

# HEART

HEALTH & EDUCATION ADVICE & RESOURCE TEAM

## **Helpdesk Report: Third party verification of the delivery of education goods and services**

**Date:** 23 August 2013

**Query:** What is the evidence about the effectiveness of third party verification of the delivery of education goods and services (especially textbooks)? Under what circumstances and in what ways can such verification best be implemented?

**Enquirer:** DFID Ghana

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#### **1. Overview**

It was not possible to identify studies on the effectiveness of third party verification of service or goods delivery within the scope of this report. Informal sources suggest that it is an issue and is something that is sometimes being addressed but it is not represented in the literature.

Information on verification for aid delivery in general is included in section 3. A key feature of Cash on Delivery Aid is independent verification. It is also discussed in relation to Results-based Financing. In the aid literature the verification is more often of agreed project outcomes rather than simply the receipt of goods or services.

Experience in South Africa highlights textbook delivery as an issue. Section 4 includes delivery verification reports and legal hearing proceedings of the South Africa Human Rights Commission.

Section 5 notes the use of third party verification in fragile states. UNICEF use local field monitors for this purpose. The World Bank use Service Delivery Indicators in the health and education sectors, outlined in section 6.

#### **2. Verification in aid and financing mechanisms**

##### **Ca\$h On D€liver€. A new approach to foreign aid.**

Birdsall, N. & Savedoff, W.D. 2010. Center for Global Development

[http://www.cgdev.org/sites/default/files/1423949\\_file\\_CODAid\\_SECOND\\_web.pdf](http://www.cgdev.org/sites/default/files/1423949_file_CODAid_SECOND_web.pdf)

Cash on Delivery Aid (COD Aid) is a funding mechanism designed to address and overcome the drawbacks of foreign aid. It is meant to be a more thorough approach to altering funder-recipient relationships, providing new means to ensure accountability and achieve shared goals. A key feature of Cash on Delivery (COD) aid is independent verification.

Key features and basic steps:

- First and most fundamental, the funder makes payments for outcomes, not inputs.
- Second, the funder embraces a hands-off approach, emphasising the power of incentives rather than guidance or interference, even with good ideas.
- Third, progress toward the agreed outcome is independently verified by a third party (neither funder nor recipient). Progress is the trigger for COD Aid payments. So, both funder and recipient must have confidence in the way progress is measured. Independent verification should take the form of a financial and performance audit, with no restrictions on the nationality or other characteristics of the auditing firm. Audits are paid for by the funder. Once progress is verified, the funder pays for the improved outcomes. The information about outcomes is a further significant benefit of COD Aid.
- Fourth is transparency, achieved by publicly disseminating the content of the COD Aid contract itself, the amount of progress, and the payment for each increment of progress.
- Fifth, COD Aid complements other aid programs. We believe that COD Aid can and should be introduced as additional to current aid flows in a particular recipient country without disrupting ongoing programmes.

Public reports of progress will be used by the funder for calculating payments, and by a broader audience of policymakers, legislators, media, civil society, and parent groups. Public disclosure of the verification reports would also allow civil society organisations and the public to assess the government's integrity and to pressure schools or administrators who fail to report or who manipulate information.

The role of third parties in the COD Aid agreement is critical to its success, particularly auditing the reported progress measure and arbitrating any eventual disagreements over implementing the contract. To verify the outcome measure, implementation of the COD Aid agreement requires that the funder and recipient agree on a pool of mutually acceptable agents. The funder then selects and hires one of those agents to conduct retests at a randomly selected sample of schools and to assess the validity of administrative reports from those schools.

The COD Aid agreement also requires a further set of independent agents to arbitrate when disagreements arise over the implementation of the contract. Disagreements can occur over any number of things—the technical quality of the recipient's reporting, the auditor's reports, the quality of the test, the calculation of payments, unanticipated changes in public education policy. Issues not foreseen cannot be incorporated in the COD Aid agreement and thus require some form of binding arbitration to resolve. To address this possibility, a COD Aid agreement could include a procedure to establish an arbitration committee. If a disagreement were to arise, the recipient and funder would agree on a group of people to serve on such a committee. It might comprise, say, five internationally respected individuals who are not citizens of the countries involved in the dispute and who have relevant expertise in law, education, finance, or the social sciences. Once the committee is empanelled, the funder and recipient would make their cases to the committee and be required to abide by its final decision. The contract would also specify a range of potential remedies available to the committee (such as maximum financial penalties, ability to dissolve the agreement). Recourse to the arbitration procedure should involve costs so that it is not frivolous; for example, the losing party might have to pay the costs of the arbitration.

