

Operational Plan 2011-2015

DFID PAKISTAN

April 2011

This plan will be refreshed annually

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1) Introduction

The UK Government is determined to help reduce the inequalities of opportunity we see around the world today. We believe that promoting global prosperity is both a moral duty and in the UK's national interest. Aid is only ever a means to an end, never an end in itself. It is wealth creation and sustainable growth that will help people to lift themselves out of poverty.

In May 2010, the International Development Secretary, Andrew Mitchell, commissioned the Bilateral Aid Review to take a comprehensive and ambitious look at the countries in which DFID works through our direct country and regional programmes. The review focussed on the best ways for the UK to tackle extreme poverty, ensuring that we make the greatest impact with every pound we spend. In parallel, through the Multilateral Aid Review, DFID assessed how effective the international organisations we fund are at tackling poverty.

On the 1st March 2011, the key outcomes of the reviews were announced, including the results that UK aid will deliver for the world's poorest people over the next four years. The Bilateral Aid Review has refocused the aid programme in fewer countries so that we can target our support where it will make the biggest difference and where the need is greatest. The Multilateral Aid Review findings enable us to put more money behind effective international organisations which are critical to delivering the UK's development priorities. In addition the independent Humanitarian Emergency Response Review looked at how the UK can build on its strengths in responding impartially to humanitarian needs and help ensure future disaster responses can be better prepared and coordinated.

DFID is committed to being a global leader on transparency. In the current financial climate, we have a particular duty to show that we are achieving value for every pound of UK taxpayers' money that we spend on development. Results, transparency and accountability are our watchwords and guide everything we do. DFID regards transparency as fundamental to improving its accountability to UK citizens and to improving accountability to citizens in the countries in which it works. Transparency will also help us achieve more value for money in the programmes we deliver and will improve the effectiveness of aid in reducing poverty.

The UK Aid Transparency Guarantee commits DFID to making our aid fully transparent to citizens in both the UK and developing countries. As part of this commitment we are publishing Operational Plans for country programmes. The Operational Plans set out the vision, priorities and results that will be delivered in each of our country programmes.

We will concentrate our efforts on supporting achievement of the Millennium Development Goals, creating wealth in poor countries, strengthening their governance and security and tackling climate change. The prize, in doing so, is huge: a better life for millions of people, and a safer, more prosperous world.

2) Context

Tackling extreme poverty in Pakistan..

36 million Pakistanis, equivalent to half of the UK's population, live below the poverty line. Pakistan is off-track on the education and health Millennium Development Goals. Half of all adults, and two out of every three women, are illiterate. One in ten children die before their fifth birthday and 14,000 mothers die during pregnancy. This entrenched poverty leads to suffering, lost opportunity and a sense of grievance; all of which undermine Pakistan's long-term stability and prosperity.

...will help make the UK safer...

The border areas with Afghanistan are poorly governed and provide a haven for Al Qaeda and other terrorist groups to direct their operations. The radicalisation of young Pakistani men exacerbates this, making terrorism the most significant long-term security threat to Pakistan, the region and the UK.

...and the world.

On its eastern border, Pakistan's relationship with India is central to regional, and global, stability. The poor state of that relationship drives Pakistan's military and nuclear policy. To the west, Pakistan's long involvement in Afghanistan and large Pashtun population mean it has a key role to play in ending the insurgency and bringing peace to its war-torn neighbour. This security imperative drives intense US engagement in Pakistan, including one of its largest aid programmes.

A country we cannot ignore...

At around one million people (1.7% of the UK population), the UK has one of the largest Pakistani diasporas in the world. These communities retain strong links to Pakistan through travel, family ties, political links and arts. The UK is also one of the largest investors in Pakistan. These long, close and deep connections increase the UK's stake in Pakistan's future.

...which will become more important, not less.

At 173.5 million people, Pakistan is the sixth most populous country in the world. That population is growing fast and likely to exceed 210 million by 2020. Around 80 million of these people, nearly 40%, will be aged 10-29: a youth population larger than the entire population of the UK. This could yield a demographic dividend and increased growth. But just to maintain living standards, Pakistan will need to sustain economic growth of 6%. This year it is likely to be between 2 and 3%. If that continues around a fifth of the additional workforce will become unemployed each year.

There have been periods of progress...

