

## Verification in Practice #1:

# The Verification Cycle: Step by Step

*Lessons learned from verifying the DFID WASH Results Programme*

May 2020

This practical note has been written to guide those involved in commissioning or managing Payment by Results (PbR) programmes through an example verification cycle. Produced by e-Pact, the Monitoring & Verification (MV) team for the DFID WASH Results Programme, the note outlines the nine steps of the programme's verification cycle and their typical order and timing.

## Verification in the DFID WASH Results Programme

The WASH Results Programme is a PbR programme in which the implementing partners, suppliers, only get paid for results that have been independently verified (see About the WASH Results Programme, for more details). This puts pressure on the design of the verification system to give DFID good quality, timely information on which to base payment decisions. Since much of the data used are generated by the suppliers' own systems, verification for the WASH Results Programme is different to that of other PbR programmes (which may rely on data collected by independent third parties to make payment decisions).

During the first phase of the WASH Results Programme, verification was organised in regular, often three-monthly cycles with the different steps of the process outlined in Figure 1. Within the three-monthly cycle, the MV team distinguishes between **preparatory activities**, the **verification phase** and **follow-up actions** in preparation for the next round. The cycle is not completely rigid, e.g. the order of steps 1 to 3 may change, and the timings given below are based on experience from the WASH Results Programme verification.

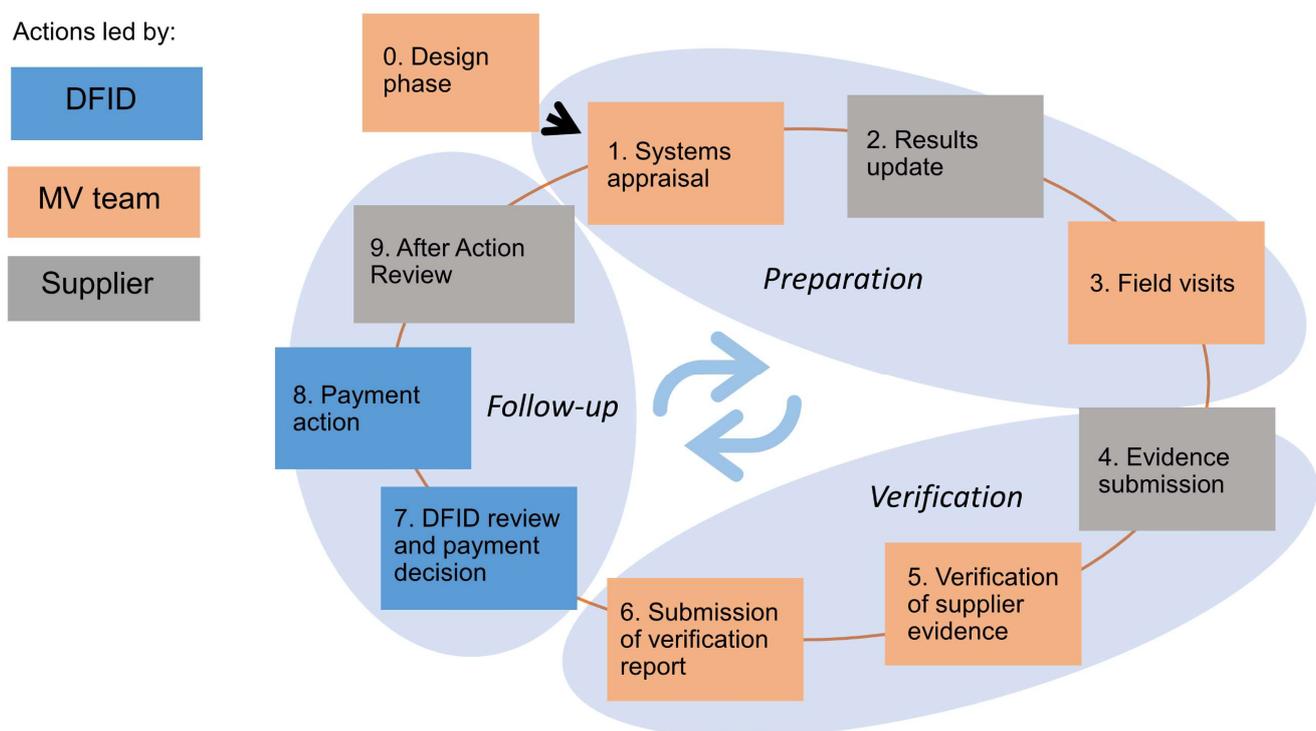


Figure 1: The verification process for the WASH Results Programme

## 1 Systems appraisal

### Monitoring and Verification team assesses the likelihood that data will be reliable and reports will be timely and accurate.

