

**DFID Management Response to Independent Commission for Aid Impact recommendations on:
THE EFFECTIVENESS OF DFID'S ENGAGEMENT WITH THE WORLD BANK**

ICAI Recommendation	Accept/ Partially Accept /Reject	Action already taken	Action to be taken	Target date
<p><u>Recommendation 1:</u> DFID should improve its oversight of the World Bank trust funds it is financing and develop a corporate strategy for allocating resources to trust funds in line with UK Government aid objectives, within 12 months.</p>	<p>Accept</p>	<p>There is already significant scrutiny of individual trust fund decisions. All DFID teams must produce a full business case including a rationale in terms of DFID objectives, an options analysis and a cost benefit analysis, as for all other investments.</p> <p>IFID has led development of a work plan to improve the management of systemic risks and opportunities associated with DFID trust funds in the World Bank. The plan has been approved by the Director-General for Policy and Global Programmes. It has four work streams:</p> <p>a. consolidate and rationalise the overall number of trust funds;</p> <p>b. improve performance management of trust funds through better results</p>	<p>1. DFID Management Board signs off on the Corporate Strategy and Implementation Plan for Trust Funds to deliver:</p> <ul style="list-style-type: none"> ▪ greater policy and donor coherence; ▪ consolidation and rationalisation; ▪ consistent and high quality monitoring and evaluation; and ▪ stronger focus on VFM. <p>2. First report to DFID Top Management on progress by DFID in implementing the Corporate Strategy and Implementation Plan.</p>	<p>November 2012</p> <p>September 2013</p>

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		<p>frameworks;</p> <p>c. improved management of the trust funds through identification of service level standards; and</p> <p>d. improved financial management.</p>		
<p><u>Recommendation 2:</u> DFID should work with the World Bank during the remainder of IDA16 and through IDA17 to improve service delivery cost-effectively in fragile and conflict-affected states, including through further decentralisation of staff.</p>	<p>Accept</p>	<p>DFID has been working closely with Bank Management on the implementation of IDA16 commitments and recommendations of 2011 World Development Report (WDR) on Fragile States. DFID has championed the establishment of the Bank's new Fragile States Hub that should improve the quality of WB operations</p> <p>To support its implementation of the WDR recommendations, DFID has agreed to share feedback received from our country offices on the Bank's performance with its Director for Conflict, Security & Development.</p>	<p>3. Exchange best practice with WB on innovative and cost-effective approaches to delivery in difficult contexts (having identified approach and priority areas by September 2012).</p>	<p>March 2013</p>

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<p><u>Recommendation 3:</u> DFID should review the principal factors influencing the success of IDA projects. It should then assess how to extend the measures and increase the stretch in targets in the IDA Results Measurement System. DFID should use this work to improve performance and value for money through the IDA17 replenishment negotiations.</p>	<p>Accept</p>	<p>DFID's concerns, communicated during summer 2011, about the IDA16 indicators led the Bank to produce a Technical Note on the Results Measurement System that better enables examination of the level of challenge of the IDA16.</p> <p>DFID is using the IDA Results Working Group to make the case for IDA recipients and donors alike to use the Results Measurement System to hold the Bank to account.</p>	<p>4. DFID to draw on existing Bank material, particularly the Independent Evaluation Group's annual synthesis report, to identify the 'influencing factors' driving project performance and improving value for money. DFID to then use this as the basis for an assessment of the IDA16 Results Measurement System, establishing how stretching the existing targets are and whether there are any gaps in the Results Measurement System.</p> <p>5. DFID will share this assessment with other donors in advance of the IDA16 Mid Term Review</p>	<p>July 2012</p> <p>October 2012</p>