In the past, political stability, economic reforms and international aid, helped Pakistan's economy grow at above-average levels. During its most recent upswing, growth averaged 7.3% a year (2003/04-2006/07). Over a similar period, Pakistan was able to reduce the proportion of people living in poverty from around 34% to 17% (although it has since risen).

...interrupted by political or economic shocks and crises.

But these periods of prosperity have too often been halted by political turmoil, a boom and bust cycle or natural disasters. The earthquake in Kashmir in 2005, the economic crisis of 2008, the massive internal displacement in 2009 following the Pakistani military's operations in the border areas and, last year, the unprecedented floods, would all present fundamental challenges to any government.

But Pakistan remains a country with tremendous potential.

Pakistan has the potential to be a thriving democracy. It is endowed with a strategic location at the crossroads of South Asia, Central Asia, China and the Middle East, a rapidly growing young population and a rich, Islamic tradition of education, entrepreneurship and zakat.

3) Vision

“If we want to make this great State of Pakistan happy and prosperous, we should wholly and solely concentrate on the well-being of the people, and especially of the masses and the poor”

Muhammad Ali Jinnah, Founder of Pakistan, Address to the Constituent Assembly, 11 August 1947

➤ Our aim is a **stable and prosperous Pakistan that is at peace with its neighbours**. The primary responsibility for this rests with the people of Pakistan. In 2008, donors accounted for less than 1% of Pakistan’s GDP of which the US is the largest bilateral donor. So the driving principle of our partnership with the Government of Pakistan (GoP) is to use our investments to catalyse reform and spending in the four areas that are critical to Pakistan’s future:

- **Peace and stability.** Without this, the prospects for security and development in Pakistan are limited. Although the border areas are the most volatile, addressing potential conflict is a challenge for the whole country. We will support political reform in the border areas to develop a more inclusive settlement, aim to address the root causes of conflict and improve community security, particularly for women. We will also continue to build resilience against future crises and, when they occur, provide a rapid humanitarian response as we did following the 2010 floods.
- **Making democracy work.** Pakistan must escape the cycle of poor governance and military intervention if it is to achieve long-term stability. DFID played a critical role in improving the credibility of the 2008 elections. We will work to improve further the electoral process ahead of the next general election, particularly the participation of women. We will also strengthen the accountability of government to its people and build core state functions, including robust financial management.
- **Macroeconomic stability, growth and jobs.** No country has reduced poverty without economic stability and growth. With a rapidly growing young population, creating new jobs will be even more critical for Pakistan. DFID assistance has already helped raise the incomes of over 300,000 poor Pakistani women and their families. We will work with the International Monetary Fund and World Bank to support economic reform in Pakistan, with the private sector to widen ownership of these reforms and to attract investment and help to create new economic opportunities through microfinance and skills training.
- **Getting the State to Deliver.** The Government of Pakistan must respond to its citizens’ needs if it is to deepen its social contract with them. Since 2009, DFID has supported the GoP in getting over half a million additional children into school. Going forward, we will focus significantly more resources on tackling Pakistan’s ‘Education Emergency’. We will also aim to support women and girls particularly. In addition to fewer educational opportunities, they lack the power and the means to choose when and how often to have children. Over the Operational Plan period, we will concentrate our health effort on reproductive, maternal, newborn and child health.

➤ **Empowering women and girls** will be a fundamental principle in all of our programmes. We will help to ensure they can safely participate in decision-making, access essential services, including justice, and enjoy equal rights and economic opportunity.

➤ **We will calibrate our aid programme to reflect Federal and Provincial progress on reform and results.** Where they are driving positive change, we will use our resources to support critical reforms, to accelerate progress and self sufficiency. Our aim is to work towards a Pakistan that can meet the needs of its own citizens, without international aid.

➤ **Pakistan is a top priority for the UK.** These four priority areas sit within the HMG strategy agreed by the National Security Council in July 2010. By helping to promote stability and tackle poverty, they support wider national security objectives for Pakistan, the region and the UK. We will deliver them under the framework of the HMG Integrated Delivery Plan for Pakistan.

➤ **DFID Pakistan will not** reward failure, duplicate the work of other donors or try to do everything. At the programme level, we will step-back from tackling specific diseases and leave this to the Global Fund for AIDS, Tuberculosis and Malaria. We will not invest directly in improving water and sanitation or large-scale infrastructure, except in a humanitarian crisis. Through the DFID Regional Programme for Asia we will invest in energy, regional integration and tackling the impacts of climate change.

