

Type of Review: Annual Review

Project Title: WaterAid UK Programme Partnership Arrangement (PPA)

Date started: 01 April 2013 **Date review undertaken:** 31 October 2014

Instructions to help complete this template:

Before commencing the annual review you should have to hand:

- *the Business Case or earlier project documentation.*
- *the Logframe*
- *the detailed guidance (How to Note)- Reviewing and Scoring Projects*
- *the most recent annual review (where appropriate) and other related monitoring reports*
- *key data from ARIES, including the risk rating*
- *the separate project scoring calculation sheet (pending access to ARIES)*

You should assess and rate the individual outputs using the following rating scale and description. ARIES and the separate project scoring calculation sheet will calculate the overall output score taking account of the weightings and individual outputs scores:

Description	Scale
Outputs substantially exceeded expectation	A++
Outputs moderately exceeded expectation	A+
Outputs met expectation	A
Outputs moderately did not meet expectation	B
Outputs substantially did not meet expectation	C

Introduction and Context

What support is the UK providing?

The UK, through the Department for International Development (DFID), is investing in a 3 year Programme Partnership Arrangement (PPA) with WaterAid UK between 2011 and 2014. An investment of £4,201,640 for each year has been agreed. This type of strategic investment can

leverage much greater impact than traditional project funding by playing a key role in shaping how WaterAid UK uses its non-DFID resources.

What are the expected results?

WaterAid's Global Strategy 2009-2015 has four global aims:

1. To promote and secure poor people's rights and access to safe water, improved hygiene and sanitation.
2. To support governments and service providers in developing their capacity to deliver safe water, improved hygiene and sanitation.
3. To advocate for the essential role of safe water, improved hygiene and sanitation in human development.
4. To further develop as an effective global organisation, recognised as a leader in their field and for living their values.

WaterAid invests PPA funding in improving the lives of the poor and most vulnerable by increasing access to water, sanitation and hygiene (WASH), generating evidence, capacity building and policy dialogue and change in wider WASH and other development sectors. WaterAid also emphasises good governance; local knowledge and participation i.e. through innovative programmes such as Community Led Total Sanitation, capacity to learn, share and adapt; links across different levels and arenas including governments and a recognition that all actions need to be sustainable. The results that this investment between 2011-14 is expected to deliver are:

- 7,568,131 people have access to water sources by April 2014 as a result of WaterAid's direct investment through their partner organisations;
- 9,153,254 people have access to improved or unimproved sanitation facilities in total by April 2014 as a result of WaterAid's direct investments through partner organisations;
- 12 Country Programmes demonstrate evidence of Equity and Inclusion approach (This includes inclusive representation and participation of community members in the planning, implementation and use of services;
- 10 learning or research documents produced and disseminated to contribute to internal programme and sector effectiveness;
- 10 Post -Implementation Surveys carried out by Country Programmes to improve programme effectiveness including functionality and use of water and sanitation facilities and hygiene practices;
- 11 Country Programmes evaluated that report an improvement to their programme design in response to evaluation findings;
- 200 partners receiving capacity building support from WaterAid staff across all Country Programmes;
- 15 Country Programmes in Africa supporting sector level planning, coordination and performance monitoring;
- 8 Country Programmes engaging with development actors working on health policy or programmes;
- 8 countries in Africa and Asia with established Sanitation and Water for All Compacts as a result of WaterAid's support;

What is the context in which UK support is provided?

Civil society plays a vital role in supporting citizens to improve their lives. Civil Society Organisations (CSOs) are central to delivering services, enabling citizens to be more active in their own development and ensuring that policies benefit ordinary people – especially the poorest.

To achieve DFID's priorities, as set out in its Business Plan (Structural Reform Plan), a multi-sectoral and multi-faceted approach to delivery is required, one in which CSOs, along with governments and the private sector, play a pivotal role in helping poor people to improve their lives.

The PPA is one of DFID's main support mechanisms to CSOs. In line with a commitment by the Secretary of State (SoS) to support another round of PPAs over the 2011-14 period and following a robust selection process and implementation of a Resource Allocation Model, partners were identified for a 3 year PPA which began in April 2011. This is the last review for that reporting period. However, it should be noted that an additional two years' extension has been agreed by the SoS for 2014-2016. Results from 2011-2014 will be progressed further under the extension period.