### **Independent Verification in Results-Based Financing**

Loening, E. & Tineo, L. 2012. OBA Approaches, Note Number 43

[https://www.gpoba.org/sites/gpoba.org/files/OBApproachesNo43RBF\\_WB.pdf](https://www.gpoba.org/sites/gpoba.org/files/OBApproachesNo43RBF_WB.pdf)

Independent verification is a key mechanism to enhance the performance of service providers. For the funding entity, it mitigates the risk of misuse of funds, providing assurance and evidence that funds have been used for the intended purpose. In OBA projects, for example, verification is conducted by an independent verification agent (IVA). Its function is to ensure that only verified outputs are reimbursed, through a) certifying that the contractual outputs, as reported by the service provider, have been physically delivered and that pre-agreed standards of service have been achieved, and b) validating the service provider's reimbursement request (performing cost reconciliation by multiplying the quantity of outputs achieved by their unit cost), and recommending to the funding entity to honour payment.

When government agencies perform verification functions, ideally, an independent and capable regulatory or audit agency should be designated. Finding such an entity may be challenging. Internalising the verification function is the typical approach in the telecom sector, where the telecom sector regulatory authority itself conducts verification. While in some cases, the regulator hires individual consultants to assist, the regulator bears the full responsibility for verification of outputs. For example, for the universal access project funded by the World Bank that replicated the Mongolia GPOBA-funded telecom pilot, the country's Communications Regulatory Commission hired a local firm with an engineering background to conduct the independent verification. The use of state auditors is proposed in PforR operations such as Vietnam's results-based Rural Water Supply and Sanitation and Indonesia's Strengthening DAK Transfers to Local Governments Program. The qualifications of any verification agent's team are critical. Although the practice of output verification is relatively new, finding qualified teams has not been a major challenge for GPOBA.

If an external party is to be recruited, the hiring process must be considered. Competitive selection takes time. For example, in the GPOBA-funded water project in Cameroon, the first bidding was unsuccessful, as all proposals exceeded the available budget, requiring rebidding.

Due to the pressure to get paid, service providers expect verification to be carried out as soon as they have delivered the service. Collaboration of all parties (funders, implementing agency, service providers, communities, and verification agent) is critical in ensuring timely disbursement.

Independent verification is not yet an established practice in development projects. The challenge is to put in place effective mechanisms to promptly trigger payments for results. With the mainstreaming of RBF approaches, internal monitoring and controls, as well as verification procedures in implementing partners, may need strengthening for the incentive framework, and the verification that goes with it, to function well. The design of a verification system involves practical choices, depending on parameters such as the size of the program, resources and capacity available, and the broader operating environment. Ultimately, all parties should work together to structure verification systems that link financing and results.

### **Results-Based Financing for Health. Verification at a Glance. A Series of Snapshots of Experiences in Verifying Performance Linked to Financial Incentives for Results-Based Financing (RBF) Programs from Selected Countries**

Naimoli, J.F. & Vergeer, P. 2010. World Bank.

[http://www.rbfhealth.org/system/files/RBFVerification\\_at\\_a\\_glance.pdf](http://www.rbfhealth.org/system/files/RBFVerification_at_a_glance.pdf)

The verification of performance linked to financial incentives in the health sector assumes crucial importance as more and more countries shift from financing health system inputs and processes alone to financing service delivery outputs and health outcomes as reflected in performance-based agreements or contracts. Furthermore, there is a concern that payments linked to performance may result in over-reporting of the performance. In Results-Based Financing (RBF) schemes, verification is an essential element of programme implementation and to date different schemes have adopted different approaches to verification. According to a recent stocktaking of World Bank HNP projects with RBF components implemented between 1995 and 2008, no project adequately documented implementation processes. Consequently, very little is known about the mechanics of performance verification linked to financial incentives. Even in well-documented demand-side schemes, such as Conditional Cash Transfers (CCTs), explicit and detailed information on the verification process has been less available than information on other aspects of CCT design, implementation, and effect. To better understand verification, the authors undertook a rapid review of selected recent experiences.

