

Department in Kenya. We are extremely concerned both that the Department may have misjudged the risks when it invested and that it did not prevent or detect fraud. The Department acknowledged that it needed to learn lessons.

The Department has set itself the challenge of managing an increasing aid budget whilst trying to achieve the lowest management overhead of any major aid donor. But in our view it is already showing signs of serious stretch in its capacity. It needs enough capacity in the form of education advisers on the ground to obtain good data on cost and performance and to use this information to manage its programmes effectively.

We took evidence from the Department for International Development on the basis of the C&AG's report on the Department's bilateral support to primary education[1].

1 C&AG's Report, *Department for International Development: Bilateral Support to Primary Education*, HC (2010-11) 69

Conclusions and Recommendations

1. **We universally support the case for aid to primary education and welcome the significant progress in enrolment, particularly for girls. We heard testimony of good work being done, but it is unacceptable to rely largely on selective examples and anecdotes to imply overall performance.** The majority of countries the Department supports are on track to meet global Millennium Development Goals for primary enrolment by 2015, with enrolment having risen from typically 50% or lower in the mid-1990s to 70-90% now. But the Department lacks a coherent framework for assessing the value for money of its aid. The recommendations that follow are intended to help the Department better target and manage its aid and so to increase its impact. We expect to be informed of clear progress in a year's time.

2. **The Department has placed insufficient emphasis on value for money in deciding where and how to spend.** It is implementing a new approach to allocating its funds between countries and sectors, including education, and introducing other mechanisms to monitor how well aid is spent, including setting up an Independent Commission on Aid Impact. The Department told us that this will place a much greater emphasis on value for money than under previous arrangements. But it was unclear to us how much of a change this represented, as the Department also takes into account levels of need in developing countries and wider policy factors such as supporting unstable countries. The Department should place value for money at the heart of the new approach it is developing as part of its review of how it allocates resources.

3. **The Department has contributed to increased enrolment, but cannot clearly demonstrate the extent to which this is attributable to UK aid and influence.** The Department estimates its share of rising enrolment crudely according to the proportion of funding it provides. We were unconvinced that growth in enrolment would not have occurred without the Department's investment. The Department should analyse the extent to which its investment and influence supplements or simply displaces that of other funders, including the recipient governments and the private sector.

4. **The Department has had too little focus on the performance of education systems and pupil attainment, throughout years of substantial investment.** It acknowledges that it needs to take a tougher, clearer stance on the importance of information on cost and on indicators of education delivery, such as hours of teaching delivered and pupil attendance. It has also lacked adequate measures of pupil literacy and numeracy. The Department should meet the commitment it gave us to have a better series of measures within two years, and should use this information to drive improved performance across the education systems it supports.

5. **Robust data systems are often absent in developing countries.** Where national data systems are weak the Department should develop a clear plan to strengthen them.

But ultimately, where improvement is insufficient, it should be prepared to use alternative means of collecting information or change the way it delivers aid.

6. **There is a risk that the Department does not have enough experts on the ground to effectively manage rising aid spending, including in education.** The Department currently has just 34 education advisers and in key places its capacity is already stretched. Its aspiration to increase the total number of education advisers appears not to be keeping pace with the planned increase in spend. In deciding how many expert staff it needs to manage aid programmes, both at home and overseas, the Department should focus on the practical work needed at the front line, to assess both the risks and the cost effectiveness of programmes and the capacity it needs at the centre to make informed decisions between them.

7. **The Department had assessed the risk of investing in Kenya's education system as manageable, but serious frauds have arisen.** The Department acknowledged that it needed to learn lessons and is undertaking its own review. In so doing, it should evaluate the wider implications for its risk assessment processes and the controls it relies on when delivering through other governments' systems, not just in Kenya.

1 Driving value for money in aid spend

1.The Department for International Development (the Department) has been pursuing global Millennium Development Goals, including ensuring education for all by 2015 and reducing illiteracy.[2] The previous Government committed to increasing the Department's spend on education to at least £1 billion per annum by 2010-11, within the context of an overall rising aid budget. The Coalition Government has since agreed a rising overall budget for the Department over the next four years, from £7.8 billion in 2010-11 to £11.5 billion in 2014-15.[3] This represents a real term increase of roughly one third over this spending review period.[4] However the Coalition Government has not said if it will uphold the £1 billion annual spend on education as it is less concerned with input targets and wants to focus on the results the Department's country offices can deliver.[5] The Department's spend on education declined from £711 million in 2008-09 to £633 million in 2009-10, primarily as a result of large declines in bilateral spending in Kenya and India and uneven disbursements to the Education for All Fast Track Initiative.[6]

2. The Department has worked primarily by supporting developing country governments to expand state primary systems and has focused on 22 priority countries in sub-Saharan Africa and Asia. The Department told us that it uses the money it gives to developing country governments to purchase inputs, such as textbooks and classrooms, and to influence education policy.[7]

3. The Department did not have a framework for assessing the value for money of its aid.[8] It pointed to examples of good work it had done, such as helping to reduce the cost of procuring textbooks in India to £2 per child.[9] The Department had undertaken work over the last two years to increase the focus on results, such as clearer baselines and milestones and annual spot checks on performance frameworks.[10] However, the Department was unable to answer clearly the question of whether its total spending was value for money.[11] It admitted that it had been weak in looking at whether it had achieved maximum results with minimum costs, as it had not looked at the costs, and was seeking to improve.[12] The Department told us it makes its investment choices taking into account international research and evidence on the best rates of return to investments. For example, greater

2 C&AG's Report, para 1.1

3 Business Plan 2011-2015, Department for International Development, section D

4 Department for International Development Spending Review press release, http://www.dfid.gov.uk/Media-Room/News-Stories/2010/Spending-Review-2010/

5 Q 141

6 Ev 21, Annex B

7 Q 5

8 Q 54

9 Q 28

10 Q 54

11 Qq 54 and 71

12 Qq 54, 74, 176

investment in early childhood nutrition in five developing countries to prevent irreversible cognitive damage.[13]

4. Recently the Department had launched reviews looking at how it gives aid both direct to country governments and to other agencies to spend on its behalf. The Department's country offices will have to bid for resources by setting out and costing the results they think they can deliver against the Department's strategic priorities of wealth creation, Millennium Development Goal delivery, governance and security, and climate change.[14] The Secretary of State will announce in early 2011 the countries in which the Department will operate bilateral aid programmes.[15]

5. The Department told us that it is moving towards much more rigorous allocation based on value for money when making decisions about how and where to give aid.[16] Every programme will now have a value for money threshold as part of its objectives which the Department will judge its performance against.[17] However, the Department has a range of other priorities that need to be balanced when deciding where to allocate aid, including need (such as enrolling girls), and policy commitments (such as working more in fragile states). Some of these priorities may be at odds with a focus on value for money, but the Department could not quantify the emphasis it would give to value for money.[18]

6. The Department told us that it is strengthening its project design and monitoring. This includes improved results frameworks, introduced in February 2009, which strengthen the monitoring and measurement of results. It is also in the process of changing its project scoring methodology in order to provide stronger results and value for money assessments.[19]

7. The Department told us that an increase in focus on value for money is emerging in its education programmes, although this is work in progress. It is committed to improving metrics and the collection and use of unit costs, building the capacity of governments to collect better data in the countries it supports, and working with other donors, such as the World Bank, to create benchmarks and toolkits.[20] In addition, the Department told us it is introducing other mechanisms for driving value for money, including the establishment of an Independent Commission on Aid Impact that will report directly to Parliament.[21] The Department's greater focus on VFM is reflected in the creation of a Director of Value for Money role, filled by Liz Ditchburn.[22]

13 Ev 21

14 Qq 37 and 83 and Ev 21

15 Ev 21

16 Qq 38, 45, 82 and Ev 21

17 Q 82

18 Q 81

19 Ev 21

20 Q 54 and Ev 21

21 Qq 138 and 143

22 Qq 86, 87, 88

2 Improving enrolment, completion and attainment in primary education

8. The Department's aim has been to improve and expand state primary education in pursuit of global Millennium Development Goals, including equal enrolment between boys and girls.[23] Fourteen of the Department's 22 priority countries are on track to achieve the enrolment goal by 2015, with primary enrolment up from typically 50% or lower in the mid-1990s to 70-90% now.[24] Progress on supporting girls' enrolment has been particularly good, with eight countries having already achieved the goal.[25]

9. The Department estimates the number of children it has supported across its priority countries using a pro rata calculation according to the proportion of funding it provides. For example, the Department claims that it has supported 1.2 million children out of the 60 million extra children in primary school in India since 2003, as it contributes 2% of the total expenditure on education.[26] The Department argued that this is a conservative estimate because it does not factor in the impact of its influence over recipient countries' policies. However, in Kenya, over 50% of the growth in enrolment is not due to children enrolling in free state schools that the Department supports, but into private schools.[27]

10. The Department was not able to be clear that there would have been a different outcome had it spent nothing on education.[28] The Department stated that its choice to put money through government systems means it is impossible to identify where its pound is in the system.[29] The Department has improved its appraisal of projects over the last two years, generating clearer baselines against which results can be measured, but recognised that it needs to go further.[30]

11. Measures of education activity in schools, such as hours taught or pupil attendance, rarely featured in the Department's monitoring frameworks.[31] Data on attendance of both teachers and pupils were patchy, but where they did exist they were in some cases alarming.[32] For example, the National Audit Office observed fluctuations in pupil attendance from below 50% of the numbers nominally enrolled to over 100%.[33] The Department has funded some studies, often alongside other donors, to look into attendance and also the issue of ghost teachers on state payrolls.[34] The Department also

23 C&AG's Report, para 4

24 Q 63; C&AG's Report, para 5

25 C&AG's Report, para 2.2

26 Q 2

27 Qq 6, 7, 10; C&AG's Report, para 2.5

28 Qq 5 and 6

29 Q 12

30 Q 54

31 Q 77; C&AG's Report, para 2.14

32 Q 55

33 C&AG's Report, para 3.11

34 Q 55

told us it had been working on developing better measures of pupil completion and teacher attendance, including working with the National Audit Office on a measure of teaching hours delivered and received.[35]

12. The Department's country teams do not routinely collect or analyse examination data as an indicator of the outcomes of the education system, but the Department has supported the conduct of national learning assessments in some countries.[36] It told us it had very mixed data on attainment because exam data in most countries is collected only at the end of primary schooling, often as a selection tool for entry in to secondary education. As such, it is not necessarily an effective measure of what pupils have learnt. The Department has begun to invest in introducing early grade reading assessments after the second year of primary, as well as helping countries to improve their national assessments at the end of primary.[37]

13. Where trend data on attainment already exist, they show low standards and little or no progress.[38] The Department acknowledged that it had made less progress on quality than on enrolment, because improving the quality of education, and the outcome experiences for children, is much harder than increasing enrolment.[39]

14. The Department agreed it needs to take a tougher, clearer stance on the importance of cost and service performance information; particularly on indicators of education delivery and attainment.[40] The Department assured us that where data do not exist, it will invest in generating better information.[41] It is, for example, already the biggest investor in the Education for All Global Monitoring Report, which is trying to build up statistical systems in countries where data on the education system are weak.[42] The Department gave a commitment that in two years time measurement would have improved.[43]

35 Q 78

36 Q 77; C&AG's Report, para 2.9-2.10

37 Q 77

38 Q 48; C&AG's Report, para 2.11

39 Q 66

40 Q 44; C&AG's Report, para 16

41 Q 52

42 Q 48

43 Q 83

3 Enhancing the Department's capacity

15. The Department recognised that with a rising aid programme over the next four years it will need to hire more education expertise.[44] The Department told us it had 34 education advisers, 20 of whom are based overseas. Of the 20, two are health advisers who cover education and seven cover wider remits.[45]

16. In the context of back office administration cuts of 30%, the Treasury has given the Department scope to increase numbers of front line staff in country offices. It hopes to increase the total number of education advisers to around 40, with at least three-quarters based overseas.[46] If implemented, this would represent an increase of some 18% compared with the 41% overall increase in spending on education the Department had planned. [47]

17. In four years' time, the Department aims to have the lowest overheads of all the major donors - 2%, compared to an industry average of 4.3%.[48] The Department assured us that it will be able to manage a significant increase in aid spending with only modest increases in overall staffing.[49]

18. Despite its standard reviews of risk, fraud had been detected in programmes that the Department helps fund. In the Kenyan Education Sector Support Programme (KESSP) a series of frauds were reported in October 2009 following a review carried out by Kenyan Government auditors and requested by the World Bank.[50] When it carried out a fiduciary risk assessment prior to commencing investment in 2005, the Department had identified the risks to funding this programme through government systems as medium to high. However, it had concluded that these risks were manageable.[51]

19. The Department told us that the World Bank took the lead on behalf of all donors for monitoring financial management.[52] The Department also set out the specific arrangements it had in place in relation to its funding of KESSP. The Department had commissioned a specific audit looking back from 2006 to 2003 and the Kenyan National Audit Office carried out annual audits. The Department confirmed that none of these audits found evidence of fraud or serious financial mismanagement until the 2009 review.[53] The Department acknowledged that, despite the financial management arrangements in place, something went wrong and that it needs to learn lessons from the experience in Kenya. It told us that it is currently undertaking its own review.[54]

44 Qq 90 and 94

45 Q 90; C&AG's Report, para 5.6

46 Q 94

47 Q 138; C&AG's Report, figure 1

48 Q 96

49 Q 158

50 Q 55

51 Qq 116, 117, 127

52 Q 127

53 Ev 21, Annex C

54 Qq 116, 127 and 133

Formal Minutes

Tuesday 14 December 2010

Members present:

Rt Hon Margaret Hodge, in the Chair

Mr Richard Bacon	Austin Mitchell
Mr Stephen Barclay	Ian Swales
Dr Stella Creasy	James Wharton

Draft Report (*Department for International Development's bilateral support to primary education*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 19 read and agreed to.

Conclusions and recommendations 1 to 7 read and agreed to.

Resolved, That the Report be the Thirteenth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Written evidence was ordered to be reported to the House for printing with the Report.

[Adjourned till Wednesday 15 December at 3.00 pm

Witnesses

List of printed written evidence

List of Reports from the Committee during the current Parliament

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2010–11

First Report	Support to incapacity benefits claimants through Pathways to Work	HC 404
Second Report	Delivering Mulit-Role Tanker Aircraft Capability	HC 425
Third Report	Tackling inequalities in life expectancy in areas with the worst health and deprivation	HC 470
Fourth Report	Progress with VFM savings and lessons for cost reduction programmes	HC 440
Fifth Report	Increasing Passenger Rail Capacity	HC 471
Sixth Report	Cafcass's response to increased demand for its services	HC 439
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Eighth Report	Customer First Programme: Delivery of Student Finance	HC 424
Ninth Report	Financing PFI projects in the credit crisis and the Treasury's response	HC 553
Tenth Report	Managing the defence budget and estate	HC 503
Eleventh Report	Community Care Grant	HC 573
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Oral evidence

Taken before the Public Accounts Committee

on Wednesday 10 November 2010

Members present:

Margaret Hodge (Chair)

Richard Bacon
Stella Creasy
Matthew Hancock
Chris Heaton-Harris
Joseph Johnson
Anne McGuire
Austin Mitchell
Ian Swales
James Wharton

Amyas Morse, Comptroller and Auditor General, NAO, and **Mark Andrews**, Director, NAO, gave evidence. **Robert Prideaux**, Director of Parliamentary Relations, NAO, and **Marius Gallaher**, Alternate Treasury Officer of Accounts, were in attendance.

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL

Bilateral Support to Primary Education (HC 69)

Examination of Witnesses

Witnesses: **Minouche Shafik**, Permanent Secretary, Department for International Development; **Jo Bourne**, Acting Head of Profession, Department for International Development; and **Liz Ditchburn**, Director, Value for Money, Department for International Development, gave evidence.

Q1 Chair: Right. Welcome.
Minouche Shafik: Thank you.

Q2 Chair: Thank you for coming to give us evidence on this NAO Report. Can I just start the process going? First of all, clearly, I think, congratulations are due to DFID, because on the goal that you set yourself—enrolment in primary education—it appears that you're on track to do well, both in terms of enrolment and gender parity.
The contribution that we make to the national Governments' expenditure on education is in figure 6 on page 15. In India, we're at 2% and we go up the list to Ethiopia—the list shows the four countries visited—at 6.8%. In other words, we're minute. So how do you know that it's DFID spending that is making any difference?
Minouche Shafik: Okay. Very good. If I may just take one minute, I'll introduce my colleagues, who I may draw into some of the answers, if that's all right. Liz Ditchburn is our Director for Value for Money in DFID, and Jo Bourne is our Head of Profession for Education. If you don't mind, Chair, I will occasionally draw them in.
In response to your question, you're quite right that typically DFID represents about 5% of the education budget in a particular country, and I think the NAO acknowledges that even with 5% we've been able to leverage significant influence on reform in the sector. When we take credit for particular results, we take our share. So, for example, India, which you cited, has got 60 million children into school since 2003—it is quite remarkable over the last 7 years, to get 60 million children in. DFID's own contribution to that £60 million was £1.2 million, so we can attribute that.

Q3 Chair: So you just divvy it up?
Minouche Shafik: In a sense, we take our share. We don't take credit for the whole outcome, because that would be unfair.

Q4 Chair: But have you done any work at all to really assess the impact that you have? The Report is littered with references to "you think you have the impact", but it's very difficult to pull out of this any strong evidence—and remember we're a value-for-money Committee; that's where we come from—that demonstrates that DFID made the difference and that our money, the taxpayer's money, invested through you, made the difference, apart from that crude, "Well, we're 1%, therefore 1% of the extra children are down to us."
Minouche Shafik: Yes. I think there's a couple of ways we can get at that question. One is the pure quantity. On the pure quantity measure, DFID has got 5 million children into school.

Q5 Chair: You can't say that. You can say that the country has increased, but what I'm trying to get from you, which is why I started by saying it looks to me a good picture, is how we know whether, if DFID hadn't spent a penny, there would be a different outcome. Do we know?
Minouche Shafik: I think our interventions are at multiple levels. One is spending the money to actually pay for the schools, the teachers' salaries and the equipment, etc., but there's another dimension, which is our influence on the policy agenda. I might let Jo say a couple of words about some examples in different countries, and how we have influenced the way education is done, which is a much wider

influence. I'd be happy to give some examples, but Jo, would you like to start?
Jo Bourne: Well, certainly. One of the things that we think that we do through our policy leverage is around leveraging good policy change—for example, reducing fees or getting rid of fees; we've done that in a number of countries. That has contributed to increases in enrolment—for example in Mozambique of 12%, in Kenya of 18% and in Tanzania of 23%.
Something like over a million children, certainly in Kenya and Tanzania, are in school partly as a result of our contribution to a policy debate on the removal of fees. Another area is through technical assistance, where we might actually help with things like cleaning up the payroll, so therefore teachers are getting paid regularly, and are more incentivised to actually turn up for work.

Q6 Chair: But actually the Kenyan example is very interesting, because the Report says that—I probably won't find the reference now—about half the growth in enrolment in Kenya is actually not into free education, but is into private schools that are paid for. I'm really trying to draw out of you where the evidence is that you make the difference. Because when I looked at Kenya, I thought, "Goodness, in half of the increase in enrolment, people have chosen to pay to go privately." So, given that the whole ethos and the whole drive behind DFID's policy is saying, "We're funding to provide free education," is that the right answer? How do we know that's making a difference?
Minouche Shafik: In the case of the private education examples, we've actually supported low-cost private schools in some countries. For example, in Pakistan, we have funded—

Q7 Chair: Can we focus on Kenya? Let's focus on Kenya, because what Jo Bourne said to us is, "We've been able to provide free schools, free places, and that's increased enrolment." What I then asked was, actually, if you look at the facts given to us about Kenya in the Report, half of the extra children going have chosen to pay. Therefore, is it the free schools policy that drove the way in which we decided to do funding that increased enrolment? Where's the evidence? Where can we draw out the evidence?
Minouche Shafik: I think in terms of Kenya, we did much more than just pay the bills for eliminating user fees. Just as a small example, because I happen to have it with me, we have funded a group in Kenya who are producing a report so that parents actually know whether their children are learning. There are community groups and civil society groups that we support, which hold the public system to account on a whole range of quality issues.

Q8 Chris Heaton-Harris: How many of those have been distributed in Kenya?
Minouche Shafik: I'd have to ask.
Jo Bourne: I'm afraid I don't know, but we could find out.
Minouche Shafik: We could easily find out for you.

Q9 Chris Heaton-Harris: I know the region pretty well, Kenya and Uganda, and you're distributing it to parents who generally can't read, I'd assume.
Minouche Shafik: This is just part of the story. In addition to that, every school in Kenya has got to publish on its door how much money it's got from central Government and how it's spent it. The accountability goes quite far down and quite local, into local languages, including quite simple scorecards that are written in the local language; I've just brought some samples which I'd be happy to pass round.

Q10 Chair: Can I draw you back to the key question? I'm really sorry. I'm sure this is all really good stuff, and all of us, politically, are supportive of trying to get this expenditure, but our job is value for money, so can I just draw you back to those two questions? How do you know that the DFID expenditure actually increased enrolment? Specifically in Kenya, where we know that half of the children who went in chose to go privately, how do you know that your free school policy was the right approach in terms of growing the number of children who go to school?
Jo Bourne: I'm not sure it is that half of the children chose to go privately, but I would say—

Q11 Chair: That's what it says in the Report.
Jo Bourne: It says 50% of the growth in enrolment could be attributed to low-cost private schools. Now low-cost private schools in Kenya are mainly in urban areas, and in fact I was hearing back from my advisors recently that the people running one of the consortiums for low-cost private schools say that it would be unviable to have a low-cost private school enterprise in any area, in northern Kenya in particular, where there are fewer than 125 people per square kilometre. It's very much an urban phenomenon. I can talk a little bit more about the global stats on low-cost private schools, if that would help.

Q12 Chair: No. How do you know—I'm trying to get at this—how do you know the DFID money makes a difference?
Minouche Shafik: I think part of the problem—perhaps it will help clarify matters if I explain the way we work—is that DFID does not build its own schools. We can't go to Kenya and say, "These schools are DFID schools."
Chair: We know that. We know that.
Minouche Shafik: We work through the system, and so we have to take responsibility for the progress of the whole system. Because we put our money through the system, we have to take responsibility. We take credit for the growth, but also for its failures; we don't control the whole system, but our interventions are on financing but also on policy. To say, "Where is DFID's pound in the system?" is an impossible question to answer.

Q13 Chair: But you must think in terms of value for money. On education, we'll come to how much you actually spent. £1 billion of taxpayers' money is going into education. You must be concerned that you're getting best value for it. We'll follow that up with further questions. But at the moment, what I'm not getting out of you in the first 10 minutes of the questioning this afternoon is any sense of, or comfort that, the DFID expenditure is really making a difference.

We can look at the number of children at least enrolling in schools, and it's going up. We're all really pleased about that. But if you're going to use your money sensibly, you've got to know where it makes a difference. You've got to know that.

Minouche Shafik: I think that's absolutely right, and I think the way we get at the value for money question is, are we achieving school enrolment at a sensible price? What is the average cost, for example, in a particular country?

As an example, one of the things we've done is try to bring down the cost of classroom construction in countries where we've worked. We have found that, in most countries, if you decentralise classroom construction, you can bring costs dramatically down. Those are the kinds of things that our interventions and our policy work can achieve.

Q14 Stella Creasy: You've given two examples, one about policy around low-cost private schools, and one around classroom construction. Could you talk a little bit about what actually achieves those?

Minouche Shafik: Sure. Let me start with the low-cost private schools. Low-cost private schools have become much more prevalent in many of the countries, and we are supporting them in countries like Pakistan and Nigeria, for example. In Pakistan, in Punjab, we've supported low-cost private schools whose average costs per pupil are far lower. The main driver in that case is much lower teacher salaries.

Q15 Stella Creasy: What exactly is the support that you've given that's achieved that?

Minouche Shafik: We will finance per capitation grants to those schools.

Q16 Chair: Those aren't bilateral. This is direct UK money, from DFID, into a project?

Minouche Shafik: No, it goes to the Government of Punjab, who then pay the schools per student they take in.

Q17 Chair: So we're not supporting the schools; the Government of Punjab is supporting them.

Minouche Shafik: No, but it's our financing, it's our money. They allocate it; for every additional student that a school takes, we pay. Now why is it cheaper? It's cheaper because in the state sector, the average teacher gets about £100 a month, and in the private sector they're getting about £22. So the average unit cost per child educated is far less. We think that's a good investment and good value for money.

Q18 Chair: Can I get this quite clear? We say in the Punjab, "You can have £*x* of British taxpayers' money if you invest it, and we tell you that you must invest it in *a*, *b*, and *c*"? Do we do that?

Jo Bourne: We ring-fence it.

Minouche Shafik: Absolutely, yes, absolutely.

Q19 Joseph Johnson: How much of the DFID budget is spent on supporting these low-cost private schools, as a percentage?

Minouche Shafik: It's quite small. It's mainly the programmes in Punjab and Nigeria.

Q20 Joseph Johnson: So it's tiny in the context of a £1 billion budget, let's be realistic.

Minouche Shafik: Yes. Yes, its small in the context of a hundreds of millions of pounds budget.

Q21 Joseph Johnson: So honestly, you can't take any credit, can you, for the enrolment that's been generated through the private sector.

Minouche Shafik: No, we don't. The 5 million number includes the total, including both state and private. So we're not taking credit for something we didn't finance.

Q22 Stella Creasy: Your initial discussion was about how you had used the finances that you put in to lever particular policy outcomes. Is that a fair assessment of what you are saying?

Minouche Shafik: That's correct.

Q23 Stella Creasy: Okay. Are you the only country investing in those kinds of policy outcomes?

Minouche Shafik: Well, we are the second largest financier of education in low-income countries, so we are quite a big player. The largest would be the World Bank.

Q24 Stella Creasy: Okay. So you're not the only one. How do you attribute that change, and that increase in enrolment, to the influence of British taxpayers' money, saying, "You can have it in this particular format, for these particular functions only," versus what any other funder or donor may do?

Minouche Shafik: If I can be more specific, that might help clarify things. For example, you asked about classrooms and how we bring classroom sizes down. We have found that, per metre squared, constructing a classroom that's procured through a central Government mechanism costs about $269 per metre squared. If we do it locally and delegate it to local communities, we can bring the cost down to about $95 per metre squared.

As a result of that, we have worked in Kenya to provide construction grants to local communities for 4,686 schools and trained 23,000 school management committees to manage that money, thereby reducing the cost of school construction in Kenya by about a third. It's a very specific example.

Q25 Stella Creasy: And I appreciate that example, but my actual question was about how you know that that change in policy was driven by UK taxpayers' money, as opposed to other donors? Or are other donors funding different types of ways of working, and the only way that you can attribute this increase in enrolment in private schools is to the way that the British money has been funded?

Minouche Shafik: The way we work with our partners is that we agree things together. Say, in this case, "We think that in Kenya local procurement of schools is cheaper and better value for money. We're going to put our money behind that, and we're going to pool our resources into it together." The World Bank might put in a pot—in the case of Kenya, the World Bank and us did it together. We pooled our resources, and therefore achieved that outcome.

Q26 Stella Creasy: So out of that 5 million increase in enrolment, proportionate to the amount of money you give—
Minouche Shafik: That's correct.

Q27 Stella Creasy: That seems rather odd in terms of ways of working as opposed to actual funding of particular types of schools. Do you see what I mean? The blurring between policy processes and ways of working, as opposed to funding particular schools or particular procurement processes, seems rather difficult. I don't know how you untangle that, to be able to say, "We can definitely account for 5 million, the World Bank account for 10 million."
Liz Ditchburn: Can I just clarify how we do the reporting? When we give a statistic on how many classrooms have been built through DFID support, or how many teachers have been trained through DFID support, we are following this very clear pro rata. We are only taking a pro rata share of the total finance that achieved that outcome, that set of outputs. Now we think that's quite a conservative estimate, because it's basically assuming that we have no additional leverage and that we have no policy influence; we're not claiming any greater share than the direct financing costs alone. We're only claiming the relationship between this much money of the total pot achieving this many outcomes, therefore we take a share.
We actually think that's quite conservative, and a lot of the reviews on DFID's performance in the past have shown that actually we often do have a lot of influence—often more than some other donors in the same context. We think that's quite conservative, but we think it's important that we are conservative and that we don't over-claim what we're achieving.
Separately, we are also looking at whether, where we have a clear policy intervention, we can show through the way in which we manage that programme or that project that that's had an impact. That's the kind of evidence that we will be gathering through monitoring and evaluations, but we would hold that separately, because we think it's extremely important that we don't over-claim on the direct financing of outputs.

Q28 Ian Swales: I was just trying to get at this information, and maybe you've answered some of it just now, in reverse, if you like. Some 10% of your budget goes to India, but in turn, that's only about 2% of the education spend in India, according to the Report. So, unthinkable as it might be, suppose we hadn't spent that £70 million last year? What would have happened to growth in enrolment? What other measures would have changed if we hadn't spent that money last year?
Minouche Shafik: I think the wider benefits of our engagement, in a place like India, are that, we think, we've managed to bring the costs down in the Indian programme. For example, we've been advising the Indian Government on how to procure its textbooks more cheaply, and we've managed to bring the cost down of textbooks in India quite considerably—down to about £2 per child for primary and £3 for upper primary. Now, that achievement of bringing the cost down for textbooks means that the Indian Government gets more value for money, both from our contribution, but also from its own funding, which as you imply is much larger than ours.

Q29 Ian Swales: But £70 million isn't just about advice, is it? Clearly that's going towards real people and activities.
Minouche Shafik: Funding real things.

Q30 Ian Swales: What other things are happening, and what would have been the result if they hadn't happened? I'm just trying to get at that same information in reverse.
Minouche Shafik: I understand. I think the power of our influence is that combination of advice and money. If we took £70 million and funded a bunch of DFID schools, we would have £70 million of impact. We think that pooling our money with that of the Indian Government and other donors means that we're having impact which is multiple times greater.

Q31 Chair: You think. Where's the evidence?
Minouche Shafik: Well, the evidence is that the Indian Government is now procuring textbooks at £2 per child, which is a lot cheaper than otherwise.
Chair: Jo, do you want to just pop in on that point?

Q32 Joseph Johnson: The Indian Government's not convinced that it actually needs DFID aid, or DFID support, in any way. In fact, I'm not sure if you're aware that Pranab Mukherjee, the Finance Minister, in August, said, "Peanuts in the context of our total development expenditure. We don't require UK aid. We'll voluntarily surrender it."
That's consistent with policies of previous Indian Governments, who've been actively trying to get rid of foreign donors. If you remember, in 2004 the BJP Government got rid of dozens of smaller countries, leaving just the UK, US and a couple of other bigger ones. Since which time, of course, the US has said that it's walking the last mile.
The result is that the UK—DFID—now has a 29% share of all ODA assistance to India, which is possibly disproportionate, given that the UK now represents 3% of the global economy.
Minouche Shafik: Yes.

Q33 Joseph Johnson: So I would say that DFID is probably not wanted anymore, and it's not obvious that really, accounting for only 2% or 2.5% of this particular budget, we're capable of making much of a difference anyway.
Minouche Shafik: To be honest, that's not what Finance Minister Mukherjee said to the Secretary of State and myself in October, and we are in discussions with the Indian Government at the moment about the future of the aid programme. It is being reviewed, just

as we are reviewing all of our country aid programmes at the moment.

I think the Indian Government has said in the past that our contribution to its national education programme has been significant. They still have 8.1 million children out of school; we've contributed to putting quite a few of those into school. They still have huge issues on quality; a considerable proportion of Indian children can't read a paragraph after four years of primary education—

Chair: Terrible. We agree this is all—

Q34 Joseph Johnson: Can I just stick on the end of your point for a second? I guess what I'm driving at, from a value for money perspective—

Chair: Quite.

Joseph Johnson: When you're deciding where to allocate your education pot, as it were, why is India getting such a large proportion of it? There are many countries which are needier around the world. Yes, I know India has a very large population of people below the poverty line, etc., but there is pretty compelling evidence that India's capable of funding its own development needs, and that to a certain extent you're crowding out money that the Indian Government would otherwise be spending on its own development, particularly on developing social infrastructure—schools, hospitals, housing, etc.

Considering that India is a country that has a space programme, a defence programme, and, above all, a foreign aid budget of its own of over £1 billion, at what point does it become imperative for you to think, "Shouldn't we be giving this money to other countries that actually need it more, rather than just take it because it's going free?"

Minouche Shafik: Yes. If I may, India has more poor people than all of sub-Saharan Africa.

Q35 Joseph Johnson: I've acknowledged that.

Minouche Shafik: It does not have an aid programme; it has a programme run by the Export-Import Bank of India for commercial financing of Indian exporters. It's not aid.

Q36 Joseph Johnson: It's got aid programmes in Bhutan and Afghanistan.

***Minouche* Shafik**: Yes, those are tiny.

Q37 Joseph Johnson: They're £1 billion. As big as your education budget.

Minouche Shafik: The £1 billion number is the export programme, I believe, of the Reserve Bank of India. In terms of allocating for results, what we're doing at the moment is that the Secretary of State has launched a review of all our bilateral aid programmes. We are, for the first time, actually asking all of our heads of countries to bid for results. So every country will have to compete, and the programme in India will have to compete with the programmes in Kenya and Nigeria, and say, "I can get this many kids into school, and achieve these kind of completion rates, for this much money." We will allocate—

Q38 Chair: So are you moving away from bilateral to project-based? You're still going to fund through Government?

Minouche Shafik: No, we are not moving towards project-based, but what we are moving towards is a much more rigorous allocation based on value for money.

Q39 Ian Swales: If I can just add another point on India; if we look at figure 4 on page 13, the percentages are not there, but it would appear, just by casting my eye down it, that possibly Zambia, but then India, probably have the lowest proportion of children not in school, according to this table.

The percentages are not there, but in some countries such as Nigeria, it looks like over a third of school-age children are not enrolled, according to this table. India and Zambia strike me as countries where actually a huge proportion are enrolled. In other words, the proportionate issue is much more serious in all the other countries on that list, which is another way of looking at this.

Minouche Shafik: As I said, we are in the process of reviewing our aid programme in India. I think India had huge progress to make, but they have gotten 60 million children into school in the last seven years, but they are now reaching the stage where they are reaching close to universal primary. I think we have to reassess in that context.

Ian Swales: Okay.

Q40 Matthew Hancock: Thank you. Can I just come back to this big-picture value for money point? That's what this Committee is about—looking at and scrutinising your value for money, the value for money that you get out of our taxpayers' money. On page 9 in the summary of the Report, you'll be aware that it says, "Opportunities to act on warning signs of cost-effectiveness were not fully identified or grasped. DFID needs to take a tougher, clearer stance on the importance of cost and service performance information." Could you just confirm that the Department agreed those two sentences with the NAO? Just a yes or no.

Minouche Shafik: We had a dispute over paragraph 16.

Q41 Matthew Hancock: But this is an agreed Report. Did you agree to those two sentences?

Mr Bacon: Did you sign this Report?

Minouche Shafik: Yes, I signed this Report.

Matthew Hancock: Yes. Okay.

Minouche Shafik: But I did send a letter to the NAO saying we didn't agree with part of paragraph 16.

Q42 Matthew Hancock: So you don't agree with it? This evidence session is based on an agreed Report.

Minouche Shafik: No, no. I did write, and we did clarify that aspects of the interpretation in paragraph 16 were—

Q43 Chair: Can the NAO help on this, to clarify?

Amyas Morse: Just to be clear, what we seek, when we're writing these Reports, is that there's agreement on the facts. It's not necessary for the Department to agree our conclusions, which are our own comments. What we can't have—and this is long-established practice in the PAC—is an argument about whether the facts are being accurately reflected in the Report. So these aren't facts.

Q44 Matthew Hancock: Okay. Does DFID need to take a tougher, clearer stance on the importance of cost and service performance information?
Minouche Shafik: Yes.

Q45 Matthew Hancock: And what are you doing to do that?
Minouche Shafik: I'm happy to tell you that. We have over the last two years actually, with great help from the NAO, done quite a lot to improve the rigour of value for money. I think the way we're trying to run DFID is that it has to run as an investor in poverty reduction, and we have to invest in the highest-return activities in order to maximise poverty reduction.
So we have set up an Investment Committee, whose sole job is to scrutinise big chunks of our work to assess value for money. We commissioned the Education Portfolio Review, which provided the foundation for the NAO's Report, in 2009 to look across 989 education projects that we had funded over the last six or seven years.

Q46 Chair: And how do you decide if they're value for money?
Matthew Hancock: And so what—yes.
Chair: How do you decide?
Minouche Shafik: Sorry, should I—?
Chair: Sorry.
Matthew Hancock: The Chair's question was—the Chair's the Chair.
Chair: We run this in a slightly different way than you're used to.
Minouche Shafik: Okay. The way we define value for money is achieving objectives at minimum cost. The thing we think we need to do better on, and which we very much agree with the NAO, is being able to measure that consistently across countries, because what it shows is that this is actually quite hard to do.

Q47 Matthew Hancock: Okay. In paragraph 2.9 to 2.12, there are a series of statements about how "country teams do not routinely collect or analyse examination data"—this is in terms of attainment, as opposed to enrolment.
Minouche Shafik: Yes.

Q48 Matthew Hancock: Available data that does exist "show low standards and little or no progress", which is 2.11, and then 2.12, "DFID teams lack sufficient data to assess the relative importance," and presumably this must be a problem that your Investment Committee has, if you lack sufficient data to assess the relative importance of different factors behind low progress. What are you doing to improve on this lack of information, on which you're trying to make cost-effective decisions?
Minouche Shafik: Yes. We are the biggest investor in the Education for All Global Monitoring Report, which is trying to build up statistical systems in countries where data is weak on the education system. So that's one. The second thing we're doing is that we're developing benchmarking tools, with the World Bank, for the education sector to assess value for money across the sector, so we've got some norms to work with.
Just as an illustration, if you look at the cost of a classroom in Nigeria versus India, they'll look like very different numbers. The reason is that in one country they might be including the furniture cost in this cost for the classroom, and in another country they might not be. We've got to unpick that and have comparable data, and we're investing quite a lot in that. We've also, as a result of this work, developed some guidance for all of our staff, for all of our education advisers, giving them some of these benchmarks: how much should you be paying for textbooks globally? How much should you be paying, looking at teacher salaries?

Q49 Matthew Hancock: And are you then going to change the amount that you put into different areas, according to the results of these evaluations?
Minouche Shafik: Yes, absolutely.

Q50 Matthew Hancock: Have you done any of that yet?
Minouche Shafik: Yes, we have.

Q51 Matthew Hancock: Could you give us some examples?
Minouche Shafik: Sure. Our Secretary of State has launched something called the Bilateral Aid Review. We're reviewing everything we're doing across every country, and they are now bidding for their budgets on the next four years. They're doing that on the basis of results, and based on value for money measures.

Q52 Matthew Hancock: But what about where the data don't exist?
Minouche Shafik: Where the data don't exist, they have to invest in it, and they have to show us how they're going to do that.

Q53 Chris Heaton-Harris: It does say in the Report that "Only 3% of projects tracked cost-effectiveness or efficiency." That might be talking about textbooks or whatever it might be talking about. It's 4.4 on page 32.
I think what we're trying to say, collectively, is that we do appreciate the work that you're trying to do. I don't think you need to use the individual statistics that you've reduced the cost of a textbook to $2, because you can't measure that. You can't attribute that to something that you've done, I don't think. I think it's unfair to try to do that.
We just want to know that the amount of money that you're spending on education in these countries is actually adding value to the education system, how you benchmark that and how you can prove to us that you're improving things. This Report, based on what Matt's just said and what 4.4 and a whole bunch of other paragraphs in the Report say, doesn't really give us that confidence.

Minouche Shafik: When we've paid for someone who is a specialist in textbook procurement to advise a Government on a way to procure textbooks globally more efficiently, I think we can take some credit for that result.

Q54 Chair: I think the difficulty we're having as a Committee is that there isn't a framework in which you can assess value for money. You can pick out a little example here and there, whether it's a textbook or the building of a classroom, but what comes out of this Report is that there's been an increase in the number of children going to school, which we all welcome. We'll come back to consider whether it is enough to measure who just goes—you've got to measure whether they stay, they finish, and they achieve.

But you're not giving me the confidence, and you're not giving me the confidence even in the answer to Matt's question, that you have got a framework, that you have got it absolutely clear, and that we could come to you tomorrow on each of the 22 countries, and say, "How are you really assessing value for money for the pound of British taxpayers' money that's going in?"

Minouche Shafik: Perhaps I could ask our Director of Value for Money to describe the framework for you.

Liz Ditchburn: I think the first thing to say is that we know it is not possible for the whole of DFID to have a single framework. There is no one metric that is going to run across the whole of the programme, and we can hold it up to you and say, "This is it." What we have to do is work on two levels. First of all, it's about using our money in the right places, on the right things and to achieve the right ends. On the aggregate-level allocations, we need to take into account what the international evidence tells us about where are the best rates of return to particular investments, and colleagues might want to say more about the education specific in that.

What does that international evidence, which we are also helping to support and build through research and evaluation, tell us about the right place to spend our money and the right things to spend it on? When we come down to the programme level, the actual specific investment, all programmes have to go through a clear decision-making process, which involves exactly the kind of question that the gentleman here asked about what would happen if we didn't do it—the counterfactual.

In the economic appraisal that all projects have to undergo, we are very clear about what we think would happen if we didn't do it, what the evidence is that we can use about whether it's likely to be effective or not, whether it will generate the kind of outcomes that we're looking for, and how, in implementation, we can ensure value for money. There's value for money at the allocation level, but then actually there's a lot of value for money opportunities in implementation as well. Are we getting the procurement right? Are we seizing the opportunities to look at data and adjust and move forward?

We recognise, and this is what the NAO say, that we've not been as good at this in the past as we need to be. We've spent a lot of effort over the past two years improving the situation, improving the processes that people have to go through in terms of appraisal, in terms of having very clear results frameworks. Over the last two years, our results frameworks have improved. We do annual spot checks, that look at the quality of them, and we are getting better results frameworks that have clearer baselines and clearer trajectories with milestones in.

So there's a lot of work that we've already been doing, but we recognise that we need to go further. We need to continue to invest in the right sort of metrics. We need to continue to build the systems in developing countries that will give that data, and we need to continue to build the toolkit, the work that's going on with the World Bank on the new benchmark. This is definitely a work in progress, but what we can clearly show is that we have made a lot of progress over the last two years, and we have more in the pipeline to go in.

Q55 Austin Mitchell: Basically, the problem is this: that you've decided to pump money into other Governments, to support their education budgets. As soon as you do that, you are reliant on them. Unless you have a big staff in the country and a big staff in this country evaluating what's going on, the fact is that you can't know what's going on. There are some very alarming things in this Report. For instance, 3.11—this observation presumably is from the National Audit Office—"Our observation at over 20 schools indicated highly variable attendances, ranging from below 50% of the numbers nominally enrolled, to over 100%." You didn't know; the NAO finds that out. You were slow to evaluate roll of attendance as against enrolment.

Similarly, there's a figure in here somewhere that attendance among teachers was over 60%[1] non-attendance. That never happened at Wood Bottom Council School, to my knowledge. But there's other alarming figures. You've got Malawi, where it says you and others—"and others" may be the operative thing—instituted an inquiry and found 700 ghost teachers. Then it says this is alleged in Sierra Leone, and other places, and Kenya. Alleged! It should be examined. We should know that kind of thing, to know that we're not wasting our money.

There's the instance of corruption in Kenya. This is an inquiry that was instituted by the World Bank in January 2009. You don't get to hear of it until September 2009, months later, and in those months we're pumping more money into Kenya. I've had an instance—

Mr Bacon: And you've got people on the ground in Nairobi, because when I was there I met them. Why does it take nine months for the World Bank to speak to DFID in Nairobi about that very point?

Austin Mitchell: Let me complete my tirade. I had an instance of a constituent working for DFID in Ghana, who came back with whistle-blowing evidence of corruption in the education budget. He was promptly fired. There was no inquiry. That man has not received any justice since. If that is the way

[1] C&AG's report states "teacher absenteeism between 20 and 40 percent in developing countries". Para 3.9

whistle-blowers are treated, there's no faith in your evaluation of what's going on.

I think as soon as you're in the pockets of the domestic Government, you're in the pockets of people—I've known Governments in this country accused of fiddling the figures; I'm sure that we never did it, but the Conservatives might have. That accusation is going to be more substantial against Governments in developing countries. As long as you're reliant on them, and pumping money into them, there's nothing much you can do, is there?

Minouche Shafik: I wouldn't agree with that. I think, if I may be a little more specific on the case of absenteeism, which you raised, we are quite well aware of the absenteeism issue, and we are often involved in supporting monitoring of the issue of absenteeism. I think the solution for us is to sort out the ghost teachers. [2]

We financed the review of ghost teachers in Sierra Leone—I believe the number is 76, not 760—and we made sure that those ghost teachers were eliminated from the payroll. In southern Sudan, 28,000 teachers were paid in cash. We financed an electronic payment system so that they would actually get their pay electronically, which reduced the scope for corruption and made sure they got paid. That increased the likelihood that they were going to show up. It's precisely those sorts of systemic interventions that make Government systems work better.

Q56 Stella Creasy: What was the World Bank doing that you didn't do, to pick up what was happening in Kenya?

Minouche Shafik: We were closely aligned with the World Bank on that issue, and I think the time—

Q57 Mr Bacon: Sorry, could you repeat that?

Minouche Shafik: Yes, of course. We were working hand in glove with the World Bank on the Kenya issue.