Section A: Detailed Output Scoring

Output 1: Develop and promote equitable and sustainable water, hygiene and sanitation services that are accessible, appropriate and affordable, ensuring these can be replicated and adapted in the 27 African and Asian countries where WaterAid work.

Output 1 score and performance description:

A++: outputs substantially exceeded expectations

Progress against expected results:

WaterAid has made significant progress against all the output indicators. Year 3 achievements consist of high numbers of additional people gaining access to water and sanitation services and more country programmes (CPs) demonstrating greater inclusion of community members in planning, implementation and use of services. It is to WaterAid's credit that they are able to promote equitable services for such a large number of beneficiaries.

PROGRESS AGAINST INDICATORS		
Indicator Statement	Milestone/target for 2013/2014	Actual Achievement
1.1 Numbers of people who have access to water as a result of our direct investments with and through partner organisations.	1.9 million people have access to water sources by April 2014.	1,934,553 people had access to water sources by April 2014. Disaggregated data *: Men: 487,558 Women: 488,540 Boys: 399,817 Girls: 400,660 Under 5's: 145,524 With disability: 8,873
1.2 Numbers of people who have access to sanitation services (improved and unimproved) as a result of our direct investments with and through partner organisations.	2,310,952 people have access to improved or unimproved sanitation facilities by April 2014.	2,909,583 people had access to improved or unimproved sanitation facilities by April 2014. Disaggregated data *: Men: 747,463 Women: 796,114 Boys: 553,938 Girls: 564,861 Under 5's: 242,721 With disability: 9,362

1.3 Evidence of WaterAid supported work demonstrating inclusive representation and participation of community members in the planning, implementation and use of services.	At least 12 CPs reporting strong evidence of significant participation.	14 CPs reported strong evidence of significant participation.
1.4 Number of WaterAid learning or research documents produced to contribute to internal programme and sector effectiveness.	5 Learning and research documents published.	17 learning and research documents published

*Some partners and projects were unable to disaggregate the number of people accessing WASH services by children's age, or disability.

Recommendations

There is a degree of variance across the Output with some exceptional levels of over performance indicating a need to perhaps address what appear to be some challenges around M&E, regional delivery and policy influencing (including attribution). This is however set against strong results in many countries on WASH delivery and we have discussed the need to provide more information on the variances in future reporting.

Impact Weighting (%): 40

Revised since last Annual Review? No

Risk: Medium

Revised since last Annual Review? No

Output 2: To ensure and improve the effectiveness and sustainability of our service delivery by scaling up monitoring and review processes.

Output 2 score and performance description:

A: outputs met expectation

Progress against expected results:

WaterAid has made good progress across indicator 2.1 but unfortunately did not meet their target at indicator 2.2 due to two evaluations being postponed due to management changes in one country and a new country strategy being implemented in another.

The Post Implementation Surveys (PIMS) are important in assessing the effectiveness and sustainability of WaterAid's service delivery work and they are increasingly using digital technology to monitor and analyse this work. For example, in Ghana WaterAid used mobile phones with View World System technology and WA's Water Point Mapper (WPM) to capture data on WASH service functionality and sustainability. In East Africa region, WaterAid found a wide range of sustainability with water point functionality ranging from 33% to 83%. Their analysis has linked the wide range of sustainability to the strength or weakness of community management structures and O&M financing, rather than technical failures. This gives WaterAid reassurance that the service delivery aspect of their work is effective.

PROGRESS AGAINST INDICATORS

Indicator	Milestone/target for 2013/2014	Actual Achievement
2.1 Number of CPs carrying out post-implementation surveys to assess functionality, sustainability and use of water and sanitation facilities and hygiene practices	At least 10 Post - Implementation Surveys by CPs	13 Post-Implementation Monitoring Surveys were conducted.
2.2 Number of in-depth evaluations including elements of joint technical reviews of the effectiveness of the technical aspects of service delivery carried out and followed up in CPs.	3 additional evaluations including elements of joint technical reviews of the effectiveness of the technical aspects of service delivery carried out (resulting in action plans with the relevant CPs.	1 evaluation was carried out

Recommendations

WaterAid should ensure that any challenges should be made know to us as soon as there is evidence that it may affect their results. The number of evaluations planned but not undertaken could have been revised in the logframe or replaced by other evaluations. We have advised WaterAid to make us aware of any potential challenges.

