

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

DFID's Bilateral Aid to Pakistan, October 2012

ICAI Recommendation	Accept/ Reject	Action already taken	Action to be taken	Target date
<p>Recommendation 1:</p> <p>DFID Pakistan should ensure that conditions for scaling up its programmes are clearly articulated</p>	Accept	<ul style="list-style-type: none"> • DFID's Operational Plan sets out plans for scaling up the programme and the parameters that will apply, namely our ability to deliver results and secure value for money in Pakistan, and reform by the Government in four key areas: tax revenue, anti-corruption, human rights (including democracy), and social sector spending. These areas reflect the UK-Pakistan Development Partnership Agreement which is reviewed regularly with the Government. • DFID held interim talks with the federal Government and the Government of Punjab in September to review progress in these areas. • Conditions for each DFID programme, and the expected results, are carefully negotiated and set out in our (published) Business Cases. 	<p>1. DFID will seek bilateral aid talks with the Government within six months of the election (expected Spring 2013), to review progress on results, discuss policy developments in the four key areas, and agree actions going forward.</p>	Sept 2013
<p>Recommendation 1b:</p> <p>DFID should...retain the flexibility to reallocate funding away from under-performing areas. The country programme should also be better balanced across government and non-government delivery channels.</p>	Accept	<ul style="list-style-type: none"> • DFID programmes are increasingly focused at the provincial level. Alongside DFID's on-going partnership with the federal Government, State Bank of Pakistan and non-government partners, this reflects the new, devolved structure of the Pakistani Government and builds flexibility into the programme. • Over the Operational Plan period, the DFID portfolio is being designed to ensure a spread of public and non-government delivery channels 	<p>2. DFID in Pakistan will track risk and performance across the portfolio (including delivery channels), and the results will be discussed regularly at the programme board to ensure a balanced portfolio.</p>	March 2013

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		<p>(private sector, civil society and multilateral) to help manage risk.</p> <ul style="list-style-type: none"> All DFID programmes are reviewed annually, and remedial action (including early closure if necessary) is taken for under-performing projects. 		
<p>Recommendation 2:</p> <p>DFID should increase its support for promoting affordable and equitable private sector delivery of health and education services to poor communities. It should focus on building government capacity to regulate the private sector, improve standards and monitor delivery.</p>	Accept	<ul style="list-style-type: none"> DFID's education programmes are working for whole system reform in Punjab and Khyber Pakhtunkhwa, helping governments deliver better education for all children through partnerships with private schools as well as improvements to the public sector. DFID's Education Fund for Sindh is establishing a private sector company to manage investments that increase access for poor children to low cost private schools and support private management of public schools. DFID's reproductive health programme focuses on providing services and commodities for poor people through the private sector. DFID recently helped establish and continues to support the Punjab Healthcare Commission, which is driving significant improvements in standards in public and private hospitals. 	<p>3. DFID will ensure that its new health and education programmes (currently in design) include dedicated financing for private sector delivery of services and help build government capacity to regulate the private sector, improve standards and monitor delivery.</p>	March 2013

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<p>Recommendation 3:</p> <p>Building resilience to natural disasters at the household and community levels should become a core element of the DFID Pakistan programme.</p>	Accept	<ul style="list-style-type: none"> In response to the 2010 and 2011 floods, DFID pre-positioned humanitarian aid and maintained close monitoring with partners to anticipate and strengthen any response. DFID is funding the reconstruction of over 45,000 flood-resistant homes and providing livelihoods support to over 85,000 families to increase their resilience to future emergencies DFID has built resilience and preparedness into other programmes, including cash transfers for the poorest and most vulnerable, school construction, and regionally funded Urban Resilience and Climate Science Programmes 	4. DFID will take account of ICAI recommendations as we establish a new programme to build community level disaster risk management, enhance preparedness, and improve disaster response. .	Sept 2013
<p>Recommendation 4: DFID programmes should include agreed standards for budget integrity as a condition for scaling up. There should be a major emphasis on promoting transparency and accountability in budget processes and on increasing the amount of beneficiary involvement in the delivery and oversight of programmes.</p>	Partially Accept	<ul style="list-style-type: none"> DFID negotiates benchmarks for results and value for money for each programme, along with safeguards and reform actions where necessary. Transparency and accountability issues feature prominently in these negotiations. DFID uses a range of tools to track budget integrity, including detailed Fiduciary Risk Assessments, 'continuous auditing' of high risk programmes, and regular Public Expenditure and Financial Accountability assessments run jointly with the World Bank. This provides DFID with an in-depth understanding of our partners' systems as the basis for negotiations. DFID has supported federal and provincial governments to develop three year rolling budget plans, enabling line ministries to plan more effectively, and linking budgets more clearly to outputs. In Khyber Pakhtunkhwa this has led the 	<p>5. DFID will continue to ensure all major programmes involving financial aid to government include clear measures to safeguard public money, ensure additionality of DFID funds, and promote transparency and accountability, including through more systematic beneficiary involvement.</p> <p>6. Together with the World Bank DFID will offer help to the Governments of Punjab and Khyber Pakhtunkhwa to undertake Public Expenditure Reviews as the basis for agreeing benchmarks to improve expenditure policy and budget integrity.</p>	<p>March 2013</p> <p>March 2013</p>

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		<p>Government to increase its use of audit, roll out a system of conditional grants to drive performance-based financing down to the lowest levels, and undertake public budget consultations for the past two years, resulting in a more transparent budget process.</p> <ul style="list-style-type: none"> • DFID helps civil society to undertake budget monitoring through a range of different programmes, and includes channels for beneficiary feedback For example, the Aawaz Programