STRATEGIC PARTNERSHIP ARRANGEMENT (SPA) Phase II

Final Mid Term Review Report

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ACKNOWLEDGEMENTS

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EXECUTIVE SUMMARY

1.   In 2016, both the Australian and UK Governments agreed to fund the second phase of a Strategic Partnership Arrangement with BRAC, Bangladesh. Under the SPA Phase 2, the UK is providing GBP223 million and Australia is providing AUD95 million to support the implementation of BRAC's Strategic Plan (2016-2020) encompassing both development programme, organisational development and strategic partnership priorities.

2.   The Mid Term Review (MTR) focused on assessing progress between 2016 and 2018 in the achievement of BRAC's organisational development priorities, progress in the development of the 'knowledge partnership' between the SPA partners and on assessing the value add of the partnership modality. The MTR was tasked to assess both achievements and challenges, highlight lessons learned and provide recommendations for improvement.

3.   **BRAC has made substantial progress in achieving its organisational development objectives.** The organisation has undergone extensive change in management personnel since 2016 and, as a result, senior and mid-level managers now come from a variety of backgrounds, with strong private sector/business experience. This has strengthened the 'business thinking' approach of managers, increased the contestability of ideas and led to a stronger focus on the development of young leaders, including women leaders.

5.   **BRAC has developed a comprehensive range of research based 'on-boarding' training programmes** for new staff to increase retention rates. This excellent approach would be further strengthened by including 'Development 101' training for managers, an introduction to BRAC's gender equality policy/ strategy and risk management training.

6.   **BRAC is phasing in a Performance Management System which aims to develop BRAC staff competencies at all levels, starting with managers**. Performance is assessed on a six monthly basis against a range of parameters linked to the achievement of the strategic plan objectives; demonstration of BRAC values is integral to the performance assessment. Based upon these assessments, the Human Resources Department will offer training to Directors, Programme Heads, Programme Managers and Young Professionals to advance their careers.

7.   **There have been major advances in digital communication and collaboration, as well as business process automation and optimisation.** Following diagnostic analysis of current systems and gaps, optimised processes are progressively being operationalised via Enterprise Resource Planning (ERP). The optimisation process has led to reduction of:
- Chart of Accounts items from 70,000 to 1,000
- 20-25 day reporting turnaround to real-time reporting
- functional staff designations from 7,000 to 25 under 13 ranks
- recruitment 'turn-around' time by 50%-60% across all grades of employees.

8.   **Programme staff report less centralisation of processes and** satisfaction with on-going support / facilitation provided by BRAC Centre.

9.   **BRAC has implemented an effective change management process** characterised by good communication and communication planning; good coaching and manager training for change management; strong feedback loops and demonstrated care for the welfare of staff. MTR consultations revealed a shared understanding amongst BRAC managers and staff of the need for change in BRAC practices (particularly the move to cost recovery), as well as satisfaction amongst lower level managers with the support received from senior managers.

10.   **Possible under-investment in organisational development (including ICT).** Despite impressive gains in organisational development and change management, major – and potentially expensive – tasks still lie ahead to improve organisational systems and processes. The MTR report recommends increased investment in organisational development (including ICT) to ensure that management systems, processes and behaviours are fully embedded.

11.   **Comparison of forecast levels of cost recovery with actuals indicates that income has been less than expected.** The BRAC Strategy (2016-2020) set an overall target of 21% of development programmes expenditure being funded by cost recovery. BRAC achieved 10% cost recovery (development programmes, plus programme enterprises) in 2016, 11% in 2017 and 13% in 2018 to date. This suggests that BRAC is not on track to achieve the 2020 target of 21% and a new target is currently being set. By contrast, the internal contribution from Micro Finance and Social Enterprises to the BRAC budget has been greater than forecast.

12.   **Progress in diversifying external funding sources.** SPA funding represented approximately 74% of donor funding in 2016, reducing to approximately 58% of total donor contributions in 2017. The number of external donors increased from approximately 37 in 2016 to 51 in 2017. While BRAC is clearly making efforts to increase and diversify the number of external donors, the SPA funding still represents a major proportion of external funding. The MTR Report recommends that BRAC conduct financial scenario planning for implementation of the BRAC Strategy and beyond 2020 and provide advice on the expected role of SPA funding within the preferred scenario.

13.   **There is evidence of collaboration between the SPA partners in areas of shared priority.** This includes the humanitarian response to the influx of Rohingya refugees, collaborative attention to risk identification and management; gender equality and disability inclusion.

14.   **Little evidence of the SPA partners systematically sharing knowledge and evidence to improve programmes or strategic alignment of programmes.**   In fact, within Bangladesh there is evidence of missed opportunities for collaboration (e.g. PPEPP design; TUP redesign). During the MTR consultations, evidence also emerged of misalignment of specific programme strategies (e.g. BRAC's Skills Development Program attempting to charge for skills training which is offered free of charge by other, DFID supported, programmes).

15.   **Little evidence, to date of the SPA partners engaging in joint advocacy,** despite the shared aspiration of SPA partners to coordinate advocacy efforts both within and outside Bangladesh to promote proven pro-poor policies and programmes Given the poor performance to date, the MTR Report recommends replacing the passive concept of the 'knowledge partnership' with the active concept of 'expanding influence' with a specific focus on at least one joint advocacy campaign before the end of SPA Phase II.

16.   **Potential for the SPA to leverage BI as a mechanism for extending the influence of BRAC approaches globally.** While both the DFID and DFAT contractual agreements proscribe any financial support for BI, this should not prevent recognition of the strategic significance of the BI network in promoting pro-poor approaches globally.

17.   **Potential for the SPA donors to advise BRAC on ways to leverage private investment capital to expand its programmes and influence.** Given the rapid growth of socially responsible investment markets in the UK and Australia, and given the pressure on official donor funds, the MTR Report recommends that DFID and DFAT provide technical assistance to t BRAC to meet the pre-requisites to receive ethical investment funds; and consider supporting BRAC to develop private sector partnerships / relationships.

18.   **The SPA governance and management mechanisms need further development to meet standards.** The Terms of Engagement (ToE) objectives are poorly framed, lack supporting definitions for key terms, tend to be overlapping in their scope and, in many cases, are virtually impossible to measure. The MTR Report recommends the redrafting of the ToE and includes a revised draft (Appendix G).

The Results Framework is primarily focused on quantitative data, with comparatively little attention to the collection and analysis of qualitative and strategic information. The Results Framework excludes a number of elements which would normally be included, has an unhelpful numbering system and inaccurate and unclear outcome statements. These matters are discussed in detail in the context of Appendix H: Suggested Amendments to SPA Results Framework – Pillars 2 and 3 and are the subject of recommendations in the MTR Report.

19.   **BRAC lacks a holistic and integrated approach to M&E** which provides a structure and standards for reporting on performance and quality (including cross-cutting commitments) to support strategic, programmatic and organisation wide decision making. A comprehensive BRAC M&E Framework would not only capture quantitative information related to fixed indicators and targets. The framework would also capture qualitative information on organisational changes and facilitate the regular testing / re-testing of strategies, at all levels, to feed into programmatic and organisation-wide decision making. This M&E approach would be based upon the recognition that BRAC's work involves a number of interacting elements and would allow for unexpected results or emerging issues to be identified and for changes in the context to be properly understood.

20.   **A higher level of investment in M&E is required to design and implement a comprehensive M&E system for BRAC.** Investment in M&E, as a percentage of total BRAC budget, was 0.07% in 2016, 0.06% in 2017 and 0.05% in 2018 to date. International M&E standards require between 4 – 7% of total budget to be spent on M&E.

RECOMMENDATIONS

Recommendation 1:   The SPA Steering Committee to discuss the current level of investment by BRAC in organisational development (including ICT) with a view to approving an increased level of investment to ensure that management systems, processes and behaviours are fully embedded.

Recommendation 2:   The SPA Steering Committee seek advice from BRAC regarding potential financial scenarios (including internal and external funding sources) for implementation of the remainder of the BRAC Strategy (to 2020) and beyond. These scenarios could range from the minimum feasible financial scenario (i.e. funding priorities that are indispensable to fulfilling BRAC's mission within a fixed timeframe) to the ideal.

Recommendation 3:   The SPA Steering Committee seek advice from BRAC on the preferred financial scenario beyond 2020 (including internal and external funding sources) and the role of SPA funding within that scenario, in order to facilitate SPA partner medium term financial planning.

Recommendation 4:   The SPA Steering Committee and Technical Working Group to ensure that the consideration of 'Value for Money' in both the evaluability assessment and ToR for the End of SPA Phase II Review integrate attention to the quality, as well as the quantity of results and the adaptive principles and transformative approaches implemented by BRAC.

Recommendation 5:   The passive concept of a 'knowledge partnership' is replaced by the active concept of 'expanding influence' in all relevant SPA documents and the KPAP is replaced by a jointly developed and implemented Partnership Engagement.

Recommendation 6:   The SPA Steering Committee formally agree on the focus for a joint advocacy campaign to be carried out before the end of SPA Phase II and task the Communications / Advocacy staff in each agency to work together to design a campaign involving management and staff at multiple levels.

Recommendation 7:   The SPA Steering Committee to consider the ways in which DFID and DFAT might support BRAC to gain access to the socially responsible investment markets in the UK and Australia (e.g. via the provision of technical assistance to assist BRAC to meet pre-requisites to receive ethical investment funds; to develop private sector partnerships / relationships)

Recommendation 8:   The SPA Technical Working Group review and modify the revised draft of the Terms of Engagement (Appendix G) and suggested amendments to the SPA Results Framework - Pillars 2 and 3 (Appendix H), with a view to submitting to the SPA Steering Committee for approval.

Recommendation 9:   The SPA Steering Committee discuss BRAC's current approach to M&E and the need to re-engineer the approach to provide both a structure and standards for reporting on performance and quality (including cross-cutting commitments) and to support strategic, programmatic and organisation-wide decision making.

Recommendation 10:   The SPA Steering Committee discuss the level of investment in M&E over the period 2016 to 2018 and consider whether this level of investment is adequate to facilitate the design and implementation of a comprehensive M&E system for BRAC (Recommendation 9; Appendix I).

CONTENTS

ACRONYMS

BI	BRAC International
DFAT	Department of Foreign Affairs and Trade (Australia)
DFID	Department for International Development (UK)
ERP	Enterprise Resource Planning
GESI	Gender Equality and Social Inclusion
GJD	Gender Justice and Diversity
GMF	Governance and Management Framework
GoB	Government of Bangladesh
HNPP	Health Nutrition and Population Programme
HR	Human Resources
HRMS	Human Resource Management Systems
ICAI	Independent Commission for Aid Impact
KP	Knowledge Partnership
KPI	Key Performance Indicator
M&E	Monitoring and Evaluation
MIS	Management Information System
MTR	Mid Term Review
BMD	BRAC Monitoring Department
NGO	Non-Government Organisation
PMS	Performance Management and development System
PMU	Programme Management Unit
PPEPP	Pathways to Prosperity for Extremely Poor People
PRL	Programme Development, Resource Mobilization & Learning
PRL	Programme Development, Resource Mobilization & Learning
QRS	Quality Reporting System
SDGs	Sustainable Development Goals
SDP	Skills Development Program
SPA	Strategic Partnership Arrangement
ToE	Terms of Engagement
ToR	Terms of Reference
TWG	Technical Working Group
VfM	Value for Money

INTRODUCTION

BACKGROUND

Founded in 1972, BRAC is a unique NGO which delivers development programmes in all 64 districts and over 75,000 villages, towns and cities in Bangladesh, including urban, rural, hard-to-reach and flood prone areas. BRAC estimates that their operations reach more than 110 million people.

Both the UK and Australian governments have a long term history of funding BRAC's operations. In 2011, the UK and Australian governments entered into a Strategic Partnership Arrangement (SPA) with BRAC; the UK committed GBP222.6 million and Australia committed AUD180 million of un-earmarked funding over 5 years (2011-2016). Currently the SPA is in phase 2 (2016-2020).

In 2016, both the Australian and UK governments extended the SPA arrangement to a second phase. Under the SPA Phase 2, Australia is providing AUD95 million and UK providing GBP223 million to BRAC to support the implementation of its Strategic Plan (2016-2020). The strategic plan encompasses both BRAC's development programs[1] and its organisational development priorities. The Strategy envisages BRAC developing a new financial model, providing services according to the capacity of individuals to pay (i.e. free for those in greatest need; subsidized and full charge for those in higher income brackets). Increasing program relevance via careful targeting and market testing are crucial to the success of the new financial model.

For BRAC, SPA Phase II was perceived as central to the successful implementation of its strategy because:

- *Secure funding of development programmes, facilitates building and testing new approaches*. Flexible, core funding allows BRAC staff energies to shift away from seeking traditional 'project-based assistance' to the development of its new, hybrid financial strategy. SPA core funding also facilitates the re-engineering of BRAC to ensure that it remains relevant and effective in a fast changing funding and socio-economic landscape.

- *The partnership modality enables joint action, innovation and advocacy to expand the influence of BRAC approaches*, both in Bangladesh and globally. In this way, the SPA facilitates a 'multiplier effect' in empowering people and communities in situations of poverty, illiteracy, disease and social injustice, beyond what BRAC could achieve alone.

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[1] Eradication of extreme poverty; expanding financial choices for the poor and addressing market gaps at the base of pyramid; early childhood education and improving the quality of education; addressing the challenges of climate change; universal Health Coverage and Nutrition for all; pro poor urban development; skills development for the youth; and promoting gender equality within and outside the organisation

For the SPA partners – DFID and DFAT - the SPA was perceived as offering the opportunity to:
- deliver a strategic intervention and achieve development results at scale from the investment of taxpayers money in the work of a proven partner
- address the UK and Australian governments' aid and development strategic priorities, both in Bangladesh and globally
- build knowledge of persistent development challenges and promote effective approaches
- demonstrate the efficiency of the strategic partnership approach.

Five shared objectives of the trilateral arrangement underpinning SPA Phase II were formalised in the SPA Terms of Engagement (ToE) signed by all partners on 21st August, 2017. In March 2018, a SPA Phase 2 Results Framework was finalised. The Results Framework is the basis for monitoring and reporting results under three pillars: (i) Programmes (ii) Organisational Change and (iii) Knowledge Partnership. The indicators, baselines and milestone targets are fully developed in respect of pillar 1; these details are not, as yet, fully populated for pillars 2 and 3.

MID TERM REVIEW PURPOSE

The purpose of the Mid Term Review (MTR) was to assess how the SPA is tracking against the ToE objectives, with a view to identifying both achievements and challenges, highlighting lessons learned and providing recommendations for improvement. At commencement, the SPA Technical Working Group (TWG) clarified that the MTR would not focus on the results of BRAC's development programmes. This was justified on the basis that there are already ample mechanisms in place for reviewing programme achievements, together with recent reports on results.[2]

The Terms of Reference (ToR) highlighted five key areas of interest for the MTR:
- BRAC's institutional change
- Knowledge partnership
- Partnership management
- Monitoring and evaluation
- Value add of the SPA.

The full Terms of Reference (ToR) for the MTR are attached as Appendix A.

MTR SCOPE AND METHODS

The period which is the subject of this MTR is from the commencement of SPA Phase 2, namely, 23rd March 2016[3] to the present. Documentation from earlier periods has, nevertheless, been considered as part of the desk review in order to improve understanding of both the baseline context and progress since then.

The review involved six stages: preparation and approval of the Review Plan; desk review of SPA documentation; consultations with key SPA stakeholders; utilisation and analysis of information generated by BRAC's M&E system and SPA Results Framework; a brief field visit to one region (Gazipur); analysis, feedback and reporting. The MTR Implementation Schedule is attached as Appendix B.

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[2] Refer DFID Annual Review Report May 2018
[3] This is the date of signing of the Complex Grant Agreement # 72190 between DFAT and BRAC pg. 68

While the ToR included 'Key Review Questions', the reviewer worked with the TWG prior to the commencement of the in-country portion of the review to clarify what information the SPA partners were seeking.

The Reviewer had discussions with 75 BRAC personnel, across all levels at BRAC Centre, either individually or in Focus Group Discussions, as well as 10 staff in one region (Gazipur). The Reviewer also met with seven DFAT and eight DFID personnel at senior, middle and technical adviser levels. The List of Persons Met is attached as Appendix C.

LIMITATIONS

This MTR was subject to a range of limitations occasioned by:

Multiple instruments defining variable intended outcomes of the SPA:

The ToR for the MTR directed the review to assess progress against the ToE objectives.[4] In fact, both the ToE and the DFAT/BRAC and DFID/BRAC Contracts need to be regarded as the joint reference point for the mid-term review of progress. Both the contracts and the ToE are consistent in the expressed intent to support BRAC's development programmes, albeit with slightly different and nuanced expressions as to what this means.

However, there are some differences in emphasis between the ToE and each of the contracts in the expected organisational and partnership outcomes.

This limitation has been dealt with by clarifying - in Chapter 1 of the report – how the variability in intended outcomes has been addressed in the report.

Lack of definition, and variable use of, terms by SPA partners:

Review of SPA documentation, including key documents such as the SPA donor partner contracts with BRAC and the ToE, reveals a tendency for SPA partners to define the same/similar terms in variable ways. This is not only a problem when conducting a review but, eventually becomes an inhibition to good communication between partners. This limitation has been dealt with in three ways.

o   Wherever possible, the use of terms in this report is guided by a 'primary' reference. So, for example, when discussing organisational development, the terms used are taken from the BRAC Strategy (2016-2020) – the primary source – rather than by reference to the various and variable terms used by DFID and DFAT in other documentation to describe the institutional changes expected to occur in BRAC.

o   Where there is no primary source, differences in interpretations are outlined in the report and the implications of these differences are discussed.

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4 The ToE were formally agreed in the early months of Phase 2, but were not formally signed until August 2017.

CHAPTER 1: CLARIFYING THE INTENDED OUTCOMES

The first purpose of the MTR is to assess how the SPA is tracking against its objectives, with a specific focus on the organisational development of BRAC, the so-called 'knowledge partnership' and the appropriateness of the aid modality. Before presenting and analysing evidence of progress against objectives, however, it is necessary to be clear about what these objectives are.

As discussed under the 'Limitations' section of this report, reference to the ToE objectives alone is an inadequate basis for a review of progress. Although the ToE was referenced in SPA partner contracts, it did not come into force until seventeen months after the commencement of SPA Phase II. Further, as discussed in detail in Chapter 5 below, the ToE objectives are not supported by clear definitions of terms and, with the exception of Objective 1 – programme achievements - progress has not been systematically monitored.[5]

In addition to the ToE objectives, therefore, it is necessary to revisit both the BRAC Strategy 2016 – 2020 and the terms of the grant agreements signed between BRAC and DFID/DFAT[6] in order to clarify precisely what outcomes the MTR should be focusing upon.

Organisational development outcomes are taken from the BRAC Strategy:
The grant agreements make it clear that, despite the fact that the ToE focus on only some, but not all, of BRAC's organisational development priorities, DFAT and DFID's expectations are based firmly on the latter. Evidence presented in Chapter 2: Organisational Development is, therefore, organised according to key organisational development priorities outlined in the BRAC Strategy, namely:

- developing leadership and management and 'business thinking capacity'
- increasing the efficiency of structures and processes and leveraging the greater use of data for decision making
- ensuring that BRAC Centre functions are geared to supporting programmes in an effective and efficient manner.

Enhancing financial sustainability is treated as a separate outcome area:
In both the ToE and the ToR for this MTR, financial sustainability is subsumed within BRAC's organisational development priorities. This does not reflect either the way this issue is treated in the BRAC Strategy (i.e. as a stand-alone strategy); nor does it reflect the complexity of the evidence and analysis required to analyse progress to date. As a result, Chapter 3: Financial Sustainability is devoted solely to the presentation and analysis of evidence in relation to this issue.

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[5] The SPA Results Framework is, as yet, unfinished in respect of Pillar 2, Organisational Development and Pillar 3 Knowledge Partnership
[6] Complex Grant Agreement #72190 between DFAT and BRAC; Revised Accountable Grant Arrangement Project Number: 204916 between DFID and BRAC.

The 'knowledge partnership' outcome is expanded to include broader partnership outcomes sought by SPA partners: Review of the BRAC Strategy, the grant agreements between SPA partners, the ToE and comments from key stakeholders reveals considerable variation in focus and emphasis regarding the intended partnership outcomes. It should be noted at this point that the grant agreements, signed in 2016, reflected a corporate reality for the SPA donors which has been subject to considerable change since that time. With this caveat in mind, the varied expressions of SPA partners as to expected partnership outcomes roughly fall into two categories:

- *Value for money*: All SPA partners expect the partnership modality to generate more 'value for money' (than alternative modalities); the SPA mechanism is expected to promote effectiveness, efficiency, flexibility and innovation to a greater extent than any alternative modality. The partners' concerns with VfM of the SPA are embedded in objective 5 of the ToE and Outcome 11 of the SPA Results Framework.

- *Scaling impact through influence:* This concept has been interpreted in different ways by different SPA partners at different times. The BRAC Strategy clearly recognised that only so much may be achieved with a direct delivery model and that, in order to achieve its mission, BRAC needed to explore other means of scaling up its impact. Three specific mechanisms were identified:
  (i) <u>knowledge and evidence driven advocacy</u> with GoB to improve pro-poor policies and programmes; the SPA donor grant agreements support this commitment
  (ii) <u>pro-active partnership building</u> to raise BRAC's influence nationally and internationally; the SPA donor grant agreements gave practical expression to these aspirations by envisaging:
    o increased partnerships between BRAC and DFID and DFAT's other programme partners in Bangladesh
    o more strategic communications, knowledge sharing and international advocacy
    o the creation of new links between BRAC and (DFAT's) thematic specialists, a structured process of senior level exchanges and dissemination of the results of the partnership in the SPA donor agencies.
  (iii) <u>strategic support for and leveraging of BRAC International (BI) and BRAC sister agencies</u> to promote proven pro-poor approaches; the SPA donor grant agreements specifically excluded support for BI and other BRAC agencies.