Impact Weighting (%): 20

Revised since last Annual Review? No

Risk: Low

Revised since last Annual Review? No

Output 3: Support governments and service providers in developing their capacity to deliver safe water, improved hygiene and sanitation.

Output 3 score and performance description:

A: Outputs met expectation

Progress against expected results:

WaterAid has exceeded on one target and narrowly missing achievement on indicator 3.2. Of the numbers of partners receiving capacity building support, 78 were CSOs/NGOs and 87 were government partners-including local and district government. Over this PPA period, WaterAid

built the capacity of 1,002 partners ensuring that local CSOs and other development actors are able to sustain and build momentum for WASH work.

Of the CPs targeted at indicator 3.2, some of them are emerging programmes and require additional assessment to understand where WaterAid would have the most impact. This will be monitored during the extension period.

PROGRESS AGAINST INDICATORS		
Indicator	Milestone/target for 2013/2014	Actual Achievement
3.1 Number of partners including local / district government benefit from WaterAid's capacity building interventions.	At least 200 partners receiving capacity building support from WaterAid staff	222 partners receiving capacity building support from WaterAid staff
3.2 Number of CPs in Africa supporting sector level planning, coordination and performance monitoring.	15 CPs in Africa supporting sector level planning, coordination and performance monitoring.	12 African CPs promote sector performance monitoring, planning and coordination.

Recommendations

WaterAid should continue to assess the emerging programmes in 7 African countries to continue to build on the achievements so far.

Impact Weighting (%): 20

Revised since last Annual Review? No

Risk: Medium

Revised since last Annual Review? No.

Output 4: To advocate for the essential role of safe water, improved hygiene and sanitation in human development.

Output 4 score and performance description:

A++: Outputs substantially exceeded expectation

Progress against expected results:

WaterAid has excellent progress against this output. 17 CPs in total are engaging with development actors on health policy and programming which demonstrates the priority given by WaterAid to ensure that WASH programmes are linked to health outcomes. WaterAid contributed substantially time and effort prior to the High level Meeting in April 2014 with overseas governments around WASH with the result that 17 countries supported and participated in High Level commitments dialogue.

PROGRESS AGAINST INDICATORS

Indicator	Milestone/target for 2013/2014	Actual Achievement
4.1 Number of CPs engaging with development actors working on health policy or programmes	At least 2 CPs in each of the 4 regions.	At least 2 CPs in each of the 4 regions broken down as follows: East Africa = 3 West Africa = 6 Southern Africa = 4 South Asia = 4
4.2 Number of countries in Africa and Asia with established Sanitation and Water for All Compacts as a result of WaterAid's support.	A minimum of 8 countries in Africa and Asia effectively supporting and participating in High Level Commitments Dialogue in preparation for the 2014 High Level Meeting.	17 countries in Africa and Asia effectively supported and participated in High Level Commitments Dialogue in preparation for the 2014 High Level Meeting

Recommendations

WaterAid should continue to build on the progress regarding linking WASH interventions to health outcomes in more CPs. They should also continue to monitor the High Level meeting commitments to ensure that WASH remains high on the development agenda.

Impact Weighting (%): 20

Revised since last Annual Review? No

Risk: Low

Revised since last Annual Review? No

Section B: Results and Value for Money

1. Progress and results

1.1 Has the logframe been updated since last review?

Yes. The revised logframe reflects changes due to learning.

1.2 Overall Output Score and Description:

A+ : Outputs moderately exceeded expectation

1.3 Direct feedback from beneficiaries

WaterAid break beneficiary feedback into two separate categories: community feedback and partner feedback.

Currently beneficiary feedback at WaterAid is not systematic although some country programmes follow context specific approaches. For example, in India, partners offer opportunities for two-way communication with the communities and their representatives. During the implementation phase of rural environment projects community members provide feedback to partner field staff and give feedback on a six-monthly basis. WA Bangladesh has 3 approaches for obtaining feedback from communities. These include partner reports, field visits by WA's Monitoring & Evaluation (M&E) and programme staff, and partner field visits. WA Bangladesh has a consistent monthly reporting system (both narrative and quantitative) providing partners with the opportunity to share their community feedback

WaterAid's M&E staff conducts five or six field visits per quarter which creates opportunities for staff to talk directly with community members. Partners' M&E officers are required to conduct a weekly visit and at least two monitoring visits each month. The findings of these visits are captured and shared through their monthly and six-monthly reports.

