

**DFID Management Response to the Independent Commission for Aid Impact recommendations on:**

**The Effectiveness of DFID's Engagement with the Asian Development Bank, July 2012**

ICAI Recommendation	Accept/Partially Accept/Reject	Action already taken	Action to be taken	Target date
<p><b>Recommendation 1:</b> Where DFID is co-financing projects with ADB, it should be clear about the relative contributions of each partner, strengthen its initial risk assessment and resource accordingly and improve its real-time monitoring and evaluation.</p>	<p>Accept</p>	<ul style="list-style-type: none"> <li>• DFID's Business Case requires consideration of project management options and risk assessments including financial risk and fraud, and we are increasing the number of front line delivery staff in Asia Division country offices responsible for project management.</li> <li>• Projects over £40 million are subject to a thorough review by DFID's Quality Assurance Unit. International Financial Institutions Department (IFID) is consulted on projects involving the Asian Development Bank (ADB) as part of this process.</li> </ul>	<p>1. DFID will provide country offices working with the ADB with specialist knowledge and advice on the relative contributions of ADB and DFID.</p>	<p>April 2013</p>
<p><b>Recommendation 2:</b> As a shareholder, DFID should concentrate its influence on improving</p>	<p>Accept</p>	<ul style="list-style-type: none"> <li>• The Executive Director of our constituency group uses his membership of ADB's Development</li> </ul>	<p>2. The UK will use discussion of the ADB Results Framework (2013-2016) to ensure that the choice of</p>	<p>December 2012</p>

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<p>the impact of ADB and ADF projects, in particular by strengthening project design, implementation and independent evaluation on the ground.</p>		<p>Effectiveness Committee to promote the use of evaluation learning. Through this membership, he ensures that i) the quality of evaluations is high; ii) identified lessons are effectively communicated; and iii) management responses to findings are effectively tracked and inform future implementation.</p> <ul style="list-style-type: none"> <li>• Our support in board discussions for ADB's Independent Evaluation Department helps strengthen independence and increase both the quality and utility of its findings.</li> </ul>	<p>indicators and the proposed targets stretch the bank to improve its performance and enable shareholders to assess progress.</p>	
<p><b>Recommendation 3:</b> Ad-hoc discussions between DFID country offices, DFID HQ and the UK representative at ADB should be formalised in quarterly strategic reviews for the five DFID focus countries where ADB activity is significant</p>	<p>Accept</p>	<ul style="list-style-type: none"> <li>• DFID HQ and the UK's Alternate Director to the ADB Board are in regular contact with DFID's country offices in Asia to resolve problems affecting co-financed projects.</li> </ul>	<p>3. Quarterly policy and programme meetings will be established between IFID, the UK representative in Manila and Asia Division staff.</p>	<p>October 2012</p>

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<p><b>Recommendation 4:</b> DFID needs to ensure that it always has the right information to make choices about when and how to work with ADB.</p> <p>If DFID wishes to use the MAR for this purpose, then future MARs should consider the capabilities of multilateral agencies on-the-ground across a range of countries, capabilities and project types.</p>	Accept	<ul style="list-style-type: none"> <li>DFID decides if ADB is an appropriate partner at country level based on the UK's Multilateral Aid Review (MAR) in addition to assessing ADB's role and performance at country level. The MAR assesses: i) relevant annual reviews and project completion reports; ii) overall contextual assessments of sector and national aid coordination iii) partner country preference; and iv) the overall political and donor landscape in each country.</li> </ul>	4. Future MAR assessments will have a greater focus on delivery on the ground in a range of countries, using evidence from regular DFID office monitoring of multilateral performance and targeted country visits.	April 2013