The partners' shared interest in 'scaling impact through influence' was converted into two objectives in the ToE. Objective 3 is focused on process without purpose and objective 4 is outside the control of the SPA.[7] The SPA Results Framework converts 'scaling impact through influence' into Outcome 10 "*Knowledge generated influences decisions and policies within the SPA partnership organisations and shared with GoB and wider development communities".*

Chapter 4: Partnership Outcomes, not only presents evidence and analysis in respect of the 'knowledge partnership' objectives (3 and 4) included in the ToE, but also explores the expected outcomes of *VfM* and *scaling impact through influence* as articulated above*.*

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[7] For a detailed discussion of the ToE objectives refer to Chapter 5 below.

CHAPTER 2: ORGANISATIONAL DEVELOPMENT

BRAC Strategy 2016-2020

The BRAC Strategy 2016-2020 focuses on re-engineering BRAC in order to:

- develop a more hybrid approach in designing financial models for its development programmes (e.g. free, subsidised and cost recovery pricing)
- improve BRAC's understanding of its clients in order to design a more targeted and customised service delivery approach.[8]

> **Key Review Question 1:**
> To what extent is the SPA on track to achieve BRAC's institutional strengthening plans and, in particular, its financial sustainability goals?

The Strategy notes that successful organisational development is dependent upon:

1. developing leadership and management and 'business thinking' capacity
2. increasing the efficiency of structures and processes and leveraging the greater use of data for decision making
3. ensuring that BRAC Centre functions are geared to supporting programmes in an effective and efficient manner.

The BRAC Strategy identified the management of these changes as a key risk for the organisation and emphasized the importance of increased communication across all tiers of management and staff, building feedback loops and consistency in decision making and ensuring that leaders were aligned in their thinking and actions. Given the importance of the change management processes in BRAC, these are also discussed in this chapter.

2.1   DEVELOPING LEADERSHIP, MANAGEMENT AND 'BUSINESS THINKING' CAPACITY

Management turnover: BRAC has undergone extensive change in management personnel since 2016, both resulting from the retirement of older managers and an active campaign to recruit new managers with the capacity to implement the BRAC Strategy. Since 2016, 38 Grade 9 and above personnel have left BRAC, while 55 Grade 9 and above personnel have joined; of the new managers, 47% have joined in 2018. Appendix D includes details of the management turnover, since 2016, by grade and programme, as well as comparative BRAC Organograms from June 2016 and at present. A review of the organograms reveals increases in middle management (e.g. in BRAC Enterprises, Human Resources and Innovation), as well as entirely new branches (e.g. Microfinance & TUP; Programme Development, Resource Mobilization & Learning).

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[8] BRAC Strategy 2016 – 2020 pg. 21

As a result of this management turnover, BRAC senior and mid-level management now come from a variety of backgrounds, with strong private sector/business experience.

Consultations carried out during the MTR revealed that:

- all leaders interviewed demonstrated 'business thinking' regarding BRAC's current and future activities; in fact, at all levels, staff interviewed demonstrated the 'mind-set' of generating revenue
- reported increase in the contestability of ideas and approaches amongst senior and mid-level managers
- reported change in management 'style' in BRAC; "*senior management like to hear more from the field level, the reflections from the bottom[9]*"
- some observable erosion of the 'iron law of hierarchy'
- there has been a much stronger focus in the last two years on developing young leaders
- HR is working to strengthen women's leadership.

'On-boarding' of new staff: Clearly BRAC faces challenges in retaining staff given the lower wages offered compared to market rates. BRAC also faces challenges in acculturating newly recruited managers to the BRAC Mission and Values. In order to motivate new managers and to increase their knowledge of, and commitment to, BRAC a research based 'on-boarding' program has been developed and will commence in early 2019.

The program will offer Grade 9 and above managers with a range of training packages from ½ day, 1 day, three day and five day packages, depending upon the Grade and initial assessments of the new employee. The higher the grade, the more extensive the 'on-boarding' training.

Some apparent omissions from the on-boarding training at this stage appear to be:

- 'Development 101' training to acquaint managers with the trajectory of international development over the last 40 years, both globally and locally, with a specific focus on government / NGO relations in Bangladesh and BRAC's 'place' in local development history.
- An introduction to BRAC's gender equality policy and strategy
- Risk management training (although there is a half hour training session on fraud risk).

BRAC may wish to consider giving greater attention to these areas.

Performance management and development: BRAC has also developed a systematic performance management and development system (PMS) which aims to develop BRAC staff competencies at all levels, starting with managers. The PMS will be implemented in three phases, as follows:

- Phase 1: 2019 Grades 7 – 13 (BRAC Centre)
- Phase 2: 2020 Grades 4-6
- Phase 3: 2021 Grades 1 – 3

The parameters for staff performance will be linked to Annual Operating Plans and will aim to track performance, identify strengths / weakness and apply customised training/mentoring packages to address weaknesses. The access to these customised training packages not only provides the opportunity to strengthen management and leadership capacity; the training also represents a non-remuneration incentive and pipeline for future leaders.

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[9] Personal communication, Focus Group Discussion, BRAC Centre 26th November, 2018

Performance will be assessed on a six monthly basis by supervisors and involve an annual 360 degree assessment (supervisors, peers, staff). BRAC's values are embedded into both the initial assessments of managers, as well as the annual reviews. The values include integrity, innovation, inclusiveness and effectiveness and are assessed via 17 demonstrative behaviours.

The parameters for assessing the performance of managers have not yet been finalised. At this critical stage, it will be important to include both performance in risk management and implementation of gender equality and disability inclusion policies as Key Performance Indicators.

Virtual leadership academy: The academy, which will be coming on-line in 2019, will offer training to Directors, Programme Heads, Programme Managers and Young Professionals. HR will assess capability (based on the staff performance assessment processes outlined above) and then nominate individuals who have the potential to become enterprise leaders, transformational leaders or emerging leaders. Leaders will be required to complete certain courses before they can progress to the next level. The courses involve on-line work, face-to-face instruction, project assignments and networking.

2.2 INCREASING THE EFFICIENCY OF STRUCTURES AND PROCESSES

In 2017, BRAC commissioned Deloitte to conduct a diagnostic review of BRAC Centre's support functions with a focus on Programmatic Strategic priorities and Organisational Development priorities. The aim was to increase the efficiency of structures and processes and to strengthen and align support programmes to the needs and objectives of programmes.[10] The report identified a range of areas where value for money might be increased. Each of the relevant sections of BRAC considered the Deloitte recommendations. To their credit, the recommendations were not all taken up by BRAC divisions, but modified to take into account BRAC's own knowledge and experience.

Digital communication and collaboration: In 2017 15,000 email accounts migrated without email loss, drop or corruption. By January, 2019 email service (via collective and individual accounts) will be provided to all BRAC employees. Efficient and secured communication and collaboration channels are increasingly available to employees. Interviews carried out during the MTR indicate that staff are hugely appreciative of the increased rapidity of communication and response to queries.

Data cleansing and reporting: Historically, BRAC had 7-8 TB of data in separate databases, much of which was redundant and/or obsolete. The Human resources, Finance & Accounts, Procurement, Inventory, Fixed Asset and Administration data has been cleansed and migrated into a single data base platform capable of real time query and update. Real-time, accurate information is now delivered to all levels (BRAC Centre) by ensuring all users work from the same source of information.

The result is faster, better quality reporting derived from single, clean and trusted data source. This has reduced the time and costs associated with all forms of reporting and budgeting.

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[10] Deloitte, Assistance with Support Function Diagnostic *Discussion on report findings* August, 2017

Business process automation and optimisation: All business processes have been analysed and flow charts for optimisation developed. Optimised processes have been coded and are progressively being operationalised via Enterprise Resource Planning (ERP). ERP software integrates various functions (e.g. HRMS, Payroll, Finance, Budget, Microfinance, and Procurement) into one system in order to streamline processes and information across the entire organisation. BRAC's ERP incorporates nine modules which are being rolled out according to the following schedule:

- HRMS (3 modules) released by January 2019
- Payroll module released by December, 2019
- Financial and accounts module (to be advised)
- Microfinance modules August 2019 +/-
- E-tender and procurement modules December, 2018; by July/August 2019 all field level procurement will be carried out on-line.

The roll-out of the ERP modules is involving a substantial investment in staff training. For example, the roll-out of the HR module has involved training approximately 5,500 field staff and 1,500 BRAC Centre staff. Ten training labs have been built at different locations.

The optimisation of processes via ERP has led to a number of efficiencies. For example, the
- Chart of Accounts has been reduced from 70,000 items to 1,000 items; by next year all Annual Operating Plans will use this consolidated Chart of Accounts.
- It is now possible to produce real time management reports, compared to an average turnaround time for reports of 20-25 days before the implementation of ERP.
- Functional staff designations have been reduced from 7000 to 25 under 13 ranks.
- Recruitment 'turn-around' time has been reduced by 50% - 60% across all grades of employees.
- Processes are increasingly transparent; now HRD and Programme Managers can directly access information on employee status which was not previously possible.
- The increased transparency of processes has improved the audit trail; external auditors have reduced their sampling since the systems have been optimised and digitalised
- 80% reduction in paper use.

The health programme is digitalising its platform and this will be rolled out in three phases (8 months each) completing in 2020.

Data security and safeguarding: 98% of applications have been migrated to a secure cloud hosting infrastructure. Previously the systems were residing in a vulnerable Data Centre. BRAC's digital assets are secured. Organisation wide Data Safeguarding Audit commenced to align with ISO standards for data security.

2.3   USE OF DATA FOR DECISION MAKING

Development of analytical skills: The introduction of ERP and digitalised systems requires staff to develop the capacity to present data systematically, to analyse that data and to make decisions based upon this analysis. Training of managers (via PMS and the Leadership Academy, as well as BRAC Technology) is focusing on the development of these skills.

The MTR was not able to rigorously assess the degree to which data based decision making is occurring across BRAC Centre and Programmes. A range of examples of use of data to inform decision making were encountered during the consultation process. For example, the SDP programme has conducted field surveys with Marketing Agents in order to determine which trade have the highest demand; this data has been used to develop the focus for the SDP Centres in different places.

This year, BRAC's M&E Office conducted a survey of Grade 3 – 6 Program Managers (i.e. in Regions and Districts) for eight programs. They found that 60% of staff reported using data to make decisions. Unfortunately, the survey did not specifically define what 'use' meant. Follow up work will be required.