All WaterAid CPs conduct Post Implementation Monitoring Surveys (PIMS). Through the infrastructure surveys and the household survey WaterAid speaks directly to community members and the WASHCOM, enabling them to gain feedback from communities 1 year, 3 years, 5 years and 10 years after implementation.

Every four years, country programmes undergo a CP Evaluation and a Joint Technical Review. These aim to assess the relevance and effectiveness of the CP, and the prospects for it to deliver sustainable change in relation to the national context and strategic priorities. In order to ensure that programmes are equitable, CPs are encouraged to complete a Barrier Analysis prior to implementation and to regularly complete Accessibility Audits. Through these processes, WaterAid liaises with and meets with community members providing them with an opportunity to feedback on their experiences and to input into programming.

Although beneficiary feedback is not currently systematic, WaterAid are working towards embedding it into Programme Monitoring and Evaluation (PME) to make it a more systematic and integral component of planning process. In 2014-15 WaterAid will be conducting a global review of its PME processes. This will enable an update to processes, making them more fit for purpose and to align processes to the new Global Strategy. As part of that review WaterAid will be working with CPs to develop global guidance on beneficiary feedback.

At a global level, WA is conducting an 'environmental scoping' of beneficiary feedback within the WASH sector and beyond, with external stakeholders interviewed. This will enable them to identify best practice, challenges and success and will shape guidance on beneficiary feedback and support CPs wishing to deepen or expand their feedback methodologies. Members of WaterAid's Accountability and Effectiveness team have attended workshops focusing on this issue, including the BOND M&E group, the PPA Beneficiary Feedback learning group and the BOND transparency working group. As part of the internal scoping

study, CP M&E staff have been invited to share their beneficiary feedback challenges and experiences and WaterAid are still in the data collection phase.

b. Partner feedback

WaterAid CPs have regular meetings with partners to understand their experiences. These are opportunities for WaterAid and partners to discuss the successes and challenges of previous periods and agree ways forward.

At a global level, WaterAid conducted a Practical Partnerships Training with 11 country programmes. This training created a platform for discussions with their partners. The training was a success and will be repeated in 2014-15 with 15 additional CPs, with the tools and exercises being used independently by CPs in the future. WaterAid has also commissioned Keystone Accountability to carry out a partner's survey of all partners in CPs which will identify what their partners think about them.

We welcome WaterAid's scoping of beneficiary feedback in the WASH sector with internal staff and external stakeholders, as well as relevant PPA and BOND learning groups to inform development of new guidance.

We are encouraging WaterAid to continue mapping and tracking of the existing examples from their country programmes to help identify what works in the sector, in different contexts, and inform exchange of experience and lessons between country programmes.

It would be useful, in future, to see some specific examples of how beneficiary feedback has informed WaterAid's practical programme adjustments and added value.

1.4 Summary of overall progress

WaterAid UK has made excellent progress in Year 3, with all four outputs showing progress towards their targets and Output 1 significantly overachieving on the number of people reached with WASH interventions. Where output indicators have not been achieved, WaterAid UK has provided an appropriate explanation of the issues that have impacted on progress and proposed changes in their approach and reporting.

Following feedback from DFID in 2013, WaterAid has taken on board recommendations to improve reporting, providing both stronger narrative on under/over achievements and by disaggregating their data which helps to feed into our knowledge about how the PPA mechanism is targeting the most vulnerable. WaterAid UK's 2013/14 Annual Report also strongly demonstrates that WaterAid is using the lessons learned over the last 12 months to improve their reporting.

In 2013/14 WaterAid UK made particular progress in the following areas:

Progress has been strong this year with a number of indicators showing either moderate or substantial overachievement, particularly around access to water and sanitation services and partner capacity building.