Unlike some PbR programmes, evidence submitted to DFID about suppliers' achievements in the WASH Results Programme comes from data collected by suppliers themselves (or their contracted partners). If the MV team is to have confidence in a supplier's data, it needs to understand and trust the systems through which data are generated. Our verifiers achieve this during the **preparatory phase**, through systems appraisals, which are usually included in each verification cycle and were particularly important at the start of the programme. Systems appraisals of the WASH Results Programme's suppliers cover:

- a. Result monitoring and reporting structure, functions and capabilities
- b. Verification indicator definitions and reporting guidelines
- c. Data collection and reporting tools
- d. Data management processes
- e. Alignment with national reporting systems

Systems appraisals do not necessarily take place at the beginning of the cycle and are often combined with **Step 3** and **Step 5** for efficiency reasons. With increased confidence in supplier reporting systems, follow-ups are only needed on specific areas of risk that have previously been identified.

## 2 Results update

### Supplier provides an update on the results they expect to achieve in the current quarter.

This update is important for DFID's internal financial management, particularly if there are substantial variations between the supplier's original delivery timeline and progress in delivery. A supplier may state their intention to claim for results not claimed in previous quarters or deducted due to lack of evidence in a previous verification cycle, if they have since caught up results or can provide additional evidence.

## 3 Field visits

### The MV team collects verification data.

Field visits are used for collecting primary data that feeds into verification, can feed into systems appraisals e.g. of local implementing partners' work in the field, and help build relationships with suppliers, which is key to successful verification. For example, Country Verifiers carry out field visits to double-check the accuracy of survey data by visiting selected surveyed households. Depending on supplier preferences, this step has sometimes been included in the verification phase (within **Step 5**). The preparatory phase can also include visits from the MV team to give them a better understanding of what is going on at implementation level.

## 4 Evidence submission

### Suppliers submit their evidence for verification

The main **verification phase** of the verification cycle starts with the supplier submitting evidence to the MV team in accordance with agreed requirements. A set of minimum standards is essential for this step, e.g. suppliers will collect GPS data unless there is a reason why they cannot, or suppliers will take a photograph of a facility if they are inspecting it. This phase finishes with DFID's payment of suppliers (**Step 7**), and ideally lasts no longer than one month. Early in the programme, or where outputs change, this is often an iterative process during which the MV team and suppliers discuss and agree the types of evidence required and alternative sources if the required evidence is unavailable.

## 5 Verification of supplier evidence

### The MV team assesses timeliness, accuracy and quality

Once the supplier has submitted evidence, the verification of supplier evidence starts in earnest. Evidence is checked for completeness and lack of duplication, and the MV team and suppliers sort out any clarification questions. This has often involved going back to the supplier to understand evidence and/or provide opportunities to offer more. Then evidence is assessed against the

verification criteria, and the MV team writes verification reports for each country, that are aggregated into supplier verification reports. Any problems are highlighted to suppliers and DFID before the report is submitted.

#### 6 Submission of verification report

### MV team submits their report to DFID and the supplier

After approximately one month, the MV team's verification report for that quarter is submitted to DFID and to the relevant supplier. These reports outline the extent to which the MV team has been able to verify the results reported by the supplier. The MV team has drawn a clear distinction between verifying the results, and the payment implications arising from these to ensure there is no undue influence on the verification process. The MV team for the WASH Results Programme does not typically make payment recommendations, but has provided multiple options for DFID to review, when requested. The MV team also include recommendations where appropriate, on process or evidence improvements for future verification rounds.

#### 7 DFID review and payment decision

### DFID holds a tripartite meeting and makes payment decision

A minimum of one week after receiving the verification report (to give suppliers time to prepare a management response in advance), DFID hosts a **payment decision meeting** for each supplier. These are attended by DFID, the supplier head contact and, from the MV team, the lead verifier for that supplier and the management team. During this meeting, the verification findings are presented and discussed, with the supplier having the opportunity to contest them. The payment decision is based on the verification findings, but may take other factors into account.