The snapshots presented offer a rich, albeit preliminary, collection of experiences with verification, in a diverse range of settings, under different financing mechanisms. The collection is intentionally indicative rather than exhaustive, and raises many questions that we plan to answer in subsequent stages of analysis.

### Other useful resources

#### **Output-Based Aid – Fact Sheet**

The Global Partnership on Output-Based Aid, 2009

[http://www.gpoba.org/sites/gpoba.org/files/GPOBA\\_fact\\_sheet\\_english\\_0.pdf](http://www.gpoba.org/sites/gpoba.org/files/GPOBA_fact_sheet_english_0.pdf)

#### **Terms of Reference for Output-Based Aid (OBA) Independent Verification Agent (IVA), Health**

The Global Partnership on Output-Based Aid, 2009

<http://www.gpoba.org/sites/gpoba.org/files/TOR%20for%20IVA%20Health.pdf>

This guide highlights the main issues that should be included in a scope of work for an IVA in the health sector.

### 3. Textbook delivery in South Africa

#### **Report: Verification of text books deliveries in Limpopo**

Metcalf, M. 2012. South Africa Government Publications Department

<http://www.education.gov.za/LinkClick.aspx?fileticket=4V3T5651NZU%3D&tabid=347>

The author was asked by SECTION 27 (a public interest law centre) and the Department for Education to verify the state of delivery of textbooks to schools serving Grade 1-3 and Grade 10 Learners in the Limpopo Province as at 27<sup>th</sup> June 2012. This was agreed between the parties in order to have an independent authority verify that an order of the court of 17<sup>th</sup> May 2012 to deliver textbooks to schools in Limpopo by 15<sup>th</sup> June. The report also provides recommendations to ensure textbooks are not again delivered in the second half of the year.

This required intensive investigation of the process and time frames. The report includes recommendations such as ensuring funding is available so departments can order on time, ensure training on the understanding of the procurement process and conduct an audit of the need for textbooks. There are different recommendations for different actors.

## **Interim Report of SAHRC Investigative Hearing, Monitoring and Investigating the Delivery of Primary Learning Materials to Schools CountryWide**

South African Human Rights Commission (SAHRC), 2013

<http://www.sahrc.org.za/home/21/files/DRAFT%20FINAL%20REPORT%20-%20HEARING%20INTO%20THE%20DELIVERY%20OF%20PRIMARY%20LEARNING%20MATERIALS%20%282%29.%20ii.pdf>

This document is a high-level summary of the proceedings of an investigation undertaken thus far by the South African Human Rights Commission regarding the delivery of primary learning materials to schools.

The issues and challenges of delivery of primary learning materials across the provinces of South Africa have been of interest to the Commission. The Commission has identified education as one of the central focus areas for its work. In 2012, the focus of media reports on the matter, suggested that there were major shortcomings in this area in the Limpopo Province. Following these media reports, a civil society campaign in respect of the disparities in the Limpopo Province resulted in litigation and several court orders, as well as a number of presidential task teams investigating and reporting on the matter.

Arising out of these reports, as well as an enquiry from Parliament requesting to know how the Commission intended to approach this matter, the Commission sought to find out whether similarly-situated schools in the other provinces were having related challenges. The Commission proceeded to engage with its Provincial Offices with a view to obtaining reports on the status of delivery of learning materials, but the information received from the relevant provinces was inconsistent. As a result thereof the Commission determined that a uniform approach and more expeditious mechanism should be undertaken. A decision was taken that the Commission would seek information through convening a Hearing. The purpose of these proceedings is thus to obtain relevant information from duty-bearers to determine whether this component to the right of basic education is being realised across the country.

The hearing, which was inquisitorial in nature, sought to invite the MEC's of the respective Departments of Basic Education to appear before the Commission to make submissions and to present documentation that would assist the Commission to establish the extent of the challenges in this area, to make findings and propose suitable recommendations to redress shortcomings.