4) Results

Headline results			
Pillar/ Strategic Priority	Indicator	Baseline	Expected Results ¹
Education	Number of additional children supported by DFID in primary education (per annum)	0 additional children (2011)	Total: 4 million in 2015
Education	Number of additional children supported by DFID completing primary education (per annum)	0 additional children (2011)	Total: 800,000 ² in 2015
Education	Number of additional children support by DFID in lower secondary education (per annum)	0 additional children (2011)	Total: 400,000 in 2015
Maternal Health	Number of additional maternal deaths averted	14,000 maternal deaths in 2005	Total: 3,600 by 2015
Governance & Security	Voter turnout in next General Election	Overall: 35m (2008) Female: 39.3%	Overall: 37m (2013) Female: 45%
Wealth Creation	Number of additional people with access to microfinance	1.97m microfinance borrowers in 2010	Total: 1.5 million by 2014 Female: 897,000
Wealth Creation	Number of additional people trained in new skills	0 additional individuals (2011)	Total: 125,000 by 2015 Female: 50,000
Poverty, Hunger and Vulnerability	The number of people receiving DFID-supported cash transfers	0 additional people (2011)	1,111,500 in 2014 Female: 555,750
Humanitarian	Number of additional flood-affected individuals reached with humanitarian assistance	0 individuals (2010)	Total: 2.5 million by 2012

¹ With the exception of voter turnout, these results are directly attributable to DFID support

² Result to be refined with policy division support owing to the complexity of the calculation

4) Results (continued)

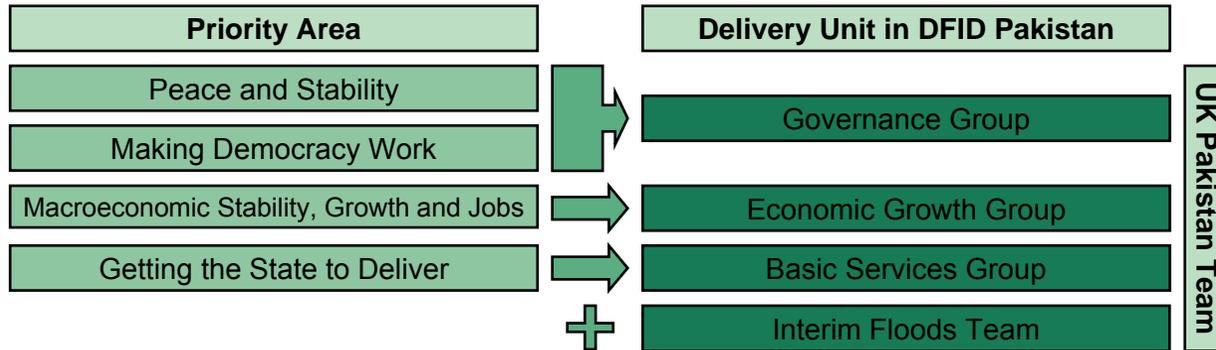
Strength of Evidence Base and Value for Money underpinning Results						
	Education	Maternal Health	Governance & Security	Wealth Creation	Poverty, Hunger & Vulnerability	Humanitarian
Evidence	Med/ Strong	Med	Med/ Weak	Strong	Med	Med
Value for Money	Good	Good	Medium	Good	Medium	Medium

- Rates of return on education range from 9-12%. It therefore represents a strong investment. This is likely to be even higher for the low-cost private sector. There is a relatively good evidence base suggesting that education interventions will yield these returns. Moreover, this is the one sector that has the potential to transform Pakistan. DFIDP will therefore focus increased resources on this sector, both directly and through public-private partnerships. However, to deliver transformative effect we will invest a small proportion of resources in high risk, but potentially high reward innovations where the evidence base is weaker.
- The evidence base and value for money of investments in wealth creation are also high. We will therefore expand our investments in this sector, focusing on access to finance, growth, skills and jobs.
- The emerging evidence suggests that investing in women’s health yields strong returns across a range of other sectors, including education and economic growth. We will therefore focus our health interventions on reproductive, maternal, newborn and child health and reduce our investments in tackling specific diseases, such as AIDS and Malaria.
- The evidence base and value for money of investments in poverty, hunger and vulnerability and humanitarian assistance is mixed. On current planning, we will not therefore increase our support to these sectors unless in the aftermath of a crisis.
- The evidence base for governance interventions is mixed. However, as set out in Section Two, this is critical to Pakistan’s future and UK objectives. We will therefore continue to invest in this sector, but recognise that these are higher risk programmes. We will therefore engage cautiously, monitor performance closely and only scale-up support if there is clear evidence that our programmes are delivering results.