#### 8 Payment action

### DFID pays the supplier

At the end of the previous step, DFID will make a decision about whether to pay for all of the results claimed or to make a deduction in payment. Shortly after this, DFID will pay the supplier. Sometimes DFID might withhold payment but commit to making complete payment if additional evidence is provided.

#### 9 After Action Review

### MV team and supplier identify lessons and follow-up actions for future verification cycles

When requested, the verification cycle is completed with an After Action Review (AAR) between the MV team and the supplier, the aim being to identify what went well and where improvements could be made. This is a chance for the two parties to discuss issues without the burden of direct financial implications and is a useful forum to resolve any issues that were raised during verification or the Payment Decision Meeting. DFID has, on occasion, also joined the AARs. Jointly identified lessons and follow-up actions are then incorporated into subsequent verification rounds; over time, the AARs have been instrumental in smoothing the bumps in the WASH Results Programme's verification process.

## Further reflections from the MV team on the verification cycle

- **The verification cycle needs careful timing and sequencing** to ensure that efforts on implementation and verification are in balance; our verification does not disrupt implementation of suppliers' programmes but it is frequent enough for the suppliers to ensure consistent cash flows. We have also found it important to **ensure there is space for learning for all parties involved**.
- In practice, **the verification cycle has been more iterative than expected** in response to changes in programming and context – most notably in the early stages of the programme. Steps 4 and 5 in particular, have sometimes been iterative processes in which the MV team and suppliers discuss and agree types of evidence required and alternative sources if the required evidence is unavailable. This

has not always been easy to negotiate but **some flexibility has been essential to the ongoing functioning of the verification system.**

- In the WASH Results Programme, indicators, payment milestones and monitoring frameworks differ widely between suppliers. This has resulted in different verification methodologies being developed for each supplier – even if individual indicators are similar, the evidence available from routine beneficiary monitoring databases (and the verification required) is very different to that provided by representative sample surveys. While recognising that targets need to be sensitive to the local context, if there are a number of suppliers, **verification processes could become more efficient if there was greater consistency between supplier targets and payment milestones.**
- **DFID may sometimes need to intervene in disagreements between suppliers and MV team** over whether a request from the MV team for evidence is reasonable or unrealistic, or whether the proposed indicator and monitoring are suitably robust. At various points this has been the case across all three suppliers in the WASH Results Programme.

## Further information:

### About the WASH Results Programme

*(Water, sanitation and hygiene results programme to support scale-up efforts, [GB-1-203572])*

The WASH Results Programme aims to support poor people in 12 countries to access improved water and sanitation, and to introduce improved hygiene practices. Three NGO consortia ('Suppliers') were contracted by DFID to reach 4.9 million people, initially. In response to DFID's commitment to the Sustainable Development Goals and as part of DFID's strategy to tackle extreme poverty by delivering the 'basics' of development, including extending access to clean water and sanitation, WASH Results was expanded to ensure an additional 2.5 million people gain access, to be completed in 2021.

### About the authors of this *Verification in Practice* note

This note was produced by the WASH Results Programme's Monitoring and Verification team which is composed of staff from the e-Pact consortium (Itad, IWEL, OPM, and Ecorys). It was produced originally for DFID in 2018 and subsequently edited for wider audiences. Drafting and editing was led by Cheryl Brown and Catherine Fisher, with guidance, comments, corrections and specific content from Alison Barrett, Don Brown, Joe Gomme, Ben Harris, Andy Robinson, Amy Weaving and Kathi Welle. We are particularly thankful to Stephen Lindley-Jones and Anne Joselin at DFID for their support and to the DFID reference group who gave useful feedback on an earlier draft.

More publications by the WASH Results Programme's MV team on verification of PbR:

- *Verification in Practice #2: Appraising Monitoring Systems*, e-Pact, 2020
- *Verification in Practice #3: What makes a good indicator for a Payment by Results programme?*, e-Pact, 2020
- *DFID Payment by Results Guidance Note: Lessons from an effective verification system*, e-Pact, 2020



e-Pact is a consortium led by Oxford Policy Management and co-managed with Itad