The submissions requested of Departments was set out in a schedule of 8 (eight) key questions. These included requests for data on the number of schools in the province, including the number of section 21 schools; the process employed by schools in the procurement of primary learning materials; the success of the method employed; major challenges faced in the delivery of primary learning materials; the steps taken by the Department to overcome these challenges; the mechanisms of the Department to monitor and assess the delivery of primary learning materials; and, any steps taken to address the interests of learners with disabilities.

Thus far, the Panel has received submissions and heard oral testimony from representatives of the National Department of Basic Education, and the Provincial Education Departments of the Western Cape, Northern Cape, Mpumalanga, KwaZulu-Natal, Gauteng and the Free State. Given that the Eastern Cape and the Limpopo Provinces are under National Administration in terms of section 100(1) of the Constitution, the Commission indicated that the representatives from the Department of Basic Education would present on their behalf, although the offices of these MEC's were invited to attend and supplement this testimony.

In order to ensure that the findings of the Panel represent a balanced view of the issues, it has been resolved that before making its final findings, the Commission will prepare an interim report and circulate this to a selected number of public-spirited bodies for comment. Based on the comments received, the Panel will determine whether there is need for further oral submissions.

This document serves to briefly outline the proceedings that have taken place thus far, highlights the key issues that emerge from the submissions made before the Panel, and provides a framework for the process going forward.

### **Here's the proof we delivered Limpopo textbooks**

politics web article: 11 February, 2013

<http://www.politicsweb.co.za/politicsweb/view/politicsweb/en/page71654?oid=356782&sn=Detail&pid=71654>

The Department of Basic Education has strongly rejected reports that some schools in Limpopo had not received textbooks. The Department has provided proof that the schools mentioned in the media reports have indeed received textbooks just like all other schools in the province.

Staff was provided with unique bar codes. The bar code is scanned together with the individual pick slip for each school. The system allows for the rate of picking for each school to be monitored and the correctness of consignments delivered to be traced back to the individual picker.

For the first time today the Department is making available proof of delivery with signatures of recipients confirming receipt of their consignment of textbooks. This is evidence of what we have always been saying that textbooks had been supplied to schools and that the Department was ready to start the school year of 2013.

Delivery signatures:

<http://www.education.gov.za/LinkClick.aspx?fileticket=MqPkQ%2FWnLfA%3D&tabid=347>

### **Executive summary report on the delivery of textbooks in Limpopo: an update after the High Court ruling: 12th October 2012**

Department of Basic Education, 2012

<http://www.education.gov.za/Newsroom/MediaReleases/tabid/347/ctl/Details/mid/1930/ItemID/3506/Default.aspx>

This report from the Department of Basic Education focuses on two key aspects of the Section 100(1)(b) intervention in the Limpopo Education Department: being a progress report on the procurement and delivery of supplementary orders for Curriculum and Assessment Policy Statement –aligned textbooks Learning and Teaching Support Materials as of 12 October 2012; and secondly, a report on the Catch-Up Programme for Grade 10 learners in Limpopo schools.

### **Mapping Transparency Accountability and Integrity in Primary Education in South Africa**

Døssing, H. et al. 2011. Transparency International

[http://www.un.org/en/ecosoc/newfuncnt/pdf/luxembourg\\_tisda\\_south\\_africa\\_report\\_web.pdf](http://www.un.org/en/ecosoc/newfuncnt/pdf/luxembourg_tisda_south_africa_report_web.pdf)

This report focuses on the governance deficits that have been identified in the primary education sector in South Africa through a survey of key stakeholders and actors.

Governance deficits in South Africa's primary education sector have been identified by assessing indicators of transparency, integrity, accountability, and participation. Stakeholders' perceptions of corruption in the system and of the internal performance of schools were also measured.

One of the key findings is a general concern among the schools' leadership of embezzlement occurring at the provincial level. One out of three principals thinks the highest risk is related to the embezzlement of funds, e.g. when procuring textbooks, remunerating staff and constructing school buildings.