5) Delivery and Resources

HOW WILL DFID PAKISTAN DELIVER THESE RESULTS?

DFID Pakistan Structure



The principles that will guide delivery

- (1) **A results-based partnership.** DFIDP will calibrate its aid programme to Federal and Provincial progress on reform and results. Pakistan must own and lead its path to progress. Where it does, we will provide increased support. Our resource trajectory therefore allows for a significant scaling-up of the programme in the outer years. This represents the *potential* size of the aid programme rather than a guaranteed commitment. If that potential is realised, Pakistan would become the largest recipient of bilateral aid from the UK.
- (2) **Focus.** Education is the single, long-term issue with the potential to transform Pakistan. So tackling Pakistan's education emergency will be the primary focus of the DFIDP portfolio. Potentially half of the UK's entire aid programme could be used to improve both access to, and the quality of, schooling. Our work on economic growth will compliment this by aiming to ensure these educated children go on to have employment opportunities. This concentration of effort is unprecedented and will ensure DFIDP is able to focus on delivery in a critical area rather than spread itself over a wide range of programmes.
- (3) **Flexibility.** We will ensure we can adapt our portfolio to developments in Pakistan:
 - *Federal v Provincial.* In 2010, the 18th Constitutional Amendment devolved more powers and responsibilities from the Federal Government to the four Provinces (Balochistan, Khyber Pakhtunkwha (KPK), Punjab and Sindh). Of these, we will focus on Punjab and KPK which account for over 70% of Pakistan's population and the largest absolute number of poor people. Potentially, over 75% of our aid could be channelled directly to the provinces.
 - *Government v non-Government.* If we are to support the GoP in demonstrating that it can deliver to its people, we must continue to channel resources through their systems and strengthen their capacity. However, where GoP leadership is weak or where we are not confident in fiduciary safeguards, we will look for alternative delivery mechanisms.
- (4) **A coherent and single UK effort.** Under the single HMG Integrated Delivery Plan we will work with other Government Departments, including the FCO, MOD, Home Office and British Council, to deliver UK objectives for Pakistan. Our London-based team ensures we are also able to engage fully in the wider HMG, and international, policy dialogue on Pakistan.
- (5) **Aid Effectiveness.** The US is the largest bilateral donor to Pakistan. The International Monetary Fund, World Bank and Asian Development Bank are also significant players. We will work closely with them, other partners and non-traditional donors, in designing and delivering our programmes.

5) Delivery and Resources (continued)

Pillar/Strategic priority	2010/11		2011/12		2012/13		2013/14		2014/15		TOTAL	
	Resource £'000	Capital £'000										
Wealth Creation	16,428		41,000		38,000		38,000		30,500		147,500	0
Climate Change											0	0
Governance and Security	27,079		30,000		48,000		62,000		62,000		202,000	0
Education	24,745		63,000		81,500		224,000		277,000		645,500	0
Reproductive, Maternal and Newborn Health	8,998		30,000		50,500		58,500		61,500		200,500	0
Malaria											0	0
HIV/Aids											0	0
Other Health											0	0
Water and Sanitation											0	0
Poverty, Hunger and Vulnerability	30,969		63,000		19,000		17,200		9,300		108,500	0
Humanitarian	101,741	5,100	40,000		30,000		12,300		5,700		88,000	0
Other MDG's											0	0
Global Partnerships											0	0
TOTAL	209,960	5,100	267,000	0	267,000	0	412,000	0	446,000	0	1,392,000	0

5) Delivery and Resources (continued)

Efficiency savings

Delivering Programme Efficiencies		
Category	Details	Residual cost in the SR period £'000
Strategic Reprioritisation	We will reprioritise our health investments away from disease-specific programmes to reproductive, maternal, newborn and child health. We will therefore not proceed with the next phase of our HIV/AIDS programme.	12000
Further examples of Programme efficiency	We will close smaller, 'boutique' projects where the impact does not justify the high transactions of management.	9029