Proactive consideration of risk: With substantial assistance from the SPA partners, BRAC introduced a Risk Management Policy and Framework in May 2017. BRAC's intent is to integrate risk management into all business processes and to build a strong 'risk culture' within BRAC so that risk and risk management is proactively considered in daily decision making by managers.

Risk assessments and the development of risk registers is now occurring across Programmes. Relevant BRAC senior management report that while, in 2017, it was difficult getting staff to understand the importance of risk assessment/management, staff at BRAC Centre are seeing the benefit (e.g. identifying problems earlier prevents delays in implementation).

Current assessments within BRAC are that 80% of staff at BRAC Centre understand both the need for, and the process of risk assessment / management. The level of understanding at the district level is estimated to be about 40%.

2.4   BRAC CENTRE SUPPORT FOR PROGRAMMES

Enterprise Resource Planning: The MTR received substantial, positive feedback from staff both in BRAC Centre and in the Regional office, Gazipur regarding the transformative nature of the ERP. Programme staff report satisfaction with improvements in procurement processes, recruitment and staff training approval processes. Personnel are particularly satisfied with the fact that ERP allows them to track progress and resolve problems on-line.

Programme staff report less centralisation of processes; for example, if a programme wants to prepare a proposal for donor support, the budget can be prepared by their staff and sent to BRAC Finance to check over, rather than waiting for this work to be done at BRAC Centre. Programme staff also express satisfaction with the facilitation / networking and support role played by BRAC Technology and ERP in assisting them to digitalise and innovate.

On-going support / facilitation provided by BRAC Technology: BRAC Technology has transformed itself from a software development unit into a facilitation, networking and brokering unit working with, and on behalf of, programmes. Examples of work supported by BRAC Technology include:
- eHealth: community level data collection with predictive algorithm for reporting and early detection of high risk mother and infant
- BRAC Education Program: Web and mobile based application to manage school fee collection, administrative and academic management
- TB Control program for development of a medical record system
- Support of a range of pilots across a range of programmes.

'Soft launch' of a Project Management Unit: Over time, the PMU will introduce centralised system and tools to plan and track the progress of IT projects. To date, various project management templates and guidelines have been developed by BRAC Technology. Newly created projects are using these templates and are registered under the PMU. The intent is for existing projects to gradually be tracked through the PMU. The development of the PMU is, as yet, in its early stages.

Streamlining programmes' systems processes and tools: The Programme Development, Resource Mobilization & Learning Department (PRL) is responsible for the standardisation or processes, quality assurance and control across a range of areas including project design, project management / grant management; programme development / design across sectors; and strategic alignment across competing priorities between teams / entities. However, PRL has very broad area of responsibility and, currently, the senior leadership of BRAC has prioritised the focus on programme development and putting in place systems and processes across BI. Fund raising has also been prioritised.

2.5   EFFECTIVENESS OF BRAC's CHANGE MANAGEMENT PROCESSES

The 'unspoken' challenge in the BRAC Strategy was to reengineer in a manner consistent with the values of the organisation, specifically, with transparency, inclusiveness and integrity. Interviews conducted at different levels of the BRAC organisation provide evidence of achievement in three key areas of change management.

- **Good communication and communication planning:** BRAC gave serious attention to the Change Communication Plan and how it would be implemented. The communications focused on what has changed in Bangladesh, why, how BRAC is affected and how individuals are affected. Interviews with both BRAC managers and staff revealed the success of this approach. There is a shared understanding of the way in which Bangladesh is changing and that, consequently BRAC needs to change also. Interviews revealed a widespread understanding of the urgent need for change and acceptance that the BRAC Strategy presented the way forward.
- **Good coaching and manager training for change management:** Interviews revealed consistent and aligned messages from senior management. Lower level managers also reported being well supported by senior managers particularly in helping staff and clients to understand why the shift to a cost-recovery model was necessary.
- **Strong feedback loops:** Mechanisms set up over the last two years, such as the bi-monthly meetings of all District BRAC Representatives in Dhaka, provide consistent feedback on both internal and external challenges to implementing the BRAC Strategy. Again, lower level managers and staff reported rapid and focused responses from BRAC senior managers to difficulties experienced at lower levels. 'Town Hall' discussions were run 2-3 times in different regions by the Core Change Management Team to explain the changes taking place and to respond to questions about the likely impact of the changes.
- **Care for the welfare of staff:** Every effort has been made by BRAC to offer staff alternative positions if and when their jobs have become redundant. Although figures on total transfers from 2016 to 2018 are not available at this time, an example from the Health Programme this month is reported to be reasonably representative. Among almost 700 (Grade 1 and 2) staff made redundant, 574 (83%) have been offered a position in Micro Finance as they have qualified in the assessment.

Feedback provided during one of the Focus Group Discussions held in BRAC Centre is instructive:

"Two to three years ago staff did not have much confidence in what would happen next, when the traditional leaders retired. Now we have confidence that BRAC will continue, even if someone else is leading"[11]

2.6   POSSIBLE UNDER-INVESTMENT IN ORGANISATIONAL DEVELOPMENT

It is clear that BRAC's progress in organisational development and change management is impressive. What is less clear is whether the level of investment is sufficient to fully embed systems, processes and behaviours. Data provided by BRAC Finance indicates that 0.24% of total budget was expended on Organisational Development (including ICT) in 2016, 0.13% in 2017 and 0.07% in 2018 to date.

This is a difficult area for an external reviewer to address, not the least because there are no international comparators for estimating the cost of re-engineering an organisation like BRAC.

What is obvious, however, is that major – and potentially expensive – tasks still lie ahead to improve organisational systems. This includes the roll-out of essential hardware (e.g. mobiles) to BRAC staff countrywide, establishing internet connectivity across BRAC offices, finalisation of the Enterprise Resource Planning roll-out and further development of the Project Management Unit. The drawing up of budgets to ensure that all requirements are met is obviously an internal matter for BRAC. However, given that the achievement of BRAC's organisational development objectives is cited in the grant agreements of both SPA donors, all partners have a vested interested in ensuring that the level of investment is sufficient to achieve the desired outcomes.

Recommendation 1:   The SPA Steering Committee to discuss the current level of investment by BRAC in organisation development (including ICT) with a view to approving an increased level of investment to ensure that management systems, processes and behaviours are fully embedded.

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[11] Personal communication: Focus Group Discussion BRAC Centre, 26th November, 2018

CHAPTER 3: FINANCIAL SUSTAINABILITY

There is no agreed definition of what financial sustainability means within the context of non-government development organisations.

Consultations with the SPA stakeholders suggest that there is a consensus that BRAC will be financially sustainable if its core work does not collapse, even if external donor funding is reduced.

However, this simple definition provides little insight into the challenges BRAC faces in achieving financial sustainability. To gain greater insight we need to focus on the relationship between BRAC's Strategy (2016-2020), the resources required to implement that Strategy, BRAC's plans to obtain those resources and progress so far.

A detailed financial analysis was beyond the scope of this MTR. However, some key points are highlighted below.

BRAC's Strategy and financial plan: The BRAC Strategy (2016-2020) aims to *increase income from internal sources; diversify external sources of income;* and *reduce costs / increase efficiencies* via improvements in administrative and financial management.

The Strategy identifies three organisational priorities for building financial sustainability, namely:
*   programmes moving towards a cost recovery model were appropriate with multiple, targeted financing options – free, subsidised, fee based, available for different economic groups
*   providing for a Microfinance contribution of 15% of their surplus to the core BRAC development fund
*   a proactive fundraising strategy, including innovative fund raising methods, primarily to be addressed by BRAC USA and UK.

The BRAC Strategy includes Financial Projections (Budgets) but not a detailed Financial Plan. The latter would have outlined the way/s in which BRAC intended to meet the objectives described in the Strategic Plan and would have included both targets for income generation and income diversification, as well as projections regarding anticipated cost reductions associated with increased cost recovery and improved administration and financial management. A full Financial Plan might also have included scenarios ranging from the minimum feasible (i.e. funding priorities that are indispensable to fulfilling BRAC's mission within a fixed timeframe) to the ideal. The fixed or operational costs associated with fulfilling the minimum feasible priorities obviously represents the minimum fundraising goal. It is understood that this type of analysis and Financial Planning has not, as yet, taken place.

## 3.1   PROGRESS IN INCREASING INCOME FROM INTERNAL SOURCES

The BRAC Strategy anticipated that 44% of total development programmes budget (2016 – 2020) would be financed from internal funding sources. The development programmes budget represents approximately 22% of BRAC's overall budget;[12] expressed as a percentage of the overall budget, therefore, internal sources were predicted to account for 9.5% of the total.

BRAC's internal funding sources include:

i)   cost recovery from programmes
ii)   transfers of surpluses from the Micro Finance programme
iii) income from social enterprises
iv)   investment income

As graphically presented in Figure 1, the BRAC Strategy forecasts anticipated that the internal contributions to the development programmes budget would include 25% contribution from the Micro Finance Programme, 12% from the social enterprise surpluses, 15% income from investments and 48% from cost recovery efforts. Actual performance is presented in Figure 2, below.

Figure 1: Financial Projections by BRAC Internal funding source: 2016-2020

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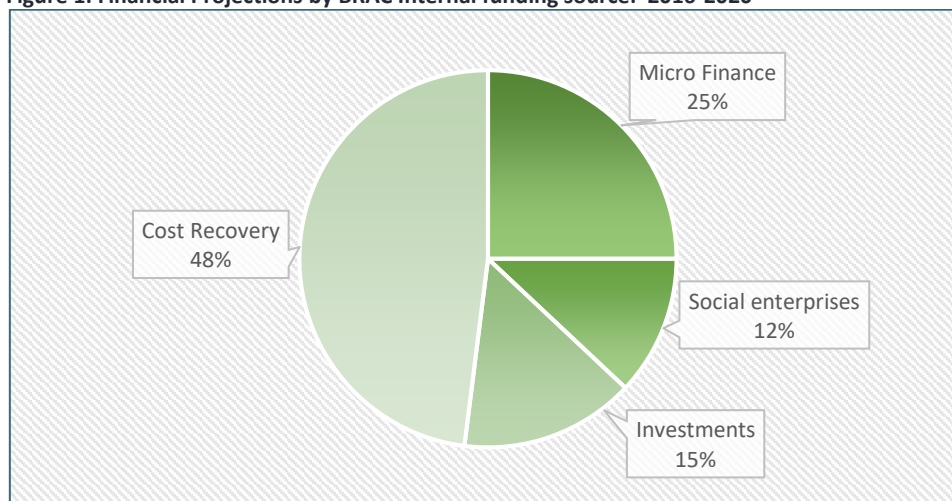
[12] BRAC Strategy 2016-2-2- Appendix 1: Financial Projection pg.33 The overall projected budget for BRAC for 2016-2020 was US$ 5.8 billion, out of which the total development programmes' budget was estimated at US$ 1.26 billion, Micro Finance programme budget was US$3.47 billion and budget for Enterprises was US$ 1.1 billion. 44% of the total development programmes budget is USD554,400,000 which represents 9.5% of BRACs overall budget of US$5.8 billion for 2016-2020.

i) *Cost recovery from programmes 2016 - 2018*

The BRAC Strategy set an overall target of 21% of development programmes being funded by cost recovery. Specific targets for cost recovery were set for each programme in 2015 (as a percentage of each programme budget); at that time BRAC and the SPA partners agreed that cost recovery would be rolled out on a pilot basis and adjustments would be made based upon performance of the pilots, ensuring that they did not compromise BRAC's mission of reaching the poorest and most vulnerable. In other words, cost recovery is not being practiced fully across all programmes. In some cases, just a few, small pilots have been carried out.