Q58 Mr Bacon: In that case, can you explain why—this was Mr Mitchell's point—it could have taken from January 2009 for a major world donor/aid institution of which we are a subscribing member, the World Bank, to talk to another one, DFID, on the ground in Kenya? How could it possibly take from January until September before DFID first became aware of evidence of fraud?

Minouche Shafik: I think the gap you're referring to was from when it was initiated to when the Report was completed.

Q59 Mr Bacon: The fraud was identified by the Kenyan Government, following a review requested by the World Bank. In January, the World Bank's Kenyan office requested a review. It took place over the first six months, and the review was completed by the summer, by June. DFID first became aware of evidence of fraud in September 2009.

Minouche Shafik: I think that's referring to when the review was completed and we had hard evidence, as opposed to allegations.

[2] ???

Q60 Mr Bacon: No, the review was completed in June. I just don't understand why DFID wasn't more on top of this.

Minouche Shafik: The review was completed in June 2010?

Q61 Mr Bacon: In June 2009. The review was from January 2009 until June 2009. DFID first became aware of the problem in September 2009.

Minouche Shafik: Sorry. The review was, I believe, started in the beginning of 2009 and was completed, and as soon as we had hard evidence, that's when we suspended the programme in September 2009.

Q62 Mr Bacon: Why weren't you all over it like a rash yourselves? This is of particular interest to me, because I was in Kenya in 2006, and at the time there were a lot of ghost civil servants in the Ministry of Health, as a result of which DFID withdrew support into the Ministry of Health. I remember specifically asking about the position in relation to the Education Ministry, and being told at the time, "No, no, that's not a problem, the Education Department is much better run, it's okay."

Well, it turned out that it might have been at the time, but it subsequently wasn't. It took you the best part of a year—three-quarters of a year—from the alarm being raised to becoming aware of fraud and then, presumably, to doing something about it. It just doesn't sound to me as if you were very on the ball, to be honest.

Minouche Shafik: Well, I think we—

Mark Andrews: I think it's important to clarify our note to the Committee, which is about the review launched by the World Bank.

Mr Bacon: Yes.

***Mark Andrews*:** There was a sequence of reviews across several programmes, not just the programme that DFID was funding. At that stage as well, the World Bank was launching a review of activities because it was supporting governance reform and the strengthening of internal audit. So it wasn't, in the first instance, specifically to identify fraud. Those discoveries came later in the process.

Chair: But there's a three-month gap. It's not that bad.

Q63 Mrs McGuire: I'm struggling just a wee bit with the discussion that we've had so far, because I feel as though I can tell you how much it costs to buy a textbook now in some of our countries, the countries that we work with, that the payroll systems are better, and how much it costs to build a classroom.

What I'm struggling with is where we can clearly identify the outcomes for children involved in this. I think we have sort of skirted round that a wee bit, and frankly I think some of your responses have added to my confusion. Can I ask you to identify where you actually are on track, or are we on track, with ensuring that we reach our Millennium Goal ambition of not just enrolling more children in schools—because I think that's an easy exercise; you can turn up on day one and never be seen again—but actually improving the educational attainment for children in the countries that we work with?

I know that we're behind in some 10 or 15 of the countries that we work with, so perhaps we could have some information on how you are actually assessing and monitoring that? I'd be pleased if we could park textbooks and classroom-building to one side; I think we've been round that enough, Madam Chairman.
Minouche Shafik: Okay, fine. Those responses were in response to all those questions on value for money, and we do measure those inputs, but I'm grateful for your questions and I'll let Jo say a little bit also about attainment. In terms of where we are in the countries, we do have much better results on enrolment, and we know much more about enrolment. In 14 of the 22 priority countries that DFID works in, they are on track to achieve the Millennium Development Goal of universal primary education. That's quite a big achievement.

Q64 Chair: On track to achieve which goal?
Minouche Shafik: The goal of universal primary education.

Q65 Chair: No, you're not answering Anne's question. I really, really beg you to answer the question. You're on track to achieve the enrolment goal, but Anne asked you about outcomes for children, which is different.
Minouche Shafik: I agree, but she also asked about where they are on the Millennium Development Goals, and I just wanted to acknowledge that
Chair: No, I want it—say it again, Anne.

Q66 Mrs McGuire: I think we'll take it as a given that we have seen an increase in the number of children enrolled in 14 of the 22 countries. I think that's already been exposed by other questions. Tell me what's happening in the other countries in terms of enrolment but also what's happening in all of the countries in terms of attainment. I will repeat myself; I think enrolment, frankly, is the easiest part of this to deliver in many respects.
Minouche Shafik: Yes. That is true. We have very mixed data on attainment because most poor countries do not monitor attainment, except at the end of primary, so it's very hard to answer your question. While I think we've made a lot of progress on quantity, which the NAO Report acknowledges, we've made less progress on quality, because improving the quality of education, and the outcome experiences for children, is much harder.
We've got evidence, increasingly, on what has worked in different countries, and I can just, if I may, summarise some of the recent findings on that. A recent survey by Kremer and Holla, which reviews all the randomised trials as to what influences educational outcomes for children, reveals that actually increasing investment in existing inputs—teachers, textbooks—actually has very little impact on outcomes in terms of educational attainment.

Q67 Mrs McGuire: So the fact that we have textbooks now only costing £2 as opposed to £3, according to the survey that you've identified, has very little impact on educational attainment. Is that what you're saying or have I misinterpreted that?
Minouche Shafik: No, I think it's saying that investing more in that actually doesn't result in these improvements. You need a baseline level, you need a classroom—

Q68 Stella Creasy: It's a zero-sum game.
Minouche Shafik: Well, the returns are diminishing; after that it's not worth it anymore. What it does show is in respect of changes in pedagogy, and I'll ask Jo to say a little bit about that, remedial education and things that encourage teachers to attend. For example, there is a programme in India where teachers' pay is linked to their being photographed, with a time and date stamp, with the children every day, and if they don't have that photograph they don't get paid—well, in those schools, attainment improves, because teachers turn up more often.

Q69 Mrs McGuire: So that's something that DFID are directly involved in?
Minouche Shafik: We have supported that sort of programme.

Q70 Mrs McGuire: What does "supported" mean?
Minouche Shafik: We've worked with the Ministry of Education in India, so that under its national education programme it provides support to a camera to be bought in school so that a photograph can be taken.

Q71 Matthew Hancock: Can I bring us back to the big picture again? Often, we go down a line of questioning, and instead of answering the questions, you give us an example. Some of the examples are laudable, but when you're spending £1 billion, answering our questions on value for money by use of anecdotes is insufficient.
Paragraph 2.11 says that "Available data"—so this is the data that you do have, and you've recognised that you don't have enough, and Miss Ditchburn has said that you're trying to improve that, and that's very good—"Available data showed low standards and little or no progress." You've just given us some examples of learning that has happened on how to improve standards. What is the Department doing to make sure that the money that we do spend in future improves attainment, as opposed to the little or no progress that the available data shows you as having made. What changes are happening?
Minouche Shafik: I can give you some examples of the types of programmes that are being proposed for the future, which—

Q72 Matthew Hancock: What processes has the Department put in place to make sure that those lessons are learned? Examples are fine, but not relevant in the time available. What processes are in place?
Liz Ditchburn: The allocations process will now place a higher emphasis on investments to improve quality and attainment than it has done in the past. When we look at the Bilateral Aid Review offers, which have come up from all the different countries, and we work out what we can finance and what we can't finance,

and what we decide to say we can't afford to finance this time, we will be putting a higher emphasis on quality and attainment than we have done in the past. We will change, and are changing, our allocation process and the criteria we use to decide where resources go, because of that evidence.

Q73 Matthew Hancock: Thank you. Do you think it was a mistake in the past to have the emphasis in the place that you moved it from?
Minouche Shafik: I think it has always been difficult to increase quality. I think every educational system struggles with that.

Q74 Matthew Hancock: Sorry, that wasn't my question. I'm very grateful for your reply, because it was extremely clear; you've just said that you're moving the focus in terms of assessing value for money. Do you think the focus was wrong before?
Minouche Shafik: It was insufficiently focused on value for money. I would agree with that, yes. I think that, as we've said, in the last two years we have tried to up the game in the Department on that.

Q75 Matthew Hancock: Do you think that this change will mean that in future, available data will show progress, as opposed to little or no progress, on attainment?
Minouche Shafik: I think step one is to get more countries to measure attainment before the end of primary.

Q76 Matthew Hancock: Okay. I'll just stop you there, because I'd like to ask the question again. Do you think that this change that Miss Ditchburn has very clearly described will mean that in future, instead of available data showing low standards and little or no progress, data will show progress?
Minouche Shafik: Yes, because hopefully we will be able to measure it, because we will be funding more countries to measure attainment along the way, not just at the end of primary, as I said.
Matthew Hancock: Thank you.

Q77 James Wharton: I'm quite pleased to hear that the allocation process is going to put more emphasis on quality, attainment and the outcomes for these individuals whom DFID is trying to help. That's what we're talking about at the end of the day—these individuals whose life prospects could be transformed by well targeted, well planned investment in education.
The Report does reference the very significant economic impact of an extra year of education being estimated to give about 10% in somebody's earning ability over the rest of their life. While it's all well and good that the allocation process is going to focus on quality, what I'd like to explore is how DFID is actually measuring that. Just to pick a few quotes, this is from 2.9: "DFID country teams do not routinely collect or analyse examination data as an indicator of the outcomes of the education system", and this is in 2.14: "Measures of educational activity in schools, such as taught hours or pupil attendance, rarely feature in DFID monitoring networks."
If you are going to start saying, "We are allocating money on the basis of the actual quality of education delivered to these young people," how are you going to do that without sufficient information to make those judgments?
Minouche Shafik: Well, I think that's exactly right, and I think one of the things we have to be doing is investing in more of that kind of data. I might ask Jo to say a bit about what we're doing in that area.
Jo Bourne: First of all, the exam data that does exist in many countries is often simply there at the end of primary, in order to select students to go on to secondary. That's not necessarily an effective measure of what children are learning.
One of the things we are working at, both through our bilateral programme but also with our multilateral partners so it has a bigger hit, is how we can introduce early grade reading assessment after two years of being in primary school, which is the best place in which to capture where children are failing and put in any type of remedial effort. We'll also help countries on improving their national assessments at the end of primary—again, to capture what they're actually learning. Is that enough on that?
Minouche Shafik: I think there's an example from Ethiopia in the Report. It shows quite specifically where they've got a quality improvement programme which we're supporting. That is quite a good example of what we'll be doing going forward.

Q78 James Wharton: Sorry, again you've given some specific examples of things you want to measure, which I think is positive. We've still not touched on things like teacher productivity, taught hours, pupil attendance, which should be relatively easy—not just to measure, but to factor into your decision-making process. I suspect that quite a bit of that information is already out there; it's just a matter of bringing it all in. We see bits of information dotted throughout the Report, some of which would be relevant. It's whether it then is a factor in DFID's monitoring frameworks and how it makes its decisions. Are you saying those are going to be brought in as well—teaching hours, teaching contact?
Minouche Shafik: Yes. We are working with the NAO on a measure of teaching hours delivered and received.

Q79 Chair: When's all this going to be put in place, just out of interest?
Minouche Shafik: Actually it's being put in place now, because the Bilateral Aid Review, in which we are allocating money to countries, is going on right now.

Q80 Matthew Hancock: Could I just have one supplementary on the series of questions I've had? You've said that you're placing more emphasis on value for money and on performance and attainment. How much emphasis?
Minouche Shafik: It is the criteria, now.

Q81 Matthew Hancock: So 100% of the emphasis of where money will be allocated will be down to

attainment, performance and value for money in the education standard?
Liz Ditchburn: I don't think I can answer that question, because I don't think that there is a number that we can put on it and say, "We are going to increase it by *x*%." What we are doing in the Bilateral Aid Review is looking at a range of things. For example, one of the strong themes is to increase the effort on quality and attainment.
Alongside that we have an equally strong priority to increase the enrolment of girls, and really make progress on girls' education. There's some very interesting value for money evidence that suggests you should look at early childhood as one of the key things that you can do. We have a whole range of things in the mix, and our job, which is not an easy one, is to say how we balance all those factors in the mix, and come up with what we think is the best package of ways of using our money that we can do.

Q82 Matthew Hancock: I understand that, but if you say that you're increasing your focus on it, then you must have a "from" and a "to". I appreciate that some of these are subjective, because there's clashing, laudable objectives, but if you're increasing the focus on something, you've got to increase it from a low level or a medium level to a high level, or from a very low level to a reasonably low level. How important is it?
Minouche Shafik: In every programme, for example, a value for money threshold will be agreed. So, for example, a certain level will have to be achieved for that project to be seen to have achieved its objectives. That will be explicit now in every programme that we do.

Q83 Chair: So when we come in two years' time, say, to look at this again, you will have a whole series of measurements for the 20 or 22 countries in which we invest in primary education—that's what we're looking at now—that will tell us about how people have completed their courses, teachers have worked more hours and not been absent for so long, and outcomes are better. Will you have those measures, so at least we can look at what's today and what's in two years' time?
Liz Ditchburn: Yes, we will, in many cases. Whether the data systems will permit them everywhere—clearly, that doesn't change overnight. I wanted to come back to this, to explain the way we are managing this set of offers, which we've had from all the DFID offices. Each offer is cast not primarily in terms of, "I'd like to spend £*x* million on something"; it's cast in terms of "the results that I can achieve".
Each office is expressing the results it thinks it can achieve in enrolment, quality and completion, particularly completion. So they all had to state their offers, in a sense, against the results. Then they say, "To achieve that result, I think, with the best information available now, that it would take £*x* million." We will allocate the money against results, so that we are going to be able to move to that world where we are able to say, "Actually, those are the results we expected to achieve in those countries. We allocated the money to achieve it. Have we achieved it or not?" And you will be able to hold us to account.

Q84 Matthew Hancock: And are they all measurable? All those results that are earmarked?
Chair: They won't all be 100%.
Jo Bourne: Where the data's available, yes.
Liz Ditchburn: Across the sectors it's quite different. Education and health are more susceptible to quantification, and we've got better measures that we can use. In some of the sectors, like education and health, we will have very good quantitative measures. In some other areas, like governance, security and conflict, it will be harder to come up with some of those quantitative measures.
Matthew Hancock: Of course.

Q85 Chris Heaton-Harris: Liz, you've given me amazing confidence, actually, you really have. I'm slightly concerned about what's been going on before, but can you just tell me—I knew I was going to be impressed, because of your title, Director of Value for Money. How long have you been in that role?
Liz Ditchburn: I've actually only been in that role for the last three months, but I have been in the same area for the last four years.

Q86 Chris Heaton-Harris: Was there someone before you who was Director of Value for Money?
Liz Ditchburn: No, the person before me was called Director for Finance and Corporate Performance.

Q87 Chris Heaton-Harris: Okay, so is this a new thing in DFID to try and drive towards value for money?
Liz Ditchburn: Well, actually, I previously had the title of Deputy Director for Value for Money, which I think I should just disclose.

Q88 Chris Heaton-Harris: I'm so pleased you've been promoted.
Minouche Shafik: Her promotion was to reflect the increase in priority.