Key achievements include:

- There has been a significant, organisation-wide refreshed thinking around WaterAid's Programmatic Approach (PA) to drive transformational changes through their work. This has helped in addressing some of the challenges identified in the last PPA Annual Report. Through a more in-depth programmatic context analysis during 2013/14, country programmes have developed more integrated programmes and projects responding to the local context which has informed planning for 2014/15 and beyond. These developments support the achievement of WaterAid's global strategy, to which the PPA is aligned every year. This has resulted in increased numbers of people gaining access to WASH interventions.
- There has been an increased organisational emphasis on the design of WaterAid programmes, and through the Post Implementation Monitoring Survey's (PIMS), on actions that support longer term sustainability, both from an operational and resource perspective. WaterAid expect to see improved decision making and sustainability in programming in the coming years as a result.
- A key success has been the development, publication and roll out of two new organisation-wide guidance documents; the Hygiene Framework and the Disasters Framework, addressing core issues relating to provision and access to water, sanitation and hygiene. These have supported the thematic capacity building of WaterAid staff and partners, as well as being tools for the wider WASH sector to influence change and increase awareness.

1.5 Key challenges

WaterAid UK's challenges in 2013/14 include:

- National government commitments to funding have not yet translated into systematic budget and capacity growth within the sector;
- The volatile security situation in many countries is a persistent challenge to their work for example in Mali, Nigeria, Niger and Pakistan, limiting in-country movement and ability to deliver programmes;
- WaterAid's ability to deliver high quality programmes is closely linked to the capacity of staff and partners. Countries with strong economic growth provide increased competition from peers and the private sector, making it challenging to attract and retain competent staff. WaterAid aim to address this through competitive packages, benchmarked against competitors. In some countries there are challenges in identifying capable local partners. It is hoped that the recent Partnership Training will go some way to addressing this and WaterAid have been encouraged to monitor the impact of this training going forward.

DFID has also recommended that WaterAid UK respond to the following challenges as we move into the extension period:

- Continue to push themselves to incorporate beneficiary feedback in a systematic way;
- Stronger triangulation of evidence;
- Include reflective discussion to fully describe under/over achievements;
- Continue to build on VfM measures in order to describe what is being tracked.

1.6 Annual Outcome Assessment

Progress has been strong this year with a number of indicators showing either moderate or substantial overachievement, particularly around access to water and sanitation services and partner capacity building. Further work is still needed in relation to sector performance monitoring, planning and coordination and strengthening country programmes influencing capacity and this will be progressed further during the extension period. Where targets have not been achieved, WaterAid UK has demonstrated a clear understanding of the challenges faced in the WASH sector and has revised their programmatic approach accordingly.

2. Costs and timescale

2.1 Is the project on-track against financial forecasts:

Yes, annual funding through the PPA is disbursed in four equal amounts on a quarterly basis. The full annual allocation was disbursed as expected.

2.2 Key cost drivers

WaterAid's cost drivers are:

- 1.fundraising activities;
- 2.staff (in WaterAid and Partners) with capacity to support the delivery of the global strategy;
3. appropriate technology and approaches for water and sanitation that is sustainable, accessible and can be sourced and maintained locally;
4. campaigning and advocacy that has demonstrable (over period of time) results in people gaining access to water and sanitation;
5. number of users generated from direct service delivery.

The identification of key cost drivers provides some clarity but this could have benefitted from a more reflective narrative on the measurement of those cost drivers.

Is the project on-track against original timescale:

Yes, most of the milestones have been met and in some cases exceeded. Where required, WaterAid UK will take remedial action.

3. Evidence and Evaluation

3.1 Assess any changes in evidence and implications for the project

WaterAid have invested in programmatic growth through 8 new country programmes. While one has closed (for strategic and operational reasons) 4 are in the process of transitioning out of the pilot phase to become fully established, with the remaining 3 holding active programmes in the current pilot phase. This has contributed to the overachievement on the access to water indicator by 34%.

Through investing in Global Accounting System (GAS) and Restricted Income Project (RIP), tracking of income and expenditure has significantly improved, with increased ownership from CP staff, improving capacity in CPs and UK has improved VfM and benefit to programme beneficiaries. The rollout of Post-Implementation Monitoring Surveys (PIMS) has clear links to achieving the logframe objectives. All of these initiatives have contributed to improving WaterAid's ability to reach their Global Strategy aim to target 25m more beneficiaries by 2015.