Table 1, below, indicates that BRAC achieved 10% cost recovery (development programmes, plus programme enterprises) in 2016, 11% in 2017 and 13% in 2018 to date. This suggests that BRAC is not on track to achieve the 2020 target of 21% and a new target is currently being set, based on how the pilots across various programmes have performed.

Table 1: Cost Recovery all programmes: 2016-2018

Particulars [Figures BDT Crore]	2016A			2017A			2018[Till Nov]		
	Cost Recovery	Expenditure	% of Cost Recovery	Cost Recovery	Expenditure	% of Cost Recovery	Cost Recovery	Expenditure	% of Cost Recovery
All Programmes [Dev+PE]	127.7	1,250.4	10%	137.8	1,299.8	11%	162.6	1,220.7	13%
Development Only	60.1	1,170.2	5%	67.6	1,190.0	6%	75.6	1,113.5	7%
Program Enterprises[13] [PE]	67.6	80.2	84%	70.2	109.8	64%	86.9	107.2	81%

A review of performance by programme suggests that the Education and Health & Nutrition Programmes are performing best, while the Community Empowerment and Skills Development Programmes have performed less well.

The ability of programmes to recover costs is primarily influenced by market demand and appropriate targeting of clients. For example, in 2017 the BRAC Health and Nutrition Programme tasked a consulting company to identify unique selling points for the program. This market research led to the identification of specific service gaps at local levels including: (i) absence of qualified doctors; (ii) lack of quality diagnostic services and (iii) lack of quality medicines. Six months ago the health programme piloted the provision of these services in BRAC health centres including on-line consultation facilities, diagnostic services and partnering with leading pharmaceutical companies to provide quality medicines. Health staff estimate that this initiative will be fully sustainable within 12 months.

By contrast, however, there are some programmes which are unlikely to ever achieve cost recovery (e.g. human rights and legal services). BRAC's Skills Development Programme (SDP) faces similar challenges: *"Skills development in BRAC, which aims to address social issues, should not be compared with GoB skills development programmes. The cost of working with the poorest is more; the return is less."*[14]

In addition SDP is working in a market constrained by free training offered by competitors and corruption amongst international marketing agents. Within this context SDP staff estimate that cost-recovery will be difficult in the short term; the programme will need on-going donor support for at least five years.

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[13] This refers to enterprises delivered by the health, education, etc. programmes, and excluding enterprises that are not tied to development programmes, such as Aarong, BRAC dairy, etc.
[14] Personal communication, Focus Group Discussion, BRAC Centre, 26th November, 2018

ii) *Contribution from Micro Finance*

The BRAC Strategy Financial Projections[15] anticipated that the Micro Finance Programme would contribute 10% to 20% of its surplus to the core BRAC development fund from 2016 to 2020. Actual transfers were 5% of surplus in 2016 (USD8.49 million) and 15% of surplus in 2017 (USD25.33 million).

iii) *Contribution from Social Enterprises*

BRAC's social enterprises[16] are revenue neutral (in the sense of being self-financing). The BRAC Strategy estimated an enterprises surplus of US$135 million from 2016-2020, of which approximately 50% US$ 67 million was to be transferred to finance the development programmes. Actual transfers have been 23% of surpluses in 2016 (USD4.17 million), and 46% of surpluses in 2017 (USD8.2 million).

iv) *Investment income*

The BRAC Strategy Financial Projections, 2016 to 2020, anticipated more than US$79 million contribution from BRAC investments.[17] Actual contribution to date has been US$25.97 million in 2016 and US$6.57 million in 2017.

Table 2 and Figure 2, below, present BRAC's actual income, by internal funding source, for 2016 and 2017. A comparison between forecasts (Figure 1) and actuals (Table 2, Figure 2) indicates that, at this mid-point of Phase II, income from cost recovery from programmes is significantly less than forecast; BRAC's investment income is significantly more than anticipated.

Table: 2 Actual internal income by funding source: 2016 and 2017 (USD millions)

| Source	2016	2017	Total 2016/17	% of total 2016/17
Cost recovery	15.44	16.66	32.10	30%
Micro Finance	8.49	25.33	33.82	30%
Social Enterprises	4.17	8.2	12.37	11%
Investment Income	25.97	6.57	32.54	29%
Total internal income			110.83	100%

BDT/USD Exchange rate 82.7:1

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[15] Ibid pg.33

[16] Aarong Rural Craft Centre; BRAC Printing Pack; BRAC Dairy and Food Project; Ago-based program support enterprises and Non-agro-based program support enterprises

[17] Op.Cit pg. 33

Figure 2: Actual income by BRAC internal funding source - 2016-2018
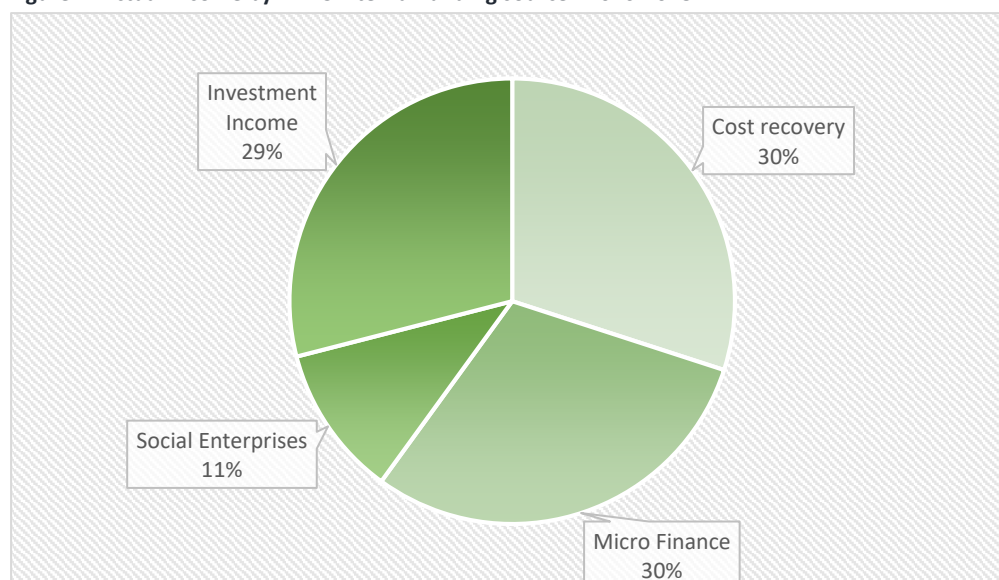
According to BRAC's Annual Reports, donor contributions represented 84% of BRAC's total budget in 2016 and 78% in 2017[18]. This suggests that BRAC's own contributions amounted to 16% of total budget in 2016 and 22% in 2017. This substantially exceeds the forecast of 9.5% BRAC contribution included in the financial projections in the BRAC Strategy.

Table 2 above, presents BRAC's actual income from internal sources for 2016 and 2017. At the point of submitting this MTR report, it has not been possible to verify with BRAC Finance that the actuals presented here reconcile with suggested internal contributions reported in the Annual Reports.

3.2   PROGRESS IN DIVERSIFYING EXTERNAL FUNDING SOURCES

The BRAC Annual Reports indicate that SPA funding represented approximately 74% of donor funding in 2016 and approximately 58% of total donor contributions in 2017. Although the status of external donors is not always clear from the annual reports, it would appear that the number of external donors increased from approximately 37 in 2016 to 51 in 2017.

While BRAC is clearly making efforts to increase and diversify the number of external donors, the SPA funding still represents a major proportion of external funding. And although the SPA funding has, undoubtedly, facilitated the strengthening of BRAC's programmes and organisation, the degree of dependence on the SPA renders BRAC extremely vulnerable. Changes in the funding decisions of DFID/DFAT post-2020 could still induce a major crisis. This fact is not lost on staff, even at lower levels and is clearly causing a degree of anxiety. "*If SPA finishes, development programmes may be impacted. Then we have to create another model which needs to be prepared from right now.*"[19]

With this in mind, at the earliest feasible opportunity, DFAT and DFID should endeavour to convey the 'in principle' intentions regarding support beyond 2020, even if the forward estimates cannot be discussed in any detail at this stage.

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[18] BRAC Annual Reports 2016 and 2017
[19] Personal communication, Focus Group Discussion, BRAC Centre, 26th November, 2018

Recommendation 2: The SPA Steering Committee seek advice from BRAC regarding potential financial scenarios (including internal and external funding sources) for implementation of the remainder of the BRAC Strategy (to 2020) and beyond. These scenarios could range from the minimum feasible financial scenario (i.e. funding priorities that are indispensable to fulfilling BRAC's mission within a fixed timeframe) to the ideal.

Recommendation 3: The SPA Steering Committee seek advice from BRAC on the preferred financial scenario beyond 2020, and the role of SPA funding within that scenario, in order to facilitate SPA partner medium term financial planning.

3.3   PROGRESS IN REDUCING COSTS / INCREASING EFFICIENCIES

Chapter 2, above, presents details of efficiencies which have been achieved in BRAC since 2016 via improved management and financial systems. It is understood that the reductions in costs resulting from these changes have not yet been calculated by BRAC Finance. However, some important examples of greater efficiencies are:

- Reduction in the need to manually enter information and the elimination of repetitive processes since ERP software introduced.
- Ability to produce real-time, accurate information to users at all levels through ensuring that all users work from the same source of information with a single data repository
- More efficient vendor management through online negotiations and collaboration and complete procure to pay automation.
- Increased potential for programmes to collaborate and intervene via a shared data base and analysis.

CHAPTER 4: PARTNERSHIP OUTCOMES

As discussed in Chapter 1, above, a review of the ToE, the BRAC Strategy and SPA donor grant agreements, as well as discussions with key stakeholders, indicates that the expected partnership outcomes of the SPA go beyond the *knowledge partnership* articulated in the ToE, and also include expectations of improved *efficiencies* and *scaling impact through influence.* Progress in each of these partnership outcome areas is discussed in turn.

4.1   PROGRESS IN THE KNOWLEDGE PARTNERSHIP

The SPA ToE, signed in August 2017, included the following two objectives[20], which are also referred to, but not fleshed out, in the SPA Results Framework:

Objective 3.   *To increase knowledge sharing and lesson learning between partners.*

Objective 4.   *To increase the capacity of all partners to use knowledge and evidence for programme improvement, to contribute to discussion of development issues in Bangladesh and globally, to support the Government of Bangladesh in its development responsibilities, and to undertake advocacy."*

> **Key Review Question 2:**
> To what extent has the SPA's objective to build a knowledge partnership between the three partners been achieved?
>
> **Key Review Question 3:**
> What are the enablers and barriers to achievement of this objective?