Q89 Chris Heaton-Harris: Of all the things you've said, and there have been some fantastic measures going forward, and reflected across—
Mrs McGuire: Nice try.
Chris Heaton-Harris: It was, wasn't it?—across the three of you. Can you maybe tell us how bad it was two years ago?
Minouche Shafik: How bad was it two years ago? The truth is we've been looking at this issue for a long time, in close collaboration with the NAO. I think we always had a focus on results. Where we were weak before was in not looking at the costs. And that is, I think, where we've tried to up our game a lot, so we can achieve maximum results with minimum cost, and it's that denominator that we were weaker on before and that we're trying to strengthen, which is why I go on in a boring way about textbooks.
Chair: Chris, I think this is getting—Ian.

Q90 Ian Swales: Can I just get back to this attainment question? At the top of page 35, there's a very interesting paragraph that says: "DFID has 34 education advisors, 20 work overseas, of whom two are health advisors covering education, and seven cover wider remits." So there's not a massive amount of education expertise there, and further down it says, "Most of their time is spent planning, monitoring, and responding to central DFID requests for information, influencing national government, and coordinating interventions with other donors."

I think all that's interesting, but the important point to me is that the World Bank has a similar education spend, but 162 dedicated education specialists. That raises a big question about the approach that you're taking and also about benchmarking in terms of what they are achieving, with the same amount of money—it says here—but a completely different balance in how they're spending it.

Minouche Shafik: I'll say a couple of things and then ask Jo to say something. I think the contrast with the World Bank is not quite legitimate, because the World Bank has other functions. It pulls together global education data and does other things that we don't do and that we rely on it to do, so it's not directly comparable.

It also operates in 160 countries, and we've focused on 22, so it is a bit different. Having said that, I think that, particularly with a rising aid programme, we will need to hire more education expertise. To manage that programme responsibly and effectively we are looking at that, and the Treasury has given us scope within our Spending Review settlement to hire more frontline staff.

Q91 Ian Swales: I guess that the supplementary is: will you be changing the balance between frontline spending and the bureaucracy that sits behind it?

Minouche Shafik: Like all Government Departments, we are cutting our back office and our corporate areas by 30%, but we do have scope to hire more in the frontline, and Jo is responsible for that.

Chair: So you're going to have more civil servants, but not in Whitehall? They'll be out in the countries?

Minouche Shafik: Yes, that is correct.

Q92 Ian Swales: If we come back in two years, how many education advisors in the field would you expect to have, approximately?

Jo Bourne: I hesitate to put an exact number on that, because we do have to go to recruitment, but there was actually an advert in yesterday's *Guardian* looking to recruit new education advisors, with a focus on frontline and particularly on Pakistan—

Mr Bacon: You didn't think about putting it in a quality newspaper?

Q93 Matthew Hancock: Or just online. You can put them online for free.

Jo Bourne: It's online, and it's also—

Matthew Hancock: Okay. You don't need to subsidise *The Guardian*. Maybe that's a value for money suggestion.

Chair: Or it may not be.

Q94 Ian Swales: The reason why I'm raising this is that it perhaps points out how we can get greater value for money from this programme. You are admitting, then, that you're going to change the balance. How many overseas education advisors would we have in two years' time?

Jo Bourne: Well, if it was my wish list, I would say that we should go up to a total number of around about 40, maybe slightly more, and that at least three-quarters of them would be based overseas, which is roughly what we have at the moment. But the other thing we've done is also independently reviewed the impact of having these advisors who cover more than one sector, to see whether this is a good model to use in terms of cost effectiveness, or whether we should actually have more sectoral expertise. Quite often it depends on the type of programme that we're doing.

Q95 Ian Swales: What do the ones who are based here do?

Jo Bourne: Prepare minutes for briefings like this. We work essentially on policy. We have a small number of advisors who are regionally based, so I have one sitting behind me over here who covers Africa policy in particular. Then we work on areas such as the production of value for money guidance notes and areas like the joint programme with the World Bank on benchmarking and systems.

Q96 Joseph Johnson: Thanks very much. Just looking forward again, over the period of the CSR, DFID's budget is set to expand really quite considerably, from £6.3 billion this year to £9.4 billion by 2014–15. That's the single biggest increase across all Government Departments—49% in nominal terms, 37% in real terms.

By 2014–15, you'll be a pretty chunky Department. You'll be bigger than the Home Office; you'll be bigger than the Department of Justice. From the hearings so far, I'm not entirely sure—in fact, I'm not at all convinced—that you've got the capabilities and corporate experience of measurement, and particularly of measuring value for money, to enable you to deal with the substantial increase in your budget, and to ensure above all that two things don't happen: that this money doesn't get wasted on corporate overheads at DFID; and that a lot of it doesn't get blown away in corruption.

I shall deal with corruption first. Andrew Mitchell, back in June, ordered an investigation into your biggest programme, which is the investment in the Sarva Shiksha Abhiyan programme in India. I'd like to know what progress you've made in the last three or four months on determining whether that money is being well spent, in your single biggest programme.

Minouche Shafik: Yes. Happy to. On the corporate overheads, I think I can reassure you on that front. DFID's overheads—administration costs relative to the size of the programme—were 6% at the last Spending Review. We're now at 3%, and by the end of this Spending Review it will be down to 2%. That will be the lowest of all major donors. The average in the industry is about 4.3%, so we will be the lowest cost in terms of our—

Q97 Chair: That 2% of the larger figure means that you will grow corporately.

Minouche Shafik: That's correct.

Q98 Chair: You're growing corporately.
Liz Ditchburn: Sorry, can I clarify? We basically have two operating cost lines, one of which is the pure admin cost of running the business, and that is going down; that is where we're taking the 33% real-terms cut.
We also have frontline delivery costs, which the Treasury are allowing us to grow. That can grow to a ceiling, which could actually be 83% real-terms growth. The two taken together form our total operating costs, and that has nearly 10% real-terms growth built into the total. Within that, the controls are absolute, and we will have to, and are going to, reduce the cost of running ourselves, so the additional resource will all go into frontline delivery.

Q99 Mr Bacon: What's the cost of running yourselves, in millions of pounds?
Minouche Shafik: I beg your pardon?
Liz Ditchburn: It goes down from £128 million in this year; we will go down to £94 million in the final year.

Q100 Mr Bacon: And that employs how many people at HQ?
Minouche Shafik: Our HQ numbers are—our total staff is 2,347; the London-based staff are 722.
Liz Ditchburn: Those numbers, though, include—that's financed from the total operating cost budget, so that's not just the core admin.

Q101 Joseph Johnson: I see from your website that you've published the list of senior civil servant salaries in DFID, and I commend the Government for the transparency that enabled that to happen. There are seven senior civil servants in DFID earning well over £100,000; there are half a dozen others who are on, coincidentally, £99,999.
The Prime Minister, as you know, is on £142,000. There is one member of the senior civil service within DFID who's on—I won't mention any names—£175,000, 25% more than the PM. This is an aid Department. I'm wondering whether you're demonstrating the right kind of frugality to set an example to the entire third sector.
Minouche Shafik: Those salaries are completely in line with civil service norms and have been set by the Senior Salaries Review Body. Those are completely in line with the norms. Can I answer your question on corruption, which I didn't—

Q102 Joseph Johnson: And Sarva Shiksha Abhiyan, yes.
Minouche Shafik: You're quite right. The Secretary of State launched an inquiry on that one, conducted by our internal audit and an independent accounting firm. The results of that inquiry are on our website. They confirmed that our funding supported legitimate activities in India, like paying teachers' salaries and constructing classrooms, and that there was no foundation for those allegations.

Q103 Joseph Johnson: But the foundation was originally a report by the Indian Comptroller and Auditor General, so you're disputing his finding?
Minouche Shafik: No, I thought the allegation that you were referring to was an article in the *News of the World* that appeared recently.

Q104 Joseph Johnson: Which was based originally on a C&AG out of India.
Minouche Shafik: That's correct. Go ahead.
Liz Ditchburn: Yes, absolutely, the amounts, the potential exposed to loss across the whole programme, were the figures quoted, and they came from the Government of India reports and audits. DFID's money is used in that programme against very strong controls. Basically, money is ring-fenced, earmarked for particular kinds of expenditure and only released once that expenditure has been audited by independent auditors.
Minouche Shafik: Experts.
Liz Ditchburn: And we reimburse. So although the total pot was subject to those losses, the UK money was actually very strongly controlled, and what the inquiry showed was that in almost all cases, that money had been spent on the purposes for which it had been intended, so there were very strong controls in place. I think there was a small amount where DFID was involved in one of those frauds. There's an ongoing prosecution, and we will look for recovery when that prosecution is closed.

Q105 Joseph Johnson: This is going back to Austin's point earlier. There was a substantial time lag between the Indian report by the C&AG in India, which was 2005–2006. It happened that *The Sun* didn't pick up on that report, and nor did anybody else for that matter, until some time later, but DFID didn't—
Liz Ditchburn: Actions were taken all the time. The programme managers were working on each of those Indian reports as they came out. So it wasn't that we were aware of none of that until the recent report.

Q106 Joseph Johnson: But we didn't get an investigation until Andrew Mitchell ordered one in June.
Minouche Shafik: There was an additional investigation as a result of the *News of the World* report.

Q107 Mrs McGuire: So it was monitored throughout the process?
Minouche Shafik: Yes. That's correct.

Q108 Mrs McGuire: Was there any point at which you were unsighted as to what was happening?
Liz Ditchburn: Not that I'm aware of, because those Indian reports were known to the programme managers. In fact, the Indian Government were very active, pursued prosecutions and took action against those losses. It was actually a very positive sign to us that the Indian Government was taking that so seriously.

Q109 Mrs McGuire: So you're saying to the Committee today that you're confident that, because British taxpayers' money was ring-fenced, there was no undermining of the integrity of that part of the programme?
Liz Ditchburn: Yes. That's what the investigation showed—that the controls were working adequately and that the UK money was spent for the purposes for which it was intended.
Mrs McGuire: Thank you.

Q110 Stella Creasy: I want to go back to the relationship between some of the changes that you've outlined in how you're going to look at bilateral aid in the future, and some of the earlier comments you made about the benefits of the ways in which, when you work with other countries and you work in a multilateral approach, these things are going to square off. I'd be quite interested in your sense of that.
You're talking about a series of measures that you're hoping to put in place. How do they compare to the measures that other donors use, in terms of evaluating effectiveness?
Minouche Shafik: In terms of other bilateral donors, or our multilateral partners?

Q111 Stella Creasy: Obviously we're not the only country looking to support primary education, so I'm looking at how we cross-compare that, as a starting point.
Minouche Shafik: We're working quite closely, for example, on the benchmarking and value for money analysis with the World Bank, for example. They provide a sort of pooled intellectual resource for all of the donor community. So that's our main interlocutor on that. But we also work very closely, depending on the country, with other bilateral donors. It depends on the country, who they are. Increasingly, much of our work is pooled, and so the analysis of what we're going to do together is shared in the country.

Q112 Stella Creasy: How does that then compare with what you're talking about, in a review of the way in which you conduct bilateral aid? Is that more likely to help that collaborative process, or hinder it?
Minouche Shafik: Because of the results-based approach that we're taking for future allocations—is that the question?
Stella Creasy: Yes.
Minouche Shafik: To be honest, I think we're a little bit at the forefront of this kind of approach, where we're allocating resources based on results. We've had a series of delegations from other countries who've come to see us—the Canadians, the Australians, the Germans—to find out what we're doing, because it is somewhat different and innovative.
We're taking this approach not just with the bilateral programme, but with our multilateral investments, so we've just reviewed 43 of the multilaterals in the system, and we've rated them, their performance, in terms of a whole set of criteria. We've told them we're going to link our funding to their performance.

Q113 Stella Creasy: So when you say you're at the forefront of this way of working, how do you think it's going to influence this way of working in the future, if it's not something that other countries share? Is that going to make the aid that we contribute to multilateral programmes more or less effective?
Minouche Shafik: I think so far, what other countries have told us is they are watching us very closely—particularly on the multilateral side, where they want to know, "Do you think the World Bank delivers better educational investments than the Fast-track Initiative versus the Asian Development Bank?" They've told us they are watching us closely so they can learn and follow.
Jo Bourne: If I could just add a very specific example, this week we are in the process of negotiating, through the Fast-track Initiative Board, a new results framework for funding that is spent through the Fast-track Initiative. Again, we're at the forefront of actually influencing better behaviour.

Q114 Stella Creasy: And how are the countries in which you're actually funding work responding to this process? Because presumably they have their own measures of effectiveness of their own spending programmes?
Minouche Shafik: Yes.
Liz Ditchburn: This is just the reality of the way in which we work, and everybody in a DFID country office is working in collaboration with other partners, whether they be Government or other donors or non-governmental.
You're absolutely right; that does mean that we can't just impose a UK view and say, "We will use that measure." In effect, we have to argue the case, and the situation in which we find ourselves now is that we've been asking these questions in a quite hard way for the last two years. But actually other donors are now coming to exactly the same point; all donors are under the same sorts of pressures to deliver value for money for their constituencies.
What we're finding is that people are saying, "Yes, we are facing the same problems too, we're being asked the same questions by our Parliaments." If we have some of the guidance and some of the thinking at a level that is slightly more developed than others, then they're saying, "Right, okay, let's move forward."
But you're absolutely right—it's a negotiation in each case, whether it's a programme or with Government or whatever. We have to make the case that it's right that all our funds need to deliver value for money, and that the way we will do that is by having good benchmarks and good monitoring frameworks, etc. But it has to be done through those mechanisms.

Q115 Stella Creasy: Is that standardisation process going to be easier or harder to do if you have to move to a project-based process for funding? What you're talking about in the review process is that you're looking at projects. You said earlier that you're looking in the review process for each country to set out what they could fund and deliver, on a case-by-case basis. That seems to stand rather against what you're talking about.
Liz Ditchburn: No. Each country is putting up its offers, but they might be delivered through budget support, through funding a civil society organisation,

through a pooled fund with other donors or in all sorts of other ways.

The way in which we describe them—as an "offer"—doesn't imply that there's a project implementation mechanism sitting there. It's about whatever—they will express the results offer, and they will say what is the mechanism through which they're going to deliver, but it will be very similar to the sorts of mechanisms that we've used before. It's not about changing to a set of projects.

Stella Creasy: Right.

Q116 Mr Bacon: I'd just like to raise two points. First, I actually don't know whether to be reassured or horrified that you're now looking at results in deciding how to allocate your funds, because it does beg a rather large question about what you—and, if what you say is correct, the Canadians, Australians and everyone else—have been doing in this aid community for years.

I'm looking at our briefing from the National Audit Office, which describes your Department as having "only fragmentary evidence on the efficiency and cost-effectiveness of the education systems it supports." If you were to delete the words "education systems", and just put "fragmentary evidence on the efficiency and cost-effectiveness of what it supports", that would more or less cover any DFID hearing that I've attended over the last nine years that I've been on this Committee, frankly.

It's astonishing to me that you're only now beginning to think about, in the international aid community—and you describe yourself as a pioneer—allocating on the basis of checking what the results of what you're doing are like. It also doesn't sound to me entirely accurate, frankly, because the Clinton-Hunter Initiative and the Gates Foundation have been doing that for a long, long time.

Anyway, that wasn't a question; it was what Mr Mitchell—who's gone—would have called a tirade. So I'm tirading on his behalf, but I want to ask Miss Ditchburn a question about controls. You said earlier, I think in relation to the Indian case that Mr Johnson raised, that the controls worked. I'd like to bring you back to Kenya, because the internal audit report I referred to, which came out in October 2009, identified a series of controls that didn't work properly, but in your original assessment in 2005—this was for the Kenyan Education Sector Support Programme, the KESSP—DFID did identify such risks, but concluded that they were manageable. Why did you judge that the risks were manageable?

