

Evaluation Report for Programme Name: Water, Sanitation and Hygiene result programme to support scale-up efforts (203572)

Response to *Evaluation Synthesis Report* of the WASH Results Programme

Summary of evaluation and conclusions

Overall DFID believes that this report is a high quality and comprehensive evaluation of the Water, Sanitation and Hygiene (WASH) Results programme, which provides useful learning for future programming in WASH and other programmes using Payment by Results (PbR) or other forms of output-based aid.

The WASH Results Programme is a £111 million seven-year programme (2014 to 2021). This evaluation covers the first round of the programme (2014-18) which aimed to bring equitable and sustainable water and sanitation services and hygiene practices to 4.5 million people in 11 countries. The final synthesis report incorporates key findings from the midline evaluation with the results from the additional endline evaluation activities. The objectives of the evaluation were to assess:

- (i) whether the programme successfully achieved its stated objectives;
- (ii) the influence of programme design, including the Payment by Results (PbR) modality, on this achievement; and
- (iii) lessons for applying PbR in WASH programming going forward.

The evaluation concludes that by most measures the programme was very successful in achieving its stated objectives. The vast majority of output-level targets were achieved by all suppliers, and in many areas with significant overachievement. A prominent reason for exceeding targets was that suppliers had planned for overachievement as part of their risk management strategy. The suppliers also overwhelmingly achieved the outcome targets, with significant overachievement in several areas and modest underachievement in relatively few others.

Summary of management response to the recommendations

The evaluation identifies seven recommendations. These recommendations are primarily for donors, such as DFID, that are considering the use of PbR in future WASH programmes.

DFID broadly agrees with the recommendations. Where relevant, DFID has already incorporated recommendations into the extension phase of the programme. This applies to recommendation 3 (where possible, streamline the verification burden on suppliers) and recommendation 7 (ensure that the learning by the Monitoring and Verification team and suppliers on measuring and verifying key WASH indicators, especially outcome-level indicators, is captured and disseminated at the sector level). DFID plans to disseminate this learning along with wider lessons through key publications and events in 2020.

Management Response & Recommendations Action Plan

Evaluation Report Title: Monitoring, Verification, and Evaluation Component of the WASH Results Programme - Evaluation
Synthesis Report – Vol. 1.1

Recommendations: DFID <i>(for future programmes)</i>	Accepted or Rejected	If “Accepted”, Action plan for Implementation or if “Rejected”, Reason for Rejection <i>(The recommendations are for future programmes, so the responses set out what has already been incorporated into this programme alongside outlines of how they could be incorporated into future programming)</i>
Recommendation 1: At design stage clarify the purpose of using PbR and consider the implications of PbR for the type of supplier expected to bid. While the <i>potential</i> benefits of PbR generally are well documented, it is important to set out in the programme design what the <i>specific</i> rationale is for using PbR in this case, and to define the added value that it should bring.	Accepted	DFID did already set out in the programme business case that output based contracts would be used and that the rationale was to incentivise results oriented programming. This evaluation noted that “experience with PbR in other sectors suggests that the value of PbR lies not in reimbursing the direct costs of implementation (as NGOs are already motivated to do this) but in linking PbR payments so as to incentivise only those dimensions which might otherwise be marginalised, albeit unintentionally”. In future programming DFID business cases will set out the rationale for PbR, according to the programme and the extent to which PbR is used (linked to response 2).
Recommendation 2: 100% PbR may be undesirable – the size of the PbR component should be tailored to the purpose specified and to the feasibility of measuring results – especially in cases where suppliers require finance in the early stages of implementation to ensure cash flow. We recommend a hybrid design where a part of supplier payments are grant-based, with a smaller percentage used as an incentive for good performance in key areas. If PbR is used to incentivise action related to aspects of programming that are important but difficult to measure, then great care should be given to the indicators used	Partially accepted	<p>The evaluation also noted that “<i>the value of including process-related indicators as payment indicators [which this programme did to enable cash flow in the early stages of implementation] was dependent on context.</i>” DFID will consider hybrid designs in future programming, according to the effectiveness of different payment mechanisms for different programme objectives (linked to response 1). In particular, as DFID increasingly focuses on strengthening country systems for delivery of sustainable results at scale (rather than DFID funding being used directly to fund third-party delivery), DFID will draw on the lessons from this programme on how PbR can be used to incentivise these types of outcome.</p> <p>The recommendation is only partially accepted because we do not fully agree with the part of the recommendation that a PbR component should necessarily be a smaller percentage of payments; the relative weightings of payment modalities will depend on each programme.</p>

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Recommendation 3: Where possible, streamline the verification burden on suppliers. This relates both to the indicators used for payment purposes and how the effort is applied by verifiers.	Accepted	DFID has reviewed with suppliers where it is possible to streamline the indicators used for verification. For example, with one supplier DFID has reduced the number of sustainability indicators which are directly linked to results payments. The supplier still uses and tracks the full set of original sustainability indicators (because of their value in learning and adjusting programming), but using a reduced set of indicators for verification means that the verification process is more efficient.
Recommendation 4: At design stage, the funding agency should, as far as possible, provide more clarity on the results to be achieved and the accompanying verification requirements. This may include appointing the verification provider before implementation begins and/ or being more prescriptive on standards for verification requirements.	Accepted	The full recommendation notes that <i>“In some instances there may be a tension between over-specifying requirements prior to contracting, which could restrict suppliers in terms of the programme approaches or areas they select to work in, and minimising uncertainty at tender stage with regards to the MV requirements, which is desirable.”</i> DFID agrees that (building on lessons from this programme), future programmes using PbR could provide more detailed information on standards for verification requirements (drawing on guidance notes developed based on this programme – see recommendation 7) and could aim to appoint a verification provider before implementation begins (possibly as part of an inception phase – see recommendation 6).
Recommendation 5: As far as possible, at tender stage clarify donor/supplier risk-sharing arrangements in the event of exceptional events including the level and type of evidence expected.	Accepted	The full recommendation also notes that <i>“it is unlikely that the level of risk-sharing can be determined in advance of such events”</i> , and DFID accepts the recommendation on this basis - it may not be possible to fully define the level of risk-sharing in advance, given the nature of exceptional events and their consequences. In future projects, DFID will consider if further guidance is needed on the process for risk-sharing at the start, in addition to DFID’s existing contracting terms and conditions.
Recommendation 6: In future programmes ensure there is a sufficient inception phase, ensuring that verification requirements are clear before any implementation activities begins.	Accepted	DFID will consider how to incorporate an inception phase of appropriate length into future programming, noting that there are commercial strengths and weaknesses to inception phases, and sufficient time needs to be available.
Recommendation 7: Ensure that the learning by the MV team and suppliers on measuring and verifying key WASH indicators (especially outcome-level indicators) is captured and disseminated at the sector level.	Accepted	The learning has been captured in a guidance note on “What makes a good indicator for a Payment by Results programme?”. This will be disseminated by the monitoring and verification team and further dissemination will be done via relevant external events in 2020 (for example, a session proposal including lessons on measuring outcomes will be submitted for World Water Week in Stockholm).