#### News items

##### **Textbook delivery row erupts - again**

iol: May 11, 2013

<http://www.iol.co.za/news/south-africa/gauteng/textbook-delivery-row-erupts-again-1.1514247>

##### **Full marks for W Cape textbook delivery**

iol: May 13, 2013

<http://www.iol.co.za/news/south-africa/western-cape/full-marks-for-w-cape-textbook-delivery-1.1515005#.UhX6hNI3uSo>

#### **4. Third party verification of UNICEF aid in fragile states**

##### **UNICEF Annual Report for Eritrea**

UNICEF, 2010

[http://www.unicef.org/about/annualreport/files/Eritrea\\_COAR\\_2010.pdf](http://www.unicef.org/about/annualreport/files/Eritrea_COAR_2010.pdf)

The last two years have presented a number of challenges affecting UNICEF's programming environment in Eritrea. With fuel shortages and limited transportation, close monitoring and supervision by aoba level counterparts has been irregular. Strengthening field monitoring and reporting mechanisms for the implementation of programme activities was therefore a key priority in 2010.

UNICEF responded to this situation by engaging the services of monitoring personnel in various programme areas through a third-party institutional contract. The monitors are primarily responsible for monitoring of UNICEF-supported activities, as well as contributing to planning and coordinating with Government counterparts in their area of responsibility.

This approach was in operation for nine months during 2010, supporting the Country Office and implementing partners to improve the frequency of monitoring visits, verifying the progress of implementation and timely identification of issues affecting implementation. Close coordination between the Field Support Staff and Government counterparts strengthened relations and contributed toward improving monitoring capacity.

##### **UNICEF Annual Report for Somalia**

UNICEF, 2010

[http://www.unicef.org/somalia/Somalia\\_2010\\_annual\\_report\\_final.pdf](http://www.unicef.org/somalia/Somalia_2010_annual_report_final.pdf)

UNICEF's third-party verification system continues, using independent, mobile monitors based in the Central South zone to provide objective feedback on UNICEF-supported aid delivery in areas inaccessible to UNICEF staff. Feedback has shown where progress has been made as reported by the partner, and where lack of conformance to technical standards

by partners has taken place, etc. It also contributed to identifying weaknesses amongst partners, indicating where UNICEF needs to invest to strengthen their capacity.

## 5. Service Delivery Indicators

### World Bank Service Delivery Indicators

Webpage accessed: 22/08/13

<http://www.sdindicators.org/about-us/>

Service Delivery Indicators (SDI) - a new Africa wide initiative that collects actionable data on service delivery in schools and health facilities has been launched by the World Bank in partnership with the African Economic Research Consortium and the African Development Bank. The SDI data are used to assess the quality and performance of education and health services for decision makers to track progress over time, and for citizens to hold governments accountable for public spending. No other set of indicators is available for measuring service delivery performance and quality at frontline schools and health facilities from the citizens' perspective.

### Kenyan launch of Service Delivery Indicators (SDIs) for accountability and result

HIVOS news item: July 17, 2013

<http://east-africa.hivos.org/news/kenyan-launch-service-delivery-indicators-sdis-accountability-and-results>

Hivos has partnered with the US-based Hewlett Foundation to monitor the quality and performance of Kenya's primary schools and health clinics as part of an Africa-wide SDI initiative. The indicators provide a set of metrics for benchmarking service delivery performance in these sectors to track progress across and within countries over time.

Kenya is the first country where the Service Delivery Indicators( SDI) have been implemented, following pilot surveys in Tanzania and Senegal. The main objective of the initiative is to generate current data on the quality of service delivery that can help citizens to hold their respective governments accountable and push for change that delivers better results for them.

"The project seeks to partner with new and traditional media to present the information revealed by the data to the general public, in user friendly ways. The SDI project is going to try and think a little out of the box with our partners. We encourage sectors that usually don't work together to do so," says Will Jansen, director of Hivos in East Africa.

Through this programme, Hivos will support Kenyan Civil Society Organisations (CSOs), media organisations and journalists in the use and dissemination of the SDI information.

## 6. Additional information

### Author

This query response was prepared by Laura Bolton and Catherine Holley

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**About Helpdesk reports:** The HEART Helpdesk is funded by the DFID Human Development Group. Helpdesk reports are based on 2 days of desk-based research per query and are designed to provide a brief overview of the key issues, and a summary of some of the best literature available. Experts may be contacted during the course of the research, and those able to provide input within the short time-frame are acknowledged.

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