6) Delivering Value for Money

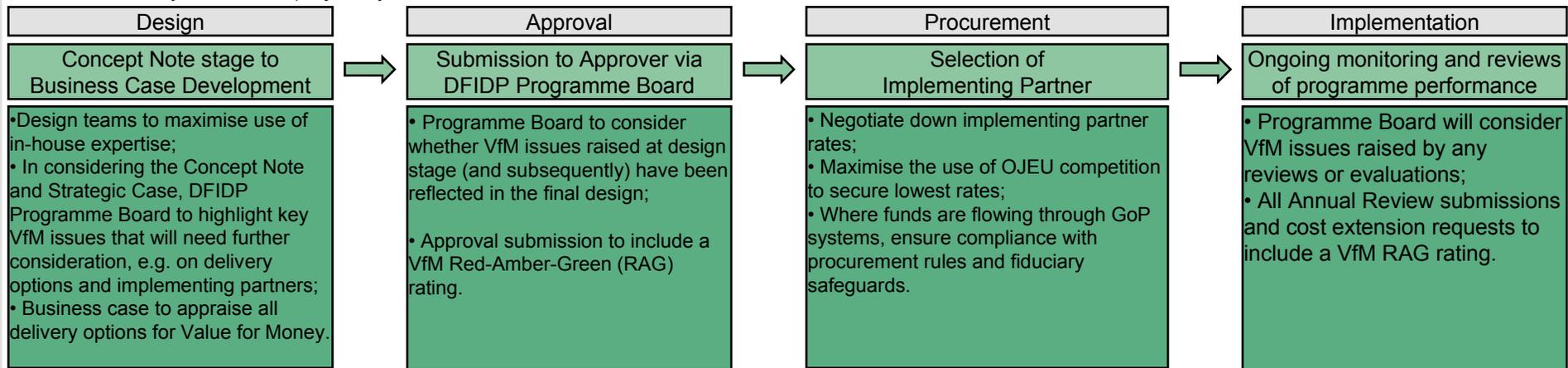
Value for Money (VfM) is a top priority for DFID Pakistan. In responding to the 2010 floods, we focused heavily on ensuring maximum impact at minimal cost. All implementing partners had to be clear about the results they were expected to deliver and their value for money. In some cases, we were able to drive down administrative costs and transfer the savings into programme activities. We will build on this experience to strengthen VfM across the portfolio.

Key challenges to improving Value for Money

Comparatively poor data in Pakistan and frequent crises exacerbate the fundamental challenge of assessing VfM in development programmes. At the operational level, insecurity limits the range of implementing partners available to deliver programmes, stronger anti-corruption safeguards are needed and limited accessibility constrains our ability to assess performance.

How will we improve Value for Money?

- Across the Portfolio. As set out in Section Four, a focus on education represents good value for money. In each annual refresh of the DFID Pakistan Operational Plan we will assess whether, across the entire portfolio, we are investing in those areas that provide the best VfM and quality of results.
- Systems and structures. Ensuring VfM in each programme will be the primary responsibility of the lead adviser and programme manager. We will recruit two additional economists to ensure teams have capacity to assess VfM at all stages of the project cycle. We will also peer review all requests for funding, as well as ongoing VfM performance, through the DFID Pakistan Programme Board. The Programme Board comprises representatives from across the DFIDP office. For all new programmes coming to the Board, an economist external to the design team will be tasked with providing challenge on VfM issues. On operational costs, we will seek to drive efficiency savings and better cost management across all activities. In the first instance, we are working to improve the efficiency of tendering and negotiating local contracts/leases.
- Value for Money across the project cycle:



- To ensure a systematic approach, we will develop a comprehensive DFID Pakistan **Value for Money strategy** by end-September 2011.
- In designing and implementing new programmes we will **work with partners to ensure VfM** in their fee rates and their operations (either by seeking assurances that they will obtain VfM in how they deliver and/or assessing compliance with, for example GoP procurement rules).