Consequent upon the signing of the ToE, the partners also agreed to work together on an action plan to implement the knowledge partnership.[21] The SPA TWG implemented this decision by developing two Knowledge Partnership Action Plans[22] which defined the objectives of the knowledge partnership and attempted to develop a structured approach to achieving these objectives. However, the TWG reported that it was challenging to obtain equal resources and commitments from all three partners.[23]

Although there are a range of adventitious reasons for this (e.g. the terrorist attack of 2016; staff turnover in SPA partners; changes in the corporate environments in DFAT and DFID), the primary reasons for lack of progress appear to be lack of specificity about the purpose of the knowledge partnership and lack of practical mechanisms to achieve results. Despite the best efforts of the TWG, the evidence of progress in achieving the knowledge partnership objectives is mixed.

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[20] The limitations of both of these objectives, as a basis for measuring progress, are discussed in Chapter 5 below.

[21] SPA Steering Committee minutes 21st August, 2017

[22] SPA Knowledge Partnership Action Plan [KPAP] (October 2017 – March 2018) and KPAP April 2018 – December 2018

[23] SPA Steering Committee Meeting Minutes – 1 March 2018

Evidence of collaboration in areas of shared priority:

- *Humanitarian response:* The partners had a shared priority and sense of urgency in responding to the humanitarian crisis presented by the influx of Rohingya refugees into Bangladesh. Although the humanitarian assistance budgets fall outside of the SPA partnership, both DFID and DFAT supported BRAC in their efforts to move into this new area of operations.

- *Risk identification and management:* For the donor partners, the SPA has the potential to generate reputation risk. For BRAC, the development of effective risk identification and mitigation practices is a critical part of its organisational development agenda. BRAC staff reported valuable, and coordinated support from DFAT/DFID in development of the BRAC Risk Policy, Framework and Risk Register. DFID also provided training and recommendations on areas for improvement.

- *Gender equality* is a key performance benchmark for the Australian aid programme. Attention to this area is, therefore, a high priority in all DFAT investments. BRAC staff report strong support from DFAT Gender Branch in the development of the BRAC Strategy and BRAC Gender Equality Strategy.

- *Disability inclusion:* DFID hosted a Global Disability Summit in London in July 2018. BRAC was invited to join the summit and was one of the government and organisations which signed the Charter for Change which commits signatories to ensure the rights, freedoms, dignity and inclusion for all persons with disabilities. DFAT has also invested in strengthening Disability Inclusive Development (DID) in BRAC by training to build capability and by facilitating the development of an Action Plan for all three partners to work together to support BRAC to develop its DID Strategy.

Little evidence of the SPA partners systematically sharing knowledge and evidence to improve programmes either in Bangladesh or beyond. Within Bangladesh there is evidence of missed opportunities for collaboration. During the design of DFID's Pathways to Prosperity for Extremely Poor People in Bangladesh (PPEPP) programme BRAC was consulted, amongst other stakeholders and BRAC experience is heavily relied upon in the PPEPP Business Case. Despite this, BRAC was not directly engaged in the design team and/or design process.

Similarly, when BRAC's Targeting the Ultra Poor Programme was recently redesigned, the SPA donor partners were not actively involved in the redesign of the programme.

This would suggest that the internal drivers and mechanisms within each partner agency are much stronger than the drivers and mechanisms to engage SPA partners in programme improvement.

Outside Bangladesh the corporate structure of both DFID and DFAT (with autonomous/ semi-autonomous country programmes) makes it difficult to generate interest in BRAC approaches simply by reaching out to share knowledge and experience with another country programmes. Further, within DFAT HQ, budget cuts have led to significant reductions both in sector specialists and performance and quality staff. Currently there are no formal mechanisms for sharing knowledge in DFAT HQ and there is evidence of a diminished 'appetite for learning'.[24]

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[24] Personal communication: Senior Executive, DFAT HQ 1st November, 2018

Little evidence of the SPA enhancing the strategic alignment of programmes although all partners indicated that they consult with one another during formulation of their countries programme plans. However, during the MTR consultations, evidence emerged of misalignment of specific programme strategies. (e.g. BRAC's Skills Development Program attempting to charge for skills training which is offered free of charge by other, DFID supported, programmes).

Little evidence of sharing of technical knowledge between BRAC, DFID and DFAT sector programs / personnel either in Bangladesh or beyond.

While DFID's Bangladesh based sector specialists are encouraged to engage with BRAC sector programmes, interviews with relevant DFID personnel suggest that there is little active engagement and even less enthusiasm. The exception is the TUP Technical Consortia which has had two meetings in the last six months. BRAC UK also attended a meeting in DFID where the latter presented their global experience on the application of the 'graduation' model in different development contexts.

DFAT sector managers are tasked to build and foster positive relationships with BRAC's relevant sector programme directors, to develop a good understanding of BRAC's sector programmes, to promote DFAT's gender equality and social inclusion policy priorities within each sector and to extract sectoral results from the SPA Results Framework and BRAC reports. In addition, sector managers are encouraged to "Identify knowledge sharing opportunities for the Knowledge Partnership and Action Plan." [25]

Again, interviews with relevant DFAT personnel suggest that there is little active engagement with BRAC sector programmes, despite a willingness to do so.

4.2   VALUE FOR MONEY OF THE SPA MODALITY

Exploration of the VfM of the SPA was not included in the ToR for this MTR, although both the desk review and stakeholder consultations indicate that it is an expected outcome of the SPA. Presumably, the End of SPA Phase II Review will be tasked to explore performance in this area. Assuming that this is the case, a number of issues need to be highlighted at this point in order to ensure that VfM assessment is, in fact, possible in 2020.

VfM approach needs to emphasise quality, as well as quantity, of results: In accordance with the requirements of both the UK and Australian governments, DFID and DFAT both focus VfM assessments on the three E's – Economy, Efficiency and Effectiveness. In addition, a recent performance review of DFID's approach to VfM by the Independent Commission for Aid Impact (ICAI) noted that there has been an evolution to a more holistic approach to VfM within DFID which places greater emphasis on the quality, as well as the quantity of results, despite the measurement challenges.[26] This reflects a similar evolution in DFAT's thinking and approaches.

It should be noted that this approach was not evident in the assessment of VfM carried out as part of the DFID Project Completion Report at the end of SPA Phase 1[27].

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[25] Roles and responsibilities of the development team DFAT in managing the SPA. 11 June, 2018
[26] Independent Commission for Aid Impact; DFID's approach to value for money in programme and portfolio management – A performance review February 2018 pg. 14
[27] DFID Project Completion Report June 2016 pg. 10

Adaptive principles and transformative approaches are not yet incorporated into DFID's VfM approach: The ICAI report notes that DFID's VfM approach does not yet adequately involve measuring or reporting upon the value of adaptive principles, such as those involving experimentation and innovation in order to identify which approaches, or combinations of approaches, are likely to be more cost-effective. In reference to DFID's guidance on value for money, the ICAI report notes that: "*In practice, we find that the balance of effort is on controlling costs and ensuring efficient delivery, rather than learning what works. This perception is shared by a wide range of internal and external stakeholders.*"[28]

Nor is DFID's VfM approach oriented towards measuring or reporting on transformative impact. Potential examples of transformative impact might include the integration of BRAC's ultra-poor approaches as part of GoB's social protection mechanisms or the widespread uptake of BRAC approaches in other development contexts.[29]

Issues affecting the assessment of VfM in the End of SPA Phase II Review: Two issues need to be addressed at this point in time:

(i) Ensuring that the approach to assessing VFM adopted in the End of SPA Phase II Review integrates attention to the quality, as well as the quantity, of results, as well as adaptive principles and transformative approaches. This is the subject of recommendation 4, hereafter.

(ii) Ensuring the that BRAC M&E Framework is capable of providing required data on the quality, as well as the quantity of results and the transformative impacts of BRAC's work. This is the subject of recommendation 8, below.

> **Recommendation 4:** The SPA Steering Committee and Technical Working Group to ensure that the consideration of 'Value for Money' in both the evaluability assessment and ToR for the End of SPA Phase II Review integrate attention to the quality, as well as the quantity of results and the adaptive principles and transformative approaches implemented by BRAC.

4.3   SCALING IMPACT THROUGH INFLUENCE

BRAC's Strategy for broadening the influence of proven approaches for empowering people and communities in situations of poverty, illiteracy, disease and social injustice went beyond the development of knowledge partnerships.

BRAC's Strategy also envisaged:
- an increase in knowledge and evidence driven advocacy with GoB to improve pro-poor policies and programmes; and
- strategic support for, and leveraging of, BRAC International (BI) and BRAC sister agencies to promote proven pro-poor approaches

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[28] Op.Cit ICAI-VFM Report pg. 17
[29] Op.Cit DFID Project Completion Report pg. 16,17

Little evidence, to date, of the SPA partners working together to advocate for policy reforms with Government of Bangladesh (GoB): Although there are, no doubt, a range of areas where bilateral partners are advocating for policy reforms with GoB, there was little evidence that the SPA had generated any systematic approaches to joint policy dialogue.

BRAC Advocacy staff commented during consultations that, until recently, BRAC was not equipped to take advantage of the SPA in advocacy. Recently, however, the advocacy staff have been working with BRAC programmes to develop a list of key policy reform issues where BRAC will engage with GoB. There is, great potential for DFAT and DFID, via the SPA, to join with BRAC in its advocacy work with GoB where the policy positions of the three partners align.

Little evidence, to date, of the SPA partners working together on global advocacy: Although there was a reference in the SPA Steering Committee Minutes of August, 2017 to a shared interest in promoting the Ultra Poor Graduation approach via global advocacy, this did not appear to result in any action. Joint SPA partner interest in this area was reiterated at the MTR Aid Memoire workshop on 27th November, 2018.

If the shared aspiration of SPA partners is to engage in joint advocacy both within and outside Bangladesh to promote proven pro-poor policies and programmes, two issues need to be addressed:

(i) The passive concept of the 'knowledge partnership' needs to be replaced with the active concept of 'expanding influence' in all relevant SPA documents (e.g. ToE, Results Framework and M&E Framework). As a consequence, the Knowledge Partnership Action Plan (KPAP) would become redundant. In fact, much of the content of the latest KPAP ought, more appropriately, to be considered as part of normal governance and management arrangements.[30]

(ii) The relevant heads of SPA agencies in Bangladesh need to formally agree to carry out at least one joint advocacy campaign before the end of SPA Phase II. As mentioned above, a focus on the Ultra Poor Graduation approach has already been suggested. DFID, DFAT and BRAC are already involved in the national discussion on making social safety net programmes more effective; BRAC's New York Office is already undertaking international advocacy in this area. Joint advocacy on ultra-poor graduation may therefore be viewed as 'low hanging fruit' by all three agencies.