The decision to invest in the Customer Relations Management (CRM) has the potential to reach, and increase, the WaterAid supporter base, therefore it is hoped that the level of unrestricted income will increase in the coming years. The CRM system will take 12-15 months to be rolled out, starting towards the end of 2014, with initial benefits felt within 3 months of full roll out. The increased automation and frequency of providing data to the direct marketing team could provide new insight within six months, with the full benefits being felt over a phased period

The support to international campaigns such as SWA and Global Advocacy Priority has implications far beyond the PPA logframe. The contribution of WaterAid to advocate for attendance and participation at the annual HLMs has influence at an overseas national government strategy level with the potential to affect whole populations. For example, in Madagascar, as a result of WaterAid's work with Diorano WASH and activities with National Platform for People with Handicaps, the accessibility of people with disabilities to WASH infrastructures was included in the Strategic Plan of the Ministry of Water for 2014-2025.

The PIMS has a long-term view as it returns to projects after 1, 3, 5 and 10 years. The initial benefits are being felt in this year after the pilot reviews with strategic funding and targeting decisions being made for 2014/15. However, the most significant data analysis will come over the next 5-10 years, and then on-going for future projects.

The roll out of RIS in 14/15 will enable a broader organisational-wide picture of our funding mix and enable clearer decisions on future funding strategy, so we would expect to see results around fundraising decisions within 2014/15.

The results around Equity and Inclusion (E&I) initiatives tend to have long term change timeframes. This is due to the nature of deep cultural attitudinal change and practise shifts, to understand that universal access to WASH is a human right. An example for WA has been the focus on increased awareness around Menstrual Hygiene Management (MHM) where studies began in 2008/09, after which point the MHM toolkit was developed, incorporating case studies, followed by a process of rolling out this toolkit and messaging to

CPs and the wider sector. It is only now that MHM is being seen much more regularly on the WASH agenda and is being talked about more freely.

Within the PPA period there has been focus on WaterAid's approach to inducting new staff (UK and CP) and ensuring that capacity building investment is dictated by need rather than location. The focus has been on assessing what capacities there are, identifying any gaps and addressing them in an equal and systematic way across the whole organisation, resulting in a much more transparent distribution of staff investment. An example is the development of the Partnership Training initiated in this PPA year. Supported by the People team (HR) this training aims to build staff capacity and skills, and the organisational approach to partnerships in practice.

The development and roll out of these example systems will feed into the development of our 2015-2020 Global Strategy by reflecting the refined and improved way of working.

Over the last three years WaterAid has identified the financing of the WASH sector as a priority for their international advocacy work and this has formed the basis of WaterAid's Global Advocacy Priority (GAP1) initiative. They have conducted research on how the sector is financed and the commitments made by overseas Governments and others in terms of financing. This area of work is particularly difficult to fundraise for, and without strategic unrestricted funds such as the PPA, WaterAid say that progress would not have been possible at the current level. Their success with working on an identified global advocacy priority has encouraged them to work on their next priority, which is WASH and Child Health (GAP2). This is at a critical point in time when the new post-2015 goals are being discussed and WaterAid are keen to ensure a closer link between WASH and other sectors.

Unrestricted funding supports the City-wide spatial planning project, started in April 2012, focusing on WASH in Maputo, Lusaka, Lagos and Kinshasa. All of these cities are undergoing rapid growth and change, with unplanned urban settlements presenting a major challenge for utilities and government policy makers in terms of water and sanitation service provision. The aims of the project are to map the existing infrastructure, place this in the context of broader development and plans (e.g. transport, housing) and identify potential options for investment in water, sanitation, drainage and flood defence.

During 2013-14 WA ran workshops, jointly hosted with the local authorities in each city, to present the work done and invite comment on the proposals made. The Lagos workshop attracted more than sixty officials from Ministries, Departments and Agencies. The impact of the Maputo workshop was still being felt nine months afterwards when the sanitation utility, national WASH regulator, the World Bank and three private sector organisations requested the workshop report. This city-wide project is a new initiative for WA and they say that unrestricted funding allowed the opportunity to follow the approach without concerns around donor limitations, giving increased flexibility.