Liz Ditchburn: One of the most important things we will need to do is learn lessons from the Kenya experience. When the full forensic audit is completed, and we can take stock of that, we will be learning lessons. We will need to look at whether our assessments failed, whether our monitoring failed, or whether those were right and other things changed. So we absolutely will need to learn lessons. If I can just explain a bit about the kind of assurances we had in place, and we will now need to reflect on—

Q117 Mr Bacon: I'm really interested in why DFID came to the conclusion that the risks were manageable. You identified some risks, including the fact that the overall risk rating for the programme was medium to high, and the risks included procurement, internal controls, accountability, corruption, technical capacity and so on, but you described the track record for projects in the education sector as being excellent, and you believed that the situation was manageable. "We believe this is manageable," you said at the time. Now, on what basis did you say, "We believe this is manageable?" That's what I want to know. What was the evidence?

Liz Ditchburn: We carried out a full fiduciary risk assessment, which was externally scrutinised; we have external scrutiny on all our fiduciary risk assessments, because we think it's important that there are others than DFID who look at our assessments and see if the assessments can be justified on the basis of the evidence. So, on the basis of a full fiduciary risk assessment, which was externally scrutinised—

Q118 Mr Bacon: By whom?

Liz Ditchburn: We use a contractor.

Q119 Mr Bacon: Who?

Liz Ditchburn: It's OPM. Oxford Policy Management, who are public financial management experts.

Q120 Mr Bacon: Right. They're a consulting firm?

Liz Ditchburn: They're a consulting firm. They were appointed competitively.

Q121 Mr Bacon: How much did you pay them to give you this advice that the risks were manageable, by the way?

Liz Ditchburn: They don't advise us on the level of risk; they advise on whether our assessment stacks up with the evidence that's been presented.

Q122 Chair: They're not financial people, the Oxford Policy Management?

Liz Ditchburn: They have public financial management specialists.

Q123 Chair: They're public management. I know the organisation. They come in and deal with change management issues. They're not an organisation that I would bring in to have—

Liz Ditchburn: No, they have—they were appointed competitively.

Mr Bacon: You're saying—

Liz Ditchburn: It's a different—

Q124 Chair: It's a different area.

Liz Ditchburn: Can I just continue with the processes we had in place?

Q125 Mr Bacon: I just want to be clear about this, because you were saying that you validated your assessment by reference to external scrutiny

Liz Ditchburn: Yes.

Q126 Mr Bacon: As if that somehow helped improve the point. I want to know how much you paid

for these external scrutineers, and if you can't tell us now, you can always write to us with a note.
Liz Ditchburn: I'd be very happy to. I don't have the figure with me, but I'd be very happy to write.

Q127 Mr Bacon: Because it turned out that they were wrong.
Liz Ditchburn: We don't yet know, because we don't yet know the whole story of what the forensic audit will tell us, and what lessons we need to learn from that.
If I can just continue, we carried out a full fiduciary risk assessment; additionally, DFID commissioned a specific audit looking back from 2003 to 2006. We also commissioned, and the Government of Kenya undertook, a public expenditure tracking survey, which follows how funds flow through the systems and whether they end up at the schools where they're supposed to go to.
The expenditure on which payments were made was audited annually by the Kenyan National Audit Office. Other more focused audits were also done. The World Bank took the lead on behalf of all donors for monitoring financial management and was responsible for reporting back to other donors whether we should make payments on the basis of the financial information which they had received because they were in the lead.
So as my friend from the National Audit Office pointed out, the fiduciary reviews that the World Bank carried out were regular reviews that they do; they weren't done on the basis of a set of allegations on which we hadn't acted. The World Bank also gave assurance that the Ministry for Education's financial management manual was correct and adequate.
The World Bank also carried out regular reviews of where the financial management standards in the Ministry of Education were improving. So there is a lot of evidence that we were drawing our assurance from. Now clearly, something went wrong because we now know that frauds were being committed.

Q128 Mr Bacon: Why didn't the controls work?
Liz Ditchburn: What we have seen so far is that the kind of audits that took place did not detect what is a quite sophisticated fraud, which has now been detected through the fiduciary reviews. What we all want to do, when we have the full results, is to go back and say, "Did we apply our tools wrongly? Did we make a wrong risk assessment?"

Q129 Mr Bacon: Was it ghost teachers or ghost civil servants?
Liz Ditchburn: Sorry?
Mr Bacon: Was it ghost teachers or ghost civil servants?
Liz Ditchburn: I think they're different. I don't know the details. It was some quite sophisticated document forgery. So they were fraudulent claims based on fraudulent documentation.

Q130 Mr Bacon: There was embezzlement by Ministry of Education officials, wasn't there?
Liz Ditchburn: That's one category, yes.

Q131 Mr Bacon: Were there also ghost teachers?
Liz Ditchburn: I don't think that's an issue, ghost teachers.
Minouche Shafik: No, it was more issues about fraudulent claims.
Jo Bourne: Fraudulent claims and misuse.
Liz Ditchburn: The losses that were detected in the fiduciary reviews have been completely recovered. Our share of those losses has been repaid to us.

Q132 Chair: Recovered from whom?
Liz Ditchburn: From the Kenyan Government.
Minouche Shafik: £120,000
Liz Ditchburn: But—

Q133 Mr Bacon: "But"—you were just going to say one other thing.
Liz Ditchburn: But we will need to learn lessons and look at whether our reviews, controls and management practices need to change as a result of this.

Q134 Matthew Hancock: I've got one related point about the bigger picture. According to paragraph 5.4 on page 33, there was no evaluation or report into education over the last four years. Why not?
Minouche Shafik: Well, it was a deliberate choice not to look at the bilateral programme because we had launched our own; we had launched the Education Portfolio Review in 2009. We also knew the NAO was doing this review in 2010. So we decided to—

Q135 Matthew Hancock: Hold on, but that's one year ago and this year; why was there no Report for four years?
Minouche Shafik: Well, we decided to focus our evaluation resources on our multilateral investments in education, which are significant. So we commissioned a review of the Fast-track Initiative because we knew this review of the bilateral programme was going to take place.

Q136 Matthew Hancock: But that doesn't make sense, because you didn't know this review by the NAO was coming two years ago.
Minouche Shafik: Yes we did.
Liz Ditchburn: We worked with them very closely on their plans for this.

Q137 Matthew Hancock: So when was this review set up?
Liz Ditchburn: Mark will know a bit better than me.
Mark Andrews: I think that, two years out, DFID would have known that we were intending to conduct this study.
Minouche Shafik: So we were trying to be prudent in the use of our evaluation resources and spread them across all of our investments.

Q138 Chair: Can I just move you on to two issues? I want to raise one and I think Stella and Austin want to come in afterwards. Jo Johnson said that your budget is going up by 37% in real terms over this period. In 2008–09, you spent £711 million moving up to what was supposed to be £1 billion. Looking at your annual report for 2009–10, I see that you spent £634 million, so your actual expenditure is going down. Can you explain that and then tell the Committee how we can have confidence that, if you are getting this great growth in expenditure, you'll spend it—and spend it wisely?

Minouche Shafik: I will just very quickly run through the mechanisms that we are putting in place to ensure that we spend it wisely. There are five of them. First, there is this Bilateral Aid Review of telling country programmes to bid by results. Secondly, there is this Multilateral Aid Review where we're rating the performance of all of our different multilateral partners, and we have told them we will give them money based on results.

Thirdly, we have launched a review of all our humanitarian programmes, some of which have an education component, which is being led by Lord Paddy Ashdown. That, too, will give us some guidance about how we are doing on the humanitarian side.

Fourthly, we have set up an independent commission on aid impact which will report directly to Parliament, independently, on the impact of our programme. Fifthly, the Secretary of State has launched a transparency guarantee, so we will be publishing regularly everything that we do, including the reports that monitor the performance of our programmes.

Q139 Chair: And how will we know—your spending went down in 2009–10 on this programme.

Jo Bourne: We think that figure doesn't actually reflect the sorts of spending that we would put through budget support mechanisms, which are usually around about 20%—

Chair: What does that mean?

Jo Bourne: When we give money, like a block grant, to a Government for it to spend against its own priorities; quite often about 20% of that is spent on education. But when we are trying to calculate how much money we actually spend on education, that figure of £634 million doesn't include it.

Minouche Shafik: That's just the bilateral—

Q140 Chair: So how much do you think you've spent in 2009–10?

Jo Bourne: I could get back to you on an exact figure, but I would suggest that it is probably closer to around £800 million.

Chair: Say again.

Jo Bourne: £800 million would be a guess.

Q141 Chair: So are you confident that you can spend at the level that you have been set in the CSR? You are underspending still. My understanding was that you would be at £1 billion by this year.

Minouche Shafik: Well, the Coalition Government hasn't necessarily decided whether it's going to uphold that target of £1 billion. What it has said is, "We are not going to set an arbitrary input target; what we are going to do is see what the results are that our countries can deliver and then we will allocate the money accordingly."

Q142 Chair: So they're not committed to a 37% real-terms increase.

Minouche Shafik: No, that's the total DFID budget.

Joseph Johnson: That's the total budget. If it's going to spend £9 billion overall—we are talking about education.

Chair: This is just this bit of it.

Joseph Johnson: Education is just £1 billion. It's going to be £9 billion by 2014–15, a chunky number—bigger than the Home Office, bigger than the Justice Department.

Stella Creasy: But you're not sure what it's going to be spent on.

Joseph Johnson: Line by line, what the programmes are, that's the level of detail that's coming out.

Q143 Stella Creasy: So what are you planning for?

Minouche Shafik: Well, that's exactly why we are doing this bilateral review, this multilateral review and this humanitarian review, because that is the process by which we'll allocate that money to maximum return.

Q144 Stella Creasy:: So you're planning by the way in which you spend it, rather than what you spend it on, because you are talking about bilateral, multilateral, or humanitarian.

Minouche Shafik: No, quite the opposite. Each of those mechanisms will tell us what results they can deliver. For example, the Fast-track Initiative delivers primary education as well as our programme in Bangladesh. We are going to have to make a judgment about which is the more effective vehicle. Should we give it to the Fast-track Initiative? Is that a more effective mechanism in terms of delivering value for money? Or can our programme, our country office in Bangladesh, deliver a better result? So that is the criteria we'll use.

Q145 Stella Creasy: What's your expectation of where that judgment is going to lie?

Minouche Shafik: Well it is hard to say because Ministers haven't decided, but if you look at the total offers we've had from our current country programmes in education, there is potential to deliver at least 11 million school places and support 11 million children in school.

Q146 Stella Creasy: Sorry, my question wasn't about what you were going to deliver, but how you were going to deliver it. You're saying that you're making a judgment entirely on value for money as to what format for delivery on education programmes is the most effective. What's your assessment of whether that is likely to be more in bilateral programmes, multilateral or humanitarian aid?

Minouche Shafik: I understand. I suspect, and again I don't want to prejudge Ministers' judgments—they have to make those decisions over the coming months—but I think we'll be quite tough on some of the poorly performing multilaterals.

Q147 Stella Creasy: So you're expecting to do more bilateral work in future?

Minouche Shafik: It is possible. Again, I can't say because Ministers have to make those calls in the end. But based on a preliminary assessment of the evidence, I think that that may be the outcome.

Q148 Stella Creasy: Where does that leave you in terms of the other half of the equation? One of the challenges about doing work is that we can only ever know 50% because you have got to know what the donor country that you are doing the work in is doing. Where does that leave you? If you are looking to work more through countries' Governments, how can you be sure that some of the problems that some of the people here have set out might not get worse rather than better? What controls have you got in place for those bilateral relationships as opposed to multilateral ones?
Minouche Shafik: The revised mechanisms that Liz has described, in terms of much more rigour around outputs, outcomes and value for money thresholds, will be things we will work with our multilateral partners.

Q149 Stella Creasy: No, sorry, you said you were going to do more bilateral work or you think you might. If that were the scenario that you would go down—
Liz Ditchburn: I think it is important to clarify that the bilateral programme doesn't mean budget support. Giving funds directly to a partner Government is a choice that we make about whether that is the right delivery mechanism in any particular country. The bilateral programme has within it a whole diverse range of different ways of delivering aid. What they have in common is that it comes from one country, the UK, to another country.

Q150 Stella Creasy: Yes, but I'm trying to tease something out. We are talking about where that £9 billion is going to be spent and the mechanism by which it is going to be spent, and the question we've got today is about bilateral aid and its effectiveness and value for money.
You're saying that you think it's possible that we could end up undertaking more bilateral programmes than multilateral ones; that's fair, from what you're saying. But if you've just got a direct relationship with the country that you're trying to fund and they don't reform—all the problems we were talking about with Kenya—you're actually more open to corruption than less if you haven't got other partner agency to apply pressure.
Minouche Shafik: We won't fund countries that don't deliver results with value for money.

Q151 Stella Creasy: So there could be a scenario where you withdraw funding under this new funding mechanism, from countries where we recognise there is a need, because you can't get them to work in the way in which you want them to. Is that fair?
Liz Ditchburn: If we find ourselves in the situation where we are not able to continue funding direct financial support to a Government—and we have found ourselves in that situation in the past, where we have had to withhold, suspend or reduce payments—we need first to look at whether we should continue to use that money in that same country to achieve the same ends but through different routes. So for example where we find we are not able to work through Government school systems, we can look at alternative service provision.

Q152 Stella Creasy: Like Zimbabwe, for example.
Liz Ditchburn: So those are the choices that we have.

Q153 Stella Creasy: So you mean the third sector, for example.
Liz Ditchburn: For example.

Q154 Stella Creasy: How does the third sector then respond to these measures of the cost-effective framework that you have set in place? Obviously, that is quite a high administration process to go through isn't it?
Liz Ditchburn: For example, in terms of international NGOs with whom we work, we are finding that they also are asking themselves the same questions as us around value for money. So actually there are NGOs who are doing extremely good value for money work. Water Aid does a lot of work in terms of looking at the cost effectiveness of delivery mechanisms. So I think this is not something you can say is characterised in one sector or another.

Q155 Stella Creasy: But it is going to require quite a lot of administrative process at the front line, isn't it, if you are going to go to more bilateral? We will take more responsibility directly for on-the-ground administration of those processes, won't we?
Minouche Shafik: I think it will require good sectoral expertise and good education experts in the field, and then good data systems—

Q156 Stella Creasy: Which this Report says you don't have.
Liz Ditchburn: Which we've explained we have the finance in place to be able to—

Q157 Stella Creasy: So your funding will go towards more people on the ground rather than more programmes?
Minouche Shafik: No, different budgets.

Q158 Stella Creasy: So which is going to increase? One of them has got to increase, hasn't it, if you are going to be able to do all the stuff that we are talking about with the increased money, to work in this particular way?
Minouche Shafik: With very modest increases in the staffing, I think we will be able to manage a significant increase in the programming.
Chair: Well, we hope so.

Q159 Joseph Johnson: I have a fairly straightforward question about budget support. Of your overall programme, how much do you expect to be straight budget support—i.e. DFID effectively writing blank cheques to Governments, not hypothecating it to specific policy areas of education,

health or whatever? How much is it now? How much do you expect it is going to be in 2014–15?
Liz Ditchburn: DFID never writes a blank cheque to a Government. We write cheques to Governments in exchange for very clear commitments around results. But we actually give budget support to very few countries.