Once formal agreement on joint advocacy has been reached, the SPA agency heads should task their Communications / Advocacy staff to work together to design the campaign. It should be emphasized that an effective campaign must involve management and staff, at multiple levels, in all three partner agencies, acting as one in respect of the chosen area for policy dialogue. In addition, DFAT/DFID could assist BRAC to source international best practices and consultants to improve BRAC's efficacy in evidence based advocacy.

The KPAP mechanism should be replaced by a jointly developed and implemented Partnership Engagement and Policy Dialogue Framework which provides a clear focus for 'expanding influence'. Appendix E presents an example which could provide a skeletal foundation for a campaign to expand the influence of the Ultra Poor Graduation approach.

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[30] Refer KPAP April 2018 – December 2018, dated February 26th 2018

> **Recommendation 5:** The passive concept of a 'knowledge partnership' is replaced by the active concept of 'expanding influence' in all relevant SPA documents and the KPAP is replaced by a jointly developed and implemented Partnership Engagement and Policy Dialogue Framework (Appendix E) to give practical expression to the shared intent to expand the influence of BRAC approaches.

> **Recommendation 6:** The SPA Steering Committee formally agree on the focus for a joint advocacy campaign to be carried out before the end of SPA Phase II and task the Communications / Advocacy staff in each agency to work together to design a campaign involving management and staff at multiple levels.

Potential for the SPA to leverage BI as a mechanism for extending the influence of BRAC approaches: While both the DFID and DFAT contractual agreements with BRAC proscribe any financial support for BI, this should not prevent the SPA donors from providing advice to BI about the ways in which they might increase their visibility and opportunities to be engaged as technical service providers on Australian and UK aid investment projects.

The SPA TWG should be tasked with advising relevant BI contacts how to register as a supplier and to receive alerts on upcoming work, namely:

- for DFAT work, via https://ausconnect.dfat.gov.au
- for DFID work, via https://supplierportal.dfid.gov.uk/selfservice/

Potential for the SPA donors to advise BRAC on ways to leverage private investment capital to expand its programmes and influence: While BRAC has closely studied the changes in the socio-economic context in Bangladesh, it is also important to recognise changes in the socio-economic context in the UK, Europe, Australia and the US. One such change is the rapidly growing interest of private investors in ethical investments.

A 2017 Morgan Stanley study[31] of 1,000 individual investors in the United States found that private investors, particularly the 'so-called' millennials have growing awareness of, and commitment to, sustainable investments which target specific social / environmental outcomes.

A similar trend is occurring in both the UK and Australia. In the UK, an increased focus on sustainability within the UK's investment community is predicted to result in the national socially responsible investing (SRI) market growing by 173% by 2027 to reach £48bn.[32]

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[31] Morgan Stanley – Institute for Sustainable Investing; Sustainable Signals: New Data from the Individual Investor 2017
[32] Ethical Consumer; Triodos Bank consumer market research 2018

In Australia, since 1992, the government has required employers to pay a percentage of wages earned (Superannuation Guarantee Contribution) into a fund nominated by their employees. These funds must be preserved until retirement. Australia now has more than 500 superannuation funds operating; 362 of these each have assets totalling more than AUD50 million. Of this group there are approximately six ethical super funds, although most big funds now also have what they call an 'ethical portfolio'. The ethical super funds focus on investing in companies meeting due diligence requirements and working in areas such as Clean Energy, Sustainable Products, Medical Solutions, Innovative Technology, Responsible Banking, Healthcare, Recycling, Energy Efficiency, Education and Aged Care.

As official donor funds are reduced, perhaps it is time for the SPA partners to work together to consider ways in which BRAC might gain access to private capital to continue to further its mission. DFID, in particular, has considerable experience in development impact bonds.

> **Recommendation 7:**   **The SPA Steering Committee to consider the ways in which DFID and DFAT might support BRAC to gain access to the socially responsible investment markets in the UK and Australia (e.g. via the provision of technical assistance to assist BRAC to meet pre-requisites to receive ethical investment funds; to develop private sector partnerships / relationships)**

CHAPTER 5: GOVERNANCE AND MANAGEMENT

5.1   USEFULNESS OF SPA 'TOOLKIT'

A range of governance and management mechanisms have evolved (at the initiative of various partners) since the commencement of the SPA Phase II. In February 2018, the TWG produced a single document – a 'Toolkit for the SPA' - which organised and explained the purpose of these various mechanisms.

Whilst beneficial, the 'toolkit' does not claim to be a quality standard governance and management framework (GMF). Specifically, the 'toolkit':

- *excludes* the contracts between BRAC and SPA donor partners which provide the legal framework within which the SPA is implemented

- *includes* a number of items which, while important internal accountability mechanisms for SPA donor partners, should not be considered part of the GMF for the SPA[33]

- does not adequately distinguish between the functions of governance and management of the SPA

- does not define key terms; some terms are being used in different ways in various tools included in the 'toolkit'.

- includes items in the 'toolkit' with overlapping content (i.e. between the 'toolkit' itself and the SPA Review and Evaluation Plan)

Key Review Question 4: Are partnership management tools effectively supporting the partnership to deliver on its objectives?
Key Review Question 5: Are governance arrangements supporting collaborative decision making and joint action?
Key Review Question 6: Are additional tools required?
Key Review Question 7: Are adequate processes in place to facilitate reflection, identify lessons learned and improve on the partnership approach?

Despite these limitations, interviews with senior personnel in the three partner agencies indicate that the Phase 2 governance and management arrangements have facilitated a greater sense of partnership engagement than was present in Phase I. While this is a significant and positive achievement, the SPA 'toolkit', in its current form, is not an adequate basis for either guiding implementation or monitoring progress over the remaining years of Phase 2.

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[33] For example, DFAT's Annual Aid Quality Check is a mandatory report for all investments over AUD3 million. This an internal report which consolidates available evidence in order to make assessments of performance and quality. It is not, however, a review in any meaningful sense, of the performance of the SPA. DFAT's Partner Performance Assessment is also a mandatory tool which is used to assess how well implementing partners are delivering services in accordance with contractual agreements. In other words, the PPA is addressing the relationship between DFAT and BRAC, not the performance of the SPA. While these reporting functions are important for DFAT, they should not be included in the GMF for the SPA.

In order to address this deficit, the current 'toolkit' has been re-organised so that:

- **first, it distinguishes between governance and management**[34] **and**

- second, it presents each of the governance and management mechanisms in a logical sequence from executive level decision making through to implementation, monitoring, reporting and review/evaluation.

This suggested alternative GMF is presented as Appendix F. The preparation of this alternative GMF highlights the inadequacies of some existing management mechanisms and the fact that some mechanisms are missing.

5.2 INADEQUATE GOVERNANCE AND MANAGEMENT MECHANISMS

Weaknesses in the Terms of engagement: Although the ToE are referred to as not being legally binding[35], the objectives are, in fact, referenced in both of the SPA donor grant agreements with BRAC. The objectives are also included in the Results Framework and, by extension in the ToR for this MTR. The ToE objectives, therefore, have standing as a basis for measuring SPA progress.

The ToE objectives, no doubt, served a valuable purpose in building collaborative intent between the SPA partners. However, the objectives are poorly framed, lack supporting definitions for key terms, tend to be overlapping in their scope and, in many cases, are virtually impossible to measure. For example:

- Objective 1 commits the SPA to delivering "*faster*" development progress; the meaning of this term is not defined. Key stakeholders provided a variety of interpretations as to its meaning. Even if a definition could be agreed upon, measuring the 'speed of progress' would require baseline and historical trend-line data which is not available.

- Objective 2 attaches priority focus to some, but not all, of BRAC's organisational development priorities, in contravention of DFID/DFAT's contractual commitments to support the implementation of BRAC's Strategy.

- Objective 3 seeks an "*increase in knowledge sharing and lesson learning*". Not only does this objective fail to define the purpose of this sharing / learning, it has effectively been achieved as soon as the SPA partners have a conversation around a development issue at a Steering Committee or TWG meeting.

- Objective 4 commits the SPA to "*increase the capacity of all partners to use knowledge and evidence for programme improvement*….". There are a number of difficulties associated with this objective. First, it is best to avoid using the phrase 'to increase capacity', in favour of identifying the specific competencies and targets which are expected to be achieved. Second, this objective is well outside the control of the SPA entity given that a range of external variables affect the degree to which the donor partners, in particular, are able to use knowledge and experience gained to improve programmes, address local and global development issues and engage in advocacy.

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[34] A commonly accepted delineation between governance and management is that: **governance** refers to the processes and interactions established to facilitate mutual decision making and accountability by key stakeholders; **management** refers to the processes/procedures and systems put in place to implement the strategies and decisions taken by the governance body or bodies and to ensure that a program efficiently uses resources to achieve its outcomes.

[35] BRAC/DFAT/DFID Strategic Partnership Arrangement (SPA): Terms of Engagement 21.08.17 pg. 7

- Objective 5 includes some, but not all, of the OECD Development Assistance Committee quality assessment criteria, plus flexibility and innovation. The scope of this objective may overlap with the scope of Objective 1; or, in fact, this objective may be referring to the appropriateness of the SPA modality (compared to alternatives). It is not clear.

Appendix G includes a revised draft of the Terms of Engagement, supported by a Glossary of Terms, which attempts to ensure that the objectives meet quality standards,[36] align with commitments in the SPA donor grant agreements and are suitable as a basis for measuring progress.

Limitations of the Results Framework: The Results Framework has been a collaborative effort between all partners and is still evolving. As currently developed it is primarily an accountability tool, focused on reporting quantitative programme results (Pillar 1), rather than a tool for providing qualitative and strategic information. A data validation report is produced by the BRAC Monitoring Department and the results presented at a workshop annually to facilitate consideration by the SPA partners of achievements and/or lack of achievement.

It is also understood that there is an additional mechanism - a qualitative analytical report (management report) which is produced by BRAC and presented to the SC at the first meeting each year. However, this report was not sighted by the external reviewer; the methodology for production of the qualitative report – and the links to the Results Framework – are not clear.

In its current form the Results Framework excludes a number of elements which would normally be included (e.g. details of the data collection method & frequency, identification of officers responsible for collecting and analysing the data and details of the way in which the data will be used).

The Results Framework also has an unhelpful numbering system which does not follow standard numbering practice and includes inaccurate and unclear outcome statements. The framework is, as yet, underdeveloped in respect of monitoring Organisational Development (Pillar 2) and the (currently termed) Knowledge Partnership (Pillar 3). Consequently, the Results Framework does not provide sufficient links between the pillars. All of these matters are discussed in greater detail within the context of Appendix H: Suggested Amendments to SPA Results Framework – Pillars 2 and 3.