3.2 Where an evaluation is planned what progress has been made?

The PPAs as a whole are served by an umbrella evaluation strategy, the first of its kind for DFID, which also encompasses the Global Poverty Action Fund. This strategy examines progress at fund and at individual, organisational level. Following the announcement of the extension to the PPA fund in 2013, the evaluation strategy was reviewed and, in addition to the individual progress reviews (IPRs) and meta-evaluation that took place in 2012, a further

two evaluations are planned for 2014/2015 and 2016/17. The evaluation is managed by an externally contracted evaluation manager.

The 2014/15 evaluation has started and focuses on the assessment of the fund-level effects of PPA grants. This fund-level evaluation will use 12 organisations (WaterAid UK is one of the sample) to illustrate the effects of the PPA fund and evidence from all 41 organisations to evaluate progress and outcomes. The aim is to provide timely, fund-level evaluation information for the design of any future strategic funding modalities in 2014/15 ahead of fund completion in 2016. The evaluation in 2016/17 will focus on the impact of PPA funding for organisations.

4. Risk

4.1 Output Risk Rating:

Low

4.2 Assessment of the risk level

WaterAid UK has reassessed the risk level of all outputs and concluded that they should remain the same. WaterAid UK provided their risk rating matrix and this is in line with DFID's framework.

4.3 Risk of funds not being used as intended

WaterAid UK underwent pre-grant due diligence checks carried out by KPMG. The pre-grant due diligence assessed capacity to manage the proposed level of DFID support in the following areas:

- Governance
- Financial Capacity
- Operational Capacity
- Value for Money
- Results

Satisfactory completion of the due diligence process was required before any money was disbursed. This helps to reduce the risk of diverted funding while establishing an environment of accountability and transparency. WaterAid UK also had a baseline updated due diligence assessment in March 2014 to ensure that processes and strategies were current and complementary to DFID's due diligence framework and modules. They have ensured that all strategies/policies are up to date and are adhering to the outcome of the March 2014 due diligence assessment as part of their PPA extension MOU.

4.3 Climate and Environment Risk

No issues were raised for the attention and action of WaterAid UK as a result of the 2011 Environmental Screening process. WaterAid UK have submitted their Environmental Policy

which is now approved by WaterAid directors. They are in the process of preparing a handbook to support the roll-out of the new policy.

5. Value for Money

5.1 Performance on VfM measures

WaterAid's approach is to ensure VfM within all programmes through a range of processes and challenging unusual costs throughout the project cycle.

Through the Multi-year Planning Budgets (MPBs) the costs of projects are compared in a variety of ways, such as looking at variations between project costs year on year, identifying unusual costs spikes, comparing like-for-like projects across partners and across CPs through peer review and through thematic areas such as the cost of water points within a country. This annual process allows WaterAid to keep track of programmatic costs and to ensure that decisions made consider VfM based on experience and trends.

Since the introduction of Post Implementation Monitoring Surveys (PIMS) in 2010/11, there is even greater focus on the sustainability of the investments. By committing to monitor projects 1, 3, 5 and 10 years after the implementation, WaterAid will be able to see the return on investment, show trends in decision making and target programming (and therefore expenditure) on issues that result in greater sustainability.

WaterAid have shown a good commitment to, and understanding of VfM, and provided an extensive definition of VfM, backed up with a VfM framework and evidence of this framework being embedded in the organisation. WaterAid could have slightly improved on the reporting and demonstration of VfM by providing more data to demonstrate this commitment by providing information of what is tracked. The cost drivers section is a good example of this where WaterAid set out the key drivers and talk of how they have "used the measurement of cost drivers" but have not set out this measurement. We must however acknowledge that WaterAid view effectiveness as more important than economy/costs.

5.2 Commercial Improvement and Value for Money

WaterAid has and adheres to a Procurement Policy which comes within their Accounts Manual to ensure a balance between quality and cost is maintained. WaterAid's mission is not to drive costs down but to ensure the most appropriate allocation of resources.

Through a regular salary review process carried out every three years, WaterAid remains market competitive though benchmarking salaries against peer organisations. In addition, it is practice to hire staff locally where possible, through a commitment for local and appropriate skills in CPs.