Q160 Chair: I think actually we would question that statement on the basis of evidence you have given us this afternoon.
Liz Ditchburn: Actually, the NAO has done a review of budget support, which I am sure they will be better able to speak about. But anyway, the number of countries we give budget support to is only about 15 at the moment.

Q161 Joseph Johnson: How much money are you giving to those countries in the form of budget support?
Liz Ditchburn: I think general budget support is the description that you were working to rather than sector budget support, where we are explicitly working towards particular sectoral outcomes. So general budget support was £426 million in 2009–10.

Q162 Chair: Is that education?
Liz Ditchburn: No, that's general budget support.

Q163 Joseph Johnson: Hang on, that's just giving the Treasury a cheque and saying here is some more money.
Minouche Shafik: In terms of the future, I don't think we can answer that until Ministers have taken a view on resource allocation.

Q164 Joseph Johnson: Right. Can I just delve a tiny bit more? How much of that £426 million budget support is currently going to India? Just a cheque—
Minouche Shafik: There's no general budget support in India.

Q165 Joseph Johnson: None at all?
Minouche Shafik: It's all sector support.
Liz Ditchburn: No, it's zero.

Q166 Joseph Johnson: It's all state programmes in—
Minouche Shafik: It goes to the state programmes and also to sectoral support to education and health.
Liz Ditchburn: The figures for that year, 2009–10, were zero in general budget support to India and £52 million in sectoral budget support.

Q167 Joseph Johnson: As we ramp up DFID spending by getting on for 50% in cash terms over the next four years, do you expect that number, the £426 million, to increase quite significantly—by 50%?
Minouche Shafik: Again you're asking me to prejudge ministerial choices and I don't think I can do that. I think it depends on the results that we get from different instruments. We are not going into this, saying, "Which is the instrument we want to use?" We are going into this saying, "Which instrument delivers the most results for us?"
I should just clarify that we are aware of the fact that delivering results in some contexts is much more expensive. If you're in a fragile state—it costs much more to educate a child in rural DRC, where there is no infrastructure, than it does in urban Ghana, for example. So we can't be mechanistic about which is the cheapest, but the key is whether we are measuring everything we can measure as well as we can to maximise impact.
Chair: Right, Richard, the very last one.

Q168 Mr Bacon: I'd like to ask you about which instruments you're using. You said earlier, "We'll be tough on some of the multilateral programmes." One of the instruments you use is the European Union, because a lot of your money goes through the European Union.
I am reminded of a sentence that I read in an earlier NAO Report, when Suma Chakrabarti was Permanent Secretary. I can't remember how long you've been in the Department; your CV doesn't say so. Sorry, as Permanent Secretary you've been in the Department since November 2004. So it was at least two and a half or three years ago, and I seem to remember the figure was 55% of your multilateral support went through the European Union. Does that sound like an accurate figure?
Minouche Shafik: It's a bit less than that, actually.

Q169 Mr Bacon: That's what I wanted to ask about. When you referred to the fact, "We'll be tough on some of the multilateral programmes", you're talking about the chunk that DFID controls directly and puts into programmes, either alone or with others. You're not talking about the other chunk that goes through to the European Union are you? That's correct?
Minouche Shafik: No, that's not correct because there are two chunks that go to the European Union. There is the assessed contribution, over which we have very little choice because it is budgetised. There is also the European Development Fund, over which we have a choice as to how much we give.

Q170 Mr Bacon: That second part would come under the rubric of, "We'll be tough on some of the multilateral programmes"?
Minouche Shafik: Correct.

Q171 Mr Bacon: Good. How much of the first chunk is obligatory?
Minouche Shafik: I will have to come back to you on that number. We are responsible for roughly 17 or 18% of the budget; it depends how much Ministers agree the total pie is and then we have to pay our share. But it varies—

Q172 Mr Bacon: You don't know how much in the current year? Well, what was it in the last full year?
Minouche Shafik: Over the last spending review, it was about £800 million.

Q173 Mr Bacon: No, I'm talking about in any one financial year, not in spending review terms. In the

last full financial year, what did you give to the EU in obligatory contributions?
Minouche Shafik: Sorry, the voluntary or the assessed?
Mr Bacon: The reason why I used the word "obligatory" is because it is different from "voluntary".
Minouche Shafik: I'd have to come back to you with a precise figure. I can give you a ballpark one—it's less than £200 million.

Q174 Mr Bacon: You were a teacher at the Wharton School; that's the place where people go to be taught to be investment bankers. I would have thought numbers were your meat and drink, but you seem to be quite vague on a lot of them, actually.
Minouche Shafik: I've given you lots of numbers today, but that particular one I don't have.

Q175 Mr Bacon: But how much money you give to the EU is a big chunk of your budget.
Minouche Shafik: It is.

Q176 Mr Bacon: What I'd like to know—this was the question I was coming to and this is my last question, Chairman. If you are going to be tough on the multilateral programmes where you do have a choice—where either you are doing it with other donors or it is the voluntary bit of the EU—what steps are you taking, acting with the EU and EU partners, in relation to the bit where it's obligatory, where you have to make a contribution whether you want to or not?
Because if the record in relation to your own voluntary and direct stuff is, shall we say, patchy—you have not been focusing sufficiently on cost effectiveness and results, as you have admitted this afternoon—how much greater a problem is that likely to be in the EU? So what are you doing about that?
Minouche Shafik: I wouldn't accept the point that you made earlier that we haven't focused on results. What I said was that we focused quite a lot on results, but we haven't paid enough attention to cost effectiveness and value for money. We agree with the NAO on that. On the EU, it's a mixed picture. The bit of the EU, the European Development Fund, which is voluntary is actually pretty—

Q177 Mr Bacon: With respect, I'm not talking about—I'll be getting into Mr Hancock territory, if I'm not careful; I know he's gone, but I'll step in for him if you like. I didn't ask you about the voluntary bit, I'm asking you about the obligatory bit, the bit that you must pay to the EU.
What are we doing as a British Government to make sure that our constituents' taxes that must go through the EU are being subjected to the same kind of tests of cost effectiveness as you are beginning to apply more strongly to the voluntary bit? That's what I'm asking.
Minouche Shafik: We lobby very hard in Brussels on this. I have to concede, though, that I don't think we have huge amounts of success because the assessed contributions have multiple motives, not just development. Many of them go to the neighbourhood programmes, which have a very political element and are not just focused on poverty reduction. So there are many trade-offs and many other EU member states have other objectives in those programmes like reducing migration.

Q178 Mr Bacon: When you say the neighbourhood programmes, I think of the MED programme and others like it. You mean that type of thing?
Minouche Shafik: Exactly, Eastern Europe and the Mediterranean.
Mr Bacon: You say you lobby; you make it sound like we're some sort of external player knocking on the window trying to get a hearing. Isn't this the sort of thing that's being discussed in the Council of Ministers all the time, and in the Commission?
Minouche Shafik: Yes it is.

Q179 Mr Bacon: It's really rather disturbing to hear you say we are not likely to have much success. This is a big chunk of the budget and you are handing it over, more or less admitting that there is not a lot that you can do to improve cost-effectiveness. That really isn't very satisfactory.
Minouche Shafik: No, we do push very hard on cost-effectiveness and, as you know, the European Court of Auditors and others have pressed the EU very hard on effectiveness. Parts of the EU programme are cost-effective.
Chair: I think it would be really helpful if we had a note for this Report on both the quantity and the mechanisms, the tools you use to ensure cost-effectiveness.
I am going to draw this to a close. Thank you for attending. You have caused us concern; I have to say that to you. You have universal support around the table for an investment in developing countries in respect of raising educational standards, which is the aim of this particular pot of money.
I think, however, that we are extremely concerned at what we feel is a very lax attitude on ensuring that there is value—that you try to achieve value—for the investment of UK taxpayers' money. I was hearing Jo Johnson; I hadn't actually quite twigged the extent of the increase in aid investment that's going to take place under this Government.
There is an enormous risk here, and I think we will want to return to this in a year or so, if the Comptroller and Auditor General agrees, so that we can have confidence that you've actually got better at the job of ensuring that you get value for money for the taxpayer—an objective that we all share.

Written Evidence from Minouche Shafik

BILATERAL SUPPORT TO PRIMARY EDUCATION

I attach the additional information requested by the Committee and minor changes to the oral transcript as follows:

Annex A—Details of DFID's funding to the EU;

Annex B—Details of DFID's Education expenditure in 2009–10;

Annex C—DFID's work to minimise the risk of fraud in Kenya;

Annex D—Details on the number of school reports distributed in Kenya.

Annex E—Corrections to matters of fact in the oral transcript

Annex F—Log frame template

Annex G—Amended oral transcript with tracked changes

As you discussed with the Comptroller and Auditor General, I would also like to take this opportunity to set out for you in writing what DFID does to ensure the value for money of its programmes and how we measure our impact. I hope you will be able to draw on this in your report.

Value for Money in DFID

In DFID we ensure value for money through our bilateral programme in three ways: where we work; what we do; and how we do it. We have strong systems in place but recognise we need to improve measurement of cost effectiveness and value for money, as highlighted by the NAG education report. This letter sets out both our strong existing systems and the improvements we are making to address challenges.

Where We Work

We have always made the decision on where to work on the basis of levels of poverty and the policies of partner governments as evidence shows that development assistance has the greatest impact in countries with high levels of poverty and good poverty-reduction policies. The Bilateral Aid Review which the Secretary of State has just concluded has increased the focus onthe specific results which can be delivered through the UK development programme in each country. All DFID country teams have set out and costed the results they could deliver against DFID's strategic priorities of wealth creation, MDG delivery; governance and security; and climate change. These offers have been informed by a rigorous evidence base, value for money case and a focus on promoting the role of girls and women. They have also been subject to peer review. The Secretary of State will announce early in 2011 the countries in which UK bilateral aid programme will operate.

What we do

DFID decides which development interventions have the greatest impact by taking account of international research and evidence on the best rates of return for development investments and through specific investment decisions at the country level. An example of our response to international research is our increased focus on nutrition in Ethiopia, Bangladesh, Nigeria, Nepal and Zimbabwe as a result of research showing that cognitive damage caused by chronic undernutrition up to the age of two is irreversible. We are strengthening the use of evidence, commercial awareness, evaluation and value for money (including unit costs) in all programme decision making, including by introducing a new format for project design documents from January 2011, based on the rigorous Treasury investment appraisal criteria.

In many of our country programmes we work with governments to strengthen their Public Financial Management (PFM) systems. Better systems should mean better value for money of all government spending, not just UK development assistance. Through an international cooperation initiative we helped establish, and continue to support a framework for assessing standards of PFM has been developed and applied in over 100 countries, including 21 where repeat assessments enable progress to be monitored. Of these, 17 showed a net improvement and four a decline. Six were DFID priority countries, all of which showed a net improvement.

How we work

There are currently 950 active projects of £1 million and over. Each one of them has a results framework (Iogframe) to plan, monitor and evaluate the achievement of planned outputs and outcomes. The logframe contains details of DFID inputs, expected outputs, outcome and impact with indicators to measure achievement. We introduced an improved logframe in February 2009 (see template attached and example below) to strengthen the monitoring and measurement of results, including the development of clear indicators, baselines, milestones and targets.

Goal	*Outcome*	*Output*	*Indicator*	*Baseline*	*Target*
To improve the sexual and reproductive health of young people 10–24 years in Ghana, especially that of vulnerable groups.	To improve young people's utilization of sexual and reproductive health services in 5 target districts.	Increased access of young people for quality sexual and reproductive health services, including STI/HIV/AIDS, through youth friendly facilities and organisations.	% change in the number of young people (male and female) aged 15–24 years who get tested for HIV	38% (source—HIV Sentinal Survey Report 2007)	48% (2013)

During the lifetime of the project, regular monitoring and annual project scoring allows us to check our progress on achieving the outputs, and to re-examine the strength of the relationships between outputs and outcome, and outcomes and planned impact. Evaluation ensures we learn lessons about what works and how to implement programmes most effectively. We achieve this through a results chain which has clear linkages between DFID inputs and development outcomes.

Input: Resources committed to programme activities	→	Process: Use of resources to generate products	→	Output: Products and services delivered	→	Outcome: Effects of behaviour change resulting	→	Impact: Long term results or change
Labour (health staff trainers)		Training of health workers		Trained health workers		Increased use of health clinics		Reduction in maternal mortality

We are developing a range of ways of measuring value for money including unit costs at different points in projects (at input and output levels) and we will change the way we score our projects to provide a stronger results and value for money assessment in our project monitoring. We are also working with our partner countries to strengthen government data systems and supporting international data collection, so we can measure outcomes better. We are working with the National Audit Office to develop a new value for money metric in education, looking at the cost per hour of teaching delivered and received.

We will learn from increased feedback on what we do by being more transparent than ever before. The UK Aid Transparency Guarantee launched by the Secretary of State on 3 June 2010 commits the department to publishing full information about DFID projects and programmes on our website in a way that is user-friendly and meaningful. Under the Guarantee we will publish detailed project documentation and data for all new projects, information on results and forward budgets. We are reforming our procurement systems across the programme to maximise the value of the goods and services we buy.

Measuring DFID's Impact

DFID can take credit for outputs, eg trained teachers, which occur as a direct result of inputs we are responsible for (attribution), although we cannot claim direct responsibility for outcomes such as learning, which can be driven by a number of factors, we record our estimated contribution.

Output level indicators in DFID logframes are directly attributed to DFID and measure what DFID programmes themselves actually deliver. For projects where DFID is the only provider of funds, logframes measure actual progress against the indicators (eg the number of teachers trained by the project; the number of condoms distributed). For joint projects and programmes, including budget support, where DFID is not the only provider of funds, the logframe tracks the total output, and provides the percentage of funding for that output which comes from DFID. For example, if DFID provides 40% of funding to a project which delivers 4,500 new sanitation facilities and improves the water supply of 12,000 households, we would attribute 40% of these totals to DFID: 1,800 sanitation facilities and 4,800 households with an improved water supply. These are conservative claims as they do not take into account the extent to which we influence government and donor partners in delivering better development outcomes.

Progress against outcome level standard indicators are at national level, and DFID claims a contribution to any aggregate improvement. For example, Rwanda's primary completion rate has risen during the period of DFID's engagement in the sector from 45% in 2000 to 75% in 2010. DFID has supported Rwanda through a combination of general and sector budget support (£171 million) and technical assistance (£18 million) in the past five years, and policy dialogue.

Accurate measurement of development impact requires reliable national systems of data collection and management. In education, we expect our support to national statistics systems (e.g. Ghana, Sierra Leone) and education management information systems (e.g. Rwanda) will deliver better data in the next two years on a wide range of administrative indicators including national and regional patterns of enrolment, drop-out and completion. Alongside this we are working with the World Bank to develop a set of benchmarks for cost-effective education systems and a toolkit to diagnose areas where improvement is needed. This is due to be finalised and rolled out to DFID and World Bank staff during 2011 and 2012.

Over the next two years we will increase our investment in monitoring learning outcomes in the countries where we work (through support to national learning assessments and early grade learning assessments) and policy work with the World Bank. We will also seek to support initiatives which provide transparent information on learning outcomes, and better enable parents and communities to hold schools to account for education results.

We are introducing tougher scrutiny. The new independent watchdog—the Independent Commission for Aid Impact—will gather evidence about the effectiveness of DFID programmes, to ensure we give the public independently verified evidence about the impact of the aid budget.