> **Recommendation 8:** **The SPA Technical Working Group review and modify the revised draft of the Terms of Engagement (Appendix G) and suggested amendments to the SPA Results Framework - Pillars 2 and 3 (Appendix H), with a view to submitting to the SPA Steering Committee for approval.**

Beyond these recommendations, however, it needs to be recognised that the Results Framework, in its current form, provides no insight into *how* results are achieved in BRAC programmes, the success or otherwise of key program strategies or, indeed of the BRAC strategy and the SPA strategy overall. This highlights the fact that a Results Framework forms only *part* of a comprehensive monitoring and evaluation approach; the latter is lacking in the SPA Governance and Management arrangements.

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[36] For example, DFAT's Aid Programming Guide establishes standards for outcome statement (referred to as objectives in the ToE). The outcome statement should stipulate who or what is expected to change; the type of change which is expected to occur (e.g. change in knowledge, action, condition) and by when. The end-of-program outcomes should also be pitched at the correct level for the time, effort and resources applied.

5.3 LACK OF A COMPREHENSIVE MONITORING AND EVALUATION FRAMEWORK UNDERPINNING A QUALITY REPORTING SYSTEM

The SPA Phase I Project Completion Report noted that there was still a tendency for SPA monitoring to focus on quantitative, rather than qualitative results and that a more robust M&E Framework would be required for SPA Phase II. While the SPA now has an (incomplete) Results Framework, the focus is still primarily on quantitative data; the SPA still lacks a comprehensive M&E Framework. Chapter 6, below, discusses current M&E arrangements and makes recommendations to improve these arrangements.

CHAPTER 6: MONITORING AND EVALUATION

6.1 BRAC's CURRENT APPROACH TO M&E

It is not possible to discuss the SPA Results Framework without placing this discussion within the context of BRAC's own approach to M&E.

The BRAC strategy recognises that the organisation needs to improve the capacity for creating evidence and generating knowledge through documentation and that the only way to do this is to create a robust conceptual framework for capturing lessons and insights.[37] Despite this recognition, the strategy essentially focuses on *research* as the basis for disseminating information and lessons learned on BRAC approaches and emphasises the need to link with local, regional and international partners to carry out this research.

While not questioning the value of research, it is equally, if not more important, to develop high quality, internal, M&E arrangements to systematically underpin learning and improvement. Good M&E is not simply about collecting data on performance indicators to report to donors. It is about using a range of tools to provide robust analysis that not only *describes* the progress of BRAC programmes and activities, but *explains* the reasons for progress (or lack of progress) and revisits and refines strategies accordingly.

> **Key Review Question 8:**
> Is the SPA Results Framework collecting the right information to allow the performance of the SPA across all five objectives to be addressed?
>
> **Key Review Question 9:**
> Is the Results Framework facilitating reflection, lessons learned and programme improvement within BRAC and between all three partners?
>
> **Key Review Question 10:**
> Can the Results Framework be strengthened?

Neither the BRAC Strategy, nor the DFAT/BRAC grant agreement gave much attention to M&E, whether in terms of monitoring the SPA, or the development of M&E capacity within BRAC.

By contrast, the DFID proposal, underpinning the DFID's grant agreement with BRAC, outlined an aspiration for the M&E arrangements inside BRAC which involved monitoring progress at four levels:

- against Sustainable Development Goals (SDGs) (10%)
- against results targets (60%)
- in achieving BRAC's organisational change agenda (15%) and
- on wider added value, that is, links to other UK funded programmes, knowledge, problem solving, communications and joint advocacy (15%)

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[37] BRAC Strategy 2016-2020 pg. 23

All three SPA partners developed the Results Framework which was driven by BRAC's logframe to track progress against the 2016-2020 strategy, as well as DFID's interest in monitoring programmatic progress against the SDGs. DFAT also engaged in the negotiations to finalise indicators.

Consequent upon the finalisation of the Results Framework, the BRAC Monitoring Department (BMD) has carried out a great deal of work with Programmes to arrive at agreed definitions of the meaning of specific indicators so that it is possible to aggregate results and link these to the SDGs. The BMD conducts an annual validations of data produced by the Programmes; the BMD holds weekly and monthly meetings with eight programmes to review data being produced by the MIS. This reinforces the annual quality assurance process. This work represents a significant achievement.

In addition, the BMD designs and implements a range of surveys in conjunction with Programmes; some examples include:
- *Client satisfaction surveys*: The results are analysed and triangulated against feedback from staff and competitors, the results of surveys of 'non-service taking' respondents and direct observation. Finally a report is prepared for the programme.
- *Market efficiency monitoring*: Focused on the efficiency of BRAC Learning Services compared to competitors.
- *Staff perception surveys:* Focused on the perceptions of 3,000 Grade 4 – 7 staff of the changes which have occurred from 2013 to 2016 and perceptions of alignment of these changes with BRAC values.
- *Specific indicator surveys*: Seeking primary data in respect of gender equality and environmental indicators included in the Results Framework.
- *Evidence based decision making survey*: focused on the extent to which Grade 3-6 programme managers use data to inform their decisions.

The BMD does not conduct evaluations; these are done by BRAC research institutes. The programmes decide what evaluations will be commissioned. However, if smaller programmes request the BMD for a Programme Completion Review, the BMD will carry out this work.

While it is understood that the functions of BRAC's newly formed Programme Development, Resource Mobilization & Learning Division (PRL) may, ultimately, include aspects of M&E, the scope of work of this division is vast and the focus at the present time does not appear to be upon M&E.

6.2   RE-ENGINEERING BRAC'S M&E APPROACH TO DRIVE CHANGE

While there appears to be widespread understanding and appreciation within BRAC of the role that digitalisation and improved systems can play in driving improved management practices, there appears to be less appreciation of the role that systematic monitoring of performance and quality can play in driving improved decision making and learning across the whole organisation.

For this to occur, however, BRAC needs to develop a holistic and integrated approach to M&E which not only captures quantitative information related to fixed indicators and targets, but also captures qualitative information on organisational changes and facilitates the regular testing / re-testing of strategies, at all levels, to feed into programmatic and organisation wide decision making. This M&E approach would be based upon the recognition that BRAC's work involves a number of interacting elements and would allow for unexpected results or emerging issues to be identified and for changes in the context to be properly understood.

Programme staff at lower levels demonstrate a clear understanding of the importance of monitoring as an integral part of the move to a service delivery / cost-recovery approach. Although the BMD designs and carries out beneficiary satisfaction surveys for programmes, there is need for the Unit to concentrate more on working closely with programmes to consider the theory of change underpinning each programme, to consider quality standards and how to measure performance against these standards.

> *"Now we are talking about the quality of the work, service delivery thinking. How do you measure that? What is the standard for quality work? This is the challenge that we are facing. Staff need assistance to think about quality. What is the definition of quality? What does success look like?"[38]*

It is recognised, of course, that quality standards have already been set in some programmes (e.g. TUP) but this is not the case across all programmes and at all levels.

Appendix I provides an example of an M&E Framework, linked to BRAC's Strategy, which would aim to set both a structure and standards for reporting on performance and quality across the organisation. This framework would also provide the mechanism for ensuring that key cross-cutting commitments (related to gender equality, disability inclusion and climate change) are routinely monitored and reported upon within BRAC.

The development of a comprehensive M&E Framework is, ultimately, a matter for BRAC. However, consultations with SPA donor partners during the conduct of the MTR indicate some frustration with the lack of qualitative data and strategic analysis included in BRAC reports. It is with this in mind that the following recommendation is made.

> **Recommendation 9:** The SPA Steering Committee discuss BRAC's current approach to M&E and the need to re-engineer the approach to provide both a structure and standards for reporting on performance and quality (including cross-cutting commitments) and to support strategic, programmatic and organisation-wide decision making.

6.3   INCREASING INVESTMENT IN M&E: Figures provided by BRAC Finance indicate that investment in M&E, as a percentage of total BRAC budget, was 0.07% in 2016, 0.06% in 2017 and 0.05% in 2018 to date. DFAT M&E standards require between 4 – 7% of total budget to be spent on M&E. If a comprehensive approach to M&E is to be designed and implemented in BRAC, the current level of investment will need to increase.

> **Recommendation 10:** The SPA Steering Committee discuss the level of investment in M&E over the period 2016 to 2018 and consider whether this level of investment is adequate to facilitate the design and implementation of a comprehensive M&E system for BRAC.

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[38] Personal communication, Focus Group Discussion, BRAC Centre, 26th November, 2018

CHAPTER 7: VALUE ADD OF THE SPA

The evidence analysed during conduct of the MTR suggests that

FOR BRAC the SPA has facilitated:

- continued/expanded priority program implementation
- testing / piloting of new approaches, specifically cost recovery approaches
- funding rights based/ GESI programs
- improving management systems which, in turn, improves the efficiency / effectiveness of programmes and enterprises.

Staff from different sections within BRAC Centre expressed the influence of the SPA in the following ways:

- *"We have to mitigate SPA risks immediately which is helping with the cultural issue of people not seeing the importance (of risk management)".*
- *"Gender equality is in the SPA mechanisms .. thus gender is being discussed and raised in different agendas."*
- *"The SPA embeds iterative programme development implementation".*

FOR DFAT the SPA has facilitated:
- accommodation of significant cuts to the aid budget and reduction in staffing by providing a mechanism for consolidating a range of smaller investments into a larger investment via a proven partner
- achievement of development results at scale from the investment of Australian taxpayers money
- innovation in response to the changing poverty landscape in Bangladesh, leveraging BRAC's understanding of context
- the flexibility to respond to emerging issues, or to respond to changing government priorities over the period of SPA Phase II
- meeting key 'performance benchmarks' of the Australian aid program, namely: reducing poverty; encouraging private sector growth; empowering women and girls; and working with effective partners.

FOR DFID the SPA has facilitated:

- achievement of development results from the investment of UK taxpayers money
- lower transaction costs; highly competitive cost benefit ratios (due to BRAC exceeding results targets)
- attention to DFID priority issues (empowering women and girls, focus on the ultra-poor and disabled people)

Rather than simply attempting to reduce the 'value add' of the SPA to a group of dot points, however, it makes more sense to see the contribution of the SPA as complex and multi-faceted, as Figure 3 graphically demonstrates.

Figure 3: 'Value Add' of the SPA

EXPAND AND INNOVATE IN EXISTING, SUCCESSFUL PROGRAMMES

EXPAND INTO EMERGING PRIORITY AREAS (e.g. urban poverty, skills development, climate change)

EXPAND SOCIAL ENTERPRISES

SCALE IMPACT THROUGH INFLUENCE

Improved targeting;
Improved quality of service;
New financing options

Market research;
Value chain linkages
Increased productivity

Improved targeting;
Improved quality of service

ORGANISATIONAL DEVELOPMENT
- Leadership
- Systems
- Competencies
- Culture
- Risk Management

Increased capacity to engage in strategic partnerships

Increased Efficiencies

INCREASE INTERNAL INCOME / REDUCE COSTS

DIVERSIFY EXTERNAL SOURCES OF INCOME

**SPA Core Flexible funding
Collaborative Governance and Management**