Recent investment in Information and Communications Technology (ICT) for data collection is set to be a significant VfM achievement in the coming years. The PPA has supported the

piloting of PIMS, and WaterAid now have a new commitment to work in partnership with mWater mobile technology provider. This will have a dramatic impact on the way data is gathered and analysed from community level and significantly reduce staff time, in addition to allowing more informed programmatic decision making.

5.3 Role of project partners

WaterAid's Programmatic Approach (PA) consists of a coherent package of service delivery and advocacy activities delivered in partnership at all levels – from community to national and international levels. They work with a wide variety of partnerships from local implementing partners as well as advocacy, learning and research partners. WaterAid seek to work with the right mix of partners in the best way to achieve the greatest possible impact. The combined activities are designed as a holistic package to address blockages and take advantage of opportunities to achieve the greatest possible gains in sustainable WASH coverage and quality.

WaterAid have undergone an organisational shift in their partnership approach and are now measuring the quality of the partnerships and not only the quantity. This will be beneficial in ensuring that they engage with the right partners in the right context and we look forward to hearing more about the impact of this change in future. Investing in these partnerships is integral to the WaterAid Global Strategy 2009-2015, and the sustainability of the partners is key to achieving their collective aims. WaterAid holds a Partnership Toolkit which outlines the meaning and value of partnership, highlighting the purpose, rationale and principles. There are 4 values of partnership, of which accountability is one (outlined as being accountable to each other as partners and to wider stakeholders including communities, governments and donors).

An example of this investment can be seen through a training programme Partnerships in Practice, supported by PPA funding. This was delivered between June 2013 and February 2014 by Building Partnerships for Development (BPD) and WaterAid staff. 56 staff from 11 countries took part and the course was delivered through 6 practical and participatory assignments. Each assignment was followed by two webinars to share learning between countries, with a face-to-face workshop in October 2013. The final assignment was to incorporate learning from the training into the country programme plans and budgets and BPD provided individual feedback on each plan. The evaluation of the training shows that post-training participants reported significantly improved confidence in managing programmes with partners and managing effective partnerships. In addition, there was improvement in building partner capacity and building and maintaining good partner working relationships. As a reflection of the success, this training will be repeated with 15 CPs in 2014-15 and we will be updated on this in the next report.

Due to the significant role and function that partners play, a major survey by Keystone Accountability of all partners in CPs is planned for late 2014. WaterAid have previously conducted similar research for over 60 International NGOs and will benchmark the responses against those from other organisations' partners. The survey findings and action plan will be presented in October 2014 at a WaterAid Leadership Meeting. This will provide the opportunity for global, regional and CP reflection on the types of partnerships engaged in, areas to strengthen and to review the existing capacity tools to inform future decision making.

5.4 Does the project still represent Value for Money:

Yes. WaterAid UK has met and exceeded on most of the milestones for Year 3. Where targets have not been achieved, WaterAid UK has proposed changes/improvements as we move into the extension phase.

WaterAid UK should continue to focus on delivering a clearer distinction between improvement effectiveness and achievements emphasised ensuring:

- Continue to push themselves to incorporate beneficiary feedback in a systematic way;
- Stronger triangulation of evidence;
- Include reflective discussion to fully describe under/over achievements;
- Continue to build on VfM measures in order to describe what is being tracked.

5.5 If not, what action will you take?

N/A

6. Conditionality

6.1 Update on specific conditions

N/A

7. Conclusions and actions

Overall, WaterAid UK's Annual Report presents a positive picture of the third year of the PPA. It is clear that WaterAid UK is integrating lessons learned over the past 3 years together with an increased understanding of both the positive and negative influences that could impact progress to improve their approach and reporting as we move into the extension phase.

WaterAid UK have submitted a final extension log frame which will be reviewed by 31 October ensuring it incorporates any feedback given on the original in the annual report feedback letter and subsequent discussions. They must ensure that learning and results from this PPA period are reflected in their milestones and targets for 2014/2016. WaterAid UK has also been asked to set out the substantive and measureable steps they will be taking to enhance work on transparency and value for money.

8. Review Process

WaterAid UK submitted a self-assessment annual report of their progress and performance against the PPA log frame during this third year of PPA funding. DFID reviewed this annual report and provided feedback WaterAid UK on both strengths and weaknesses reminding the organisation of the need to improve year-on-year on VfM, results and transparency.