29 November 2010

Annex A

DFID FUNDING THROUGH THE EU

Amount of DFID Aid

DFID channels aid through both the European Union budget and the European Development Fund (EDF); the latter sits outside the EU budget. UK's share of EU budget development spend is about £800 million per year. Our share of the EDF is some £400 million per year. The table below has figures for the last three years.

£ millions	*2007–08*	*2008–09*	*2009–10*
1. European Development Fund (voluntary contribution)	280.0	360.2	397.5
2. EC Budget Attribution (obligatory)	711.4	793.7	788.9[1]
Total European Commission	991.4	1153.9	1186.3

Source: Statistics on International Development 2010, DFID, Table 18

Where the EU Allocates its Development Funds

The figures below are for EDF (between 2008–13 and EU budget (2007–13) budget and expenditure.

1. *European Development fund*

(€22.7 billion or £19.74 billion, 2008–13). EU aid to Africa, Caribbean and Pacific (ACP) countries. 100% Official Development assistance (ODA)

2. *EC Budget*

The current EU budget allocations of the main development instruments are[2]:

Development Co-operation Instrument (DCI)—(€16.9 billion or £14.7 billion, 2007–13). Covers Asia, Latin America, Central Asia, South Africa and the Gulf region (Iran, Iraq and Yemen). 97% ODA.

European Neighbourhood and Partnership Instrument (ENPI)—(€11.2 billion or £9.7 billion, 2007–13). Supports the implementation of the European Development Policy to promote stability and prosperity in middle income countries bordering the EU to both the east and south. 95% ODA.

Instrument for Pre-Accession—(€11.468 billion or £9.97 billion 2007–13). Assists Croatia, Turkey, Former Yugoslav Republic of Macedonia, Albania, Bosnia and Herzegovina and Serbia and Montenegro, including Kosovo. 90% ODA.

Humanitarian Aid Instrument—(€5.6 billion or £4.9 billion 2007–13). Provides assistance, relief and protection operations to third countries, including aid to victims of natural disasters, man-made crises such as wars and outbreaks of fighting, or exceptional situations or circumstances comparable to natural or man-made disasters. 100% ODA.

What we are doing to Improve Effectiveness

The UK, working with our European partners, is actively engaged in shaping EU towards a stronger focus on poverty reduction and on improving the quality of aid. At country level, we engage through our DFID offices or via the UK Embassies with EU delegations during the design and implementation of annual

[1] DFID share of EU development budget subject to final audit currently underway

[2] This doesn't account for the totality of the EU budget and expenditure on development instruments but only for the main ones.

development programmes. The UK also plays an active role in Brussels to influence the EU's aid through Management Committee meetings. We are one of twenty seven Member States and this will create barriers to our level of influencing as compromise is the only solution. We have more influence over the EDF than the EU budget mainly because of our knowledge, expertise and presence in their focus countries (Africa, Caribbean and the Pacific).

A lot of work on the reform and results agenda, which the UK has been pushing for, has been underway in the last 10 years.

— In the past decade the EC has completely overhauled its management of aid as part of bigger reforms of EC administration: including introducing a coherent development policy, decentralising, building staff skills and simplifying procedures. In 2000, the EC was described by Clare Short as the "worst development agency in the world", now it is said to provide "some of the best multilateral aid in the world" (Oxfam).

— There has been "very significant improvements in effectiveness" as a result of the reform agenda, with a much more active EC at field level, more able to respond and engage with other donors (MOPAN and DAC Peer Review surveys).

— Attention on results and with it, increased cost efficiency has seen the EC drive an agenda for outcome-based (VfM) conditionalities, especially for budget support which constitutes up to 45% of EDF geographical funds. These conditionalities indirectly encourage partner countries to look at VFM issues.

— All EC project proposals are peer-reviewed based on DAC criteria, including cost-efficiency. Independent project implementation monitoring covers efficiency and this has improved over time from 58% to 63% in 2009.

— The EC has taken steps to look at efficiency: firstly, with a study comparing EC processes with key bilateral donors like DFID; secondly, assessing the potential efficiency savings that could be generated through the implementation of the European aid effectiveness agenda. This study shows potential efficiency gains of up to €6 billion a year and represents a valuable attempt to identify areas for improvement.

Although a comprehensive results framework is not in place, constituent parts of it are; and these function well and are used to steer the organisation. The UK has pushed for a more comprehensive framework to be developed that pulls together the work on results within the EC, both at headquarters and in country. The EC has responded with a results brochure for the MDG summit and a more focus on results in their annual report. We are keen for this to continue and improve to give a better aggregate picture of EC results

Annex B

EDUCATION EXPENDITURE IN 2009–10

The PAC [Q 138 of the draft transcript] raised the issue of the levels of education spending in recent years.

Why has spending declined in 2009–10 compared to 2008–09?

In summary, the main reasons are:

— Lumpy disbursements to the Education for All fast Track Initiative.

— Large declines in bilateral spending in Kenya and India.

DFID's expenditure in support of education in the financial year 2009–10 was £633 million. This compares with the total of £711 million for 2008–09 shown in Figure 5**,** page 14**,** of the National Audit Office Report: DFID's Bilateral Support to Primary Education.

The net drop in expenditure of £78 million between 2009–10 and 2008–09 resulted mainly from the level of contribution drawn down by the Education for All Fast Track Initiative (FTI) in these years against commitments made by the UK Government. In 2008–09 a sum of £72.3 million was paid to the FTI whereas in 2009–10 there were no payments at all as FTI still had sufficient funds to cover its commitments.

Additional significant factors in the drop in expenditure between 2009–10 and 2008–09 were reductions in our bilateral support to education in Kenya over the previous year's level of expenditure due to the suspension of bilateral aid, and a reduction of bilateral aid in India as part of a phased reduction in our support.

The net drop in spend caused by these three factors alone was some £116 million. But this was partly offset by growth in a number of other bilateral and multilateral programmes. A summary table is shown below.

Programme	*2008–09 Spend £million*	*2009–10 Spend £million*
Fast Track Initiative	72.3	0
Kenya	34.0	5.4
India	72.4	57.4

Programme	*2008–09 Spend £million*	*2009–10 Spend £million*
Other Bilateral and Multilateral programmes	532.3	570.2
TOTAL	711.0	633.0

How is DFID spending on education calculated?

DFID calculates *total* education spend by counting both direct spend on education and attributing a proportion of other types of spend which contribute to education. This is different to figures published in DFID's *Statistics on International Development (SID)* which do not count all education spend in this way.

The methodology used for both 2008–09 and 2009–10 includes a notional allocation of DFID's General Budget Support to the education sector in the same proportion as the recipient government allocates total resources to education activities. This means, for example, if a government intends to spend 25% of its total budget on education, 25% of General Budget Support would be attributed to education.

The share of DFID's core contributions to multilateral agencies that goes to education sectors is estimated by establishing the proportion of its Official Development Assistance (ODA) each multilateral spends in the relevant sectors. Multilateral organisations report a breakdown of their commitments to the Development Assistance Committee (DAC) using DAC sector codes. For multilaterals who provide General Budget Support, we count 20% towards education.

Expenditure on education also includes an imputed share of DFID's Programme Partnership Agreements for education (£15.7 million in 2008–09; £16.1 million in 2009–10) and debt relief (£13.6 million in 2008–09; 10.4 million in 2009–10). Debt relief frees up resources in developing countries to support poverty reduction efforts including directly increasing spending on education. To measure education support from debt relief, 20% of DFID debt relief is counted.

Annex C

DFID'S WORK IN MINIMISING RISKS AND RESPONSE TO THE KENYA EDUCATION FRAUD

DFID would be content with the publication of the NAO's Supplementary Brief on fraud in Kenya, which clearly sets out DFID's response to the discovery of fraud in KESSP after September 2009. In addition, this annex sets out relevant events prior to DFID being informed in September 2009 of the fraud.

DFID's fiduciary risk assessment (FRA) for the Kenya Education Sector Support Programme (KESSP) was prepared by DFID Kenya advisers in 2005. The conclusions of the FRA were that overall risks were "moderately high" and that the risk of corruption was "high", but that there was a "positive trajectory of change". DFID's FRA was agreed by the World Bank and was used in the appraisal of their programme of support.

After the launch of KESSP, DFID and other donors continued working to strengthen financial management to mitigate these risks. In addition to deploying experts into key positions, in March 2006 DFID commissioned a one-off audit of financial management in the Ministry of Education. We also supported an Expenditure Tracking Study of funds disbursed to schools between 2002 and 2005. These investigations were complemented by annual audits of KESSP by the Kenyan National Audit Office. None of these audits found evidence of fraud or serious financial mis-management until the 2009 Ministry of Finance fiduciary review.

A separate country level FRA was prepared for DFID Kenya's Country Assistance Plan in 2008. This FRA was independently scrutinised and endorsed by Oxford Policy Management (OPM) at a cost of £1,997.50. The conclusions of the country level FRA confirmed the findings of the original education FRA that overall risks were "substantial" and that the risk of corruption was "high". This FRA informed our assessment of the need for continuing careful scrutiny of KESSP. No decision about DFID funding for a possible second phase of KESSP had been taken when the Ministry of Finance fiduciary review was released in September 2009.

The fiduciary reviews commissioned by the World Bank in January 2009 of their 25 programmes in Kenya were a routine element of the World Bank's Country Portfolio Performance Review. DFID and other donors were informed about the reviews and kept up-to-date with progress. The fiduciary reviews were completed in June 2009 but, on five of the programmes in which large numbers of disbursements were made to local level institutions (including KESSP), these proved of limited use. DFID, the World Bank and the Kenyan Ministry of Education then requested an in-depth review of the education programme, covering a larger sample of schools, to produce robust and actionable recommendations. The in-depth review was started in July 2009 by the Internal Audit Department of the Kenyan Ministry of Finance with some technical assistance from the World Bank, but no direct involvement by any donor.

On 21 September, the Permanent Secretary of the Ministry of Finance informed the Heads of DFID Kenya and the World Bank that the in-depth fiduciary review had uncovered provisional evidence of financial mis-management and fraud in KESSP. The Kenyan Finance Minister released details of these allegations to the press the following day.

Annex D

DISTRIBUTION OF SCHOOL REPORTS IN KENYA

At the PAC Hearing on bilateral support to Primary Education the PAC requested details on the numbers of school reports distributed in Kenya by the group, Uwezu, funded by DFID (question 8 on page 3 of the Oral Transcript refers).

In Kenya, Uwezo distributed:

— 1,700 versions of their full report;

— 500 CD versions;

— 8,000 summarised/small versions;

— 4,000 A1 ranking posters; and

— 74,600 district report cards.

To put these numbers into context, there are about 10 million primary-school-aged children in Kenya and about 27,000 primary schools. (Kenya has an 8–4-4 system with eight years of primary education, four years of secondary education and four years of university level education).

In terms of impact, the Uwezo report was widely reported in the Kenya press, and has led to pressure on the Ministry of Education to focus more on improving quality, although it is of course too soon to see any change in outcomes.

Annex E

CORRECTIONS OF MATTERS OF FACT IN THE ORAL TRANSCRIPT

(i) *Page 5—Q21*—In Minouche Shafik's response it was stated that "The five million number includes the total, including both state and private."

The five million is an estimate based on DFID financing through government systems, and therefore only counts enrolment in private schools in so much as the government in any particular country subsidises private schools and includes enrolment in private schools in its national data.

(ii) *Page 28—Q139*—second response from Jo Bourne should read:

"But when we are trying to calculate how much money we actually spend on education, that figure of £634 million *does include an attributed amount through budget support*."

(See note on education expenditure in Annex C.)

(iii) *Page 28, Qs 139 and 140*—in Jo Bourne's responses the amount spent on education in 2009–10 should be *£633 million* (see note on education expenditure in Annex C).

Logframe Template (2009 revised format)

PROJECT TITLE						
GOAL	Indicator	Baseline + year	Milestone 1	Milestone 2	Target + year	
		Source				
	Indicator	Baseline + year	Milestone 1	Milestone 2	Target + year	
		Source				

PURPOSE	Indicator	Baseline + year	Milestone 1	Milestone 2	Target + year	Assumptions
		Source				
	Indicator	Baseline + year	Milestone 1	Milestone 2	Target + year	
		Source				
INPUTS (£)	DFID (£)	Govt (£)	Other (£)	Total (£)	DFID SHARE (%)	
INPUTS (HR)	DFID (FTEs)					

* Indicators, Baselines and Targets should be disaggregated by sex, age, etc, wherever relevant

OUTPUT 1	Indicator	Baseline + year	Milestone 1	Milestone 2	Target + year	Assumptions
		Source				
	Indicator	Baseline + year	Milestone 1	Milestone 2	Target + year	
		Source				
IMPACT WEIGHTING	Indicator	Baseline + year	Milestone 1	Milestone 2	Target + year	
		Source				RISK RATING
INPUTS (£)	DFID (£)	Govt (£)	Other (£)	Total (£)	DFID SHARE (%)	
INPUTS (HR)	DFID (FTEs)					

OUTPUT 2	Indicator	Baseline + year	Milestone 1	Milestone 2	Target + year	Assumptions
		Source				
	Indicator	Baseline + year	Milestone 1	Milestone 2	Target + year	
		Source				
IMPACT WEIGHTING	Indicator	Baseline + year	Milestone 1	Milestone 2	Target + year	
		Source				RISK RATING
INPUTS (£)	DFID (£)	Govt (£)	Other (£)	Total (£)	DFID SHARE (%)	

* Indicators, Baselines and Targets should be disaggregated by sex, age, etc, wherever relevant

INPUTS (HR)	DFID (FTEs)				

OUTPUT 3	Indicator	Baseline + year	Milestone 1	Milestone 2	Target + year	Assumptions
		Source				
	Indicator	Baseline + year	Milestone 1	Milestone 2	Target + year	
		Source				
IMPACT WEIGHTING	Indicator	Baseline + year	Milestone 1	Milestone 2	Target + year	
		Source				RISK RATING
INPUTS (£)	DFID (£)	Govt (£)	Other (£)	Total (£)	DFID SHARE (%)	
INPUTS (HR)	DFID (FTEs)					

* Indicators, Baselines and Targets should be disaggregated by sex, age, etc, wherever relevant

Activities Log Template (2009 revised format)

OUTPUT 1	ACTIVITY 1.1	Milestone 1	Milestone 2	Milestone 3	Risks	Monitoring Officer
	ACTIVITY 1.2	Milestone 1	Milestone 2	Milestone 3		Monitoring Officer
	ACTIVITY 1.3	Milestone 1	Milestone 2	Milestone 3		Monitoring Officer

OUTPUT 2	ACTIVITY 2.1	Milestone 1	Milestone 2	Milestone 3	Risks	Monitoring Officer
	ACTIVITY 2.2	Milestone 1	Milestone 2	Milestone 3		Monitoring Officer
	ACTIVITY 2.3	Milestone 1	Milestone 2	Milestone 3		Monitoring Officer

OUTPUT 3	ACTIVITY 3.1	Milestone 1	Milestone 2	Milestone 3	Risks	Monitoring Officer
	ACTIVITY 3.2	Milestone 1	Milestone 2	Milestone 3		Monitoring Officer
	ACTIVITY 3.3	Milestone 1	Milestone 2	Milestone 3		Monitoring Officer

* Indicators, Baselines and Targets should be disaggregated by sex, age, etc, wherever relevant