7) Monitoring and Evaluation

Monitoring

- In designing new projects, we will ensure they are results-focused, with clear baselines and a robust methodology for calculating DFID's contribution. Where data is weak, we will invest in improvements either directly with our implementing partner or through a third-party. Where possible, we will use the standard DFID indicators. These projects will be subject to annual reviews and subsequent peer review by the DFIDP Programme Board. We will aim for 100% completion of annual reviews and project completion reports on-time by June 2011 and subsequently.
- Progress against the overall DFIDP Results Framework will be reviewed at the Quarterly DFIDP Programme Board chaired by the Head of Office. Each Group Head will be required to present a progress report on the results their programmes are achieving. This will then be subject to scrutiny and challenge by all DFIDP teams. At these Quarterly reviews, headline results will be given a Red-Amber-Green rating against the likelihood of delivery. Any red rating will require remedial action with an update provided at the next Quarterly meeting.
- In reviewing and refreshing the Operational Plan annually, we will assess overall progress against the Results Framework and reprioritise our resources as necessary.

Evaluation

In 2011, we will conduct two evaluations of large DFID Pakistan investments. We will begin this process in April 2011. In parallel, we will develop a full **Evaluation Strategy by July 2011**. This will set out how we will:

- Embed evaluation into programme design and implementation, including more third-party evaluations;
- Evaluate our work to influence policy and public debate in Pakistan;
- Build the evidence base for innovative approaches, for example public-private partnerships on education (and use this to inform future investments);
- Peer review and quality assure all evaluations, including through submission to the Programme Board and independent scrutiny;
- Share lessons learned more widely across all three DFIDP delivery groups;
- Ensure transparency in our evaluation process, with the presumption that all evaluations will be published; and
- Build DFIDP capacity on evaluation, including through a dedicated Evaluation Adviser and support from Evaluation Department in London.

Building Capacity of Partners

Our primary partner will continue to be the GoP. Its capacity varies from province to province with the emphasis on monitoring, rather than evaluation. As a result, the evidence-base around some GoP programmes is weak. This limits our collective ability to learn from experience and assess whether programmes have the potential to deliver increased results. To address this, we will:

- In close consultation with the Federal and Provincial Governments, support Pakistan to build expertise in independent evaluation, and fund policy-relevant studies to inform Pakistani decisions, for example on economic reform and education financing;
- Work collaboratively with technical impact evaluation agencies and other donors to share best practice; and
- Continue to work with partner agencies and civil society organisations to strengthen their monitoring and evaluation frameworks and integrate them into forward planning cycles.

8) Transparency

Transparency is one of the top priorities for the UK Government. We will meet our commitments under the UK Aid Transparency Guarantee: we will publish detailed information about DFID projects, including programme documents and all spend above £500. Information will be accessible, comparable, accurate, timely and in a common standard with other donors. We will also provide opportunities for those directly affected by our projects to provide feedback. Transparency in our aid programmes is critical to improving, and demonstrating, value for money to UK taxpayers, particularly at a time of increased pressure on public spending. DFID Pakistan is committed to meeting the commitments under the UK Aid Transparency Guarantee (ATG), including the International Aid Transparency Initiative (IATI). We are already publishing our flood-related spending on the DFID website. Building on this, we will:

- Publish all strategy documents and comprehensive details of all new projects and programmes on the DFID website. This will include agreements with partners, project summaries, logframes, annual review reports, project completion reports, evaluation reports, results, budgets, individual financial transactions over £500 and all tenders over the Official Journal of the European Union threshold;
- Provide opportunities for those affected by our projects to provide feedback through the DFID website public enquiry point and project websites;
- Make information more accessible to Pakistani people by translating and publishing all project summaries into Urdu; and
- Support efforts to encourage DFID’s multilateral partners to sign up to and meet the transparency standards set out in the IATI.

Where publication of programme documentation or financial data may jeopardise delivery of results or the safety of our implementing partner, we will seek exemption from publication. However, we expect this to be the exception and will, on request, provide an explanation for any data withheld from publication.

Working with Partners

DFID Pakistan has worked with Pakistani partners over the years to strengthen transparency and accountability. From supporting elections and strengthening people’s understanding of their rights down to supporting Parent Teacher Councils for schools, we have sought to empower Pakistani people to demand more from both their Government and from us. We will continue to expand and build on this work, by:

- Expanding initiatives on accountability, particularly around public services and democracy, and strengthening the public policy debates around education and women;
- Establishing a consistent dialogue with Pakistan’s Federal and Provincial Government’s on transparency; and
- Leading a dialogue with our partners on the transparency standards we would like them to adopt and what information we expect them to publish. This will become a key component of all new funding arrangements from 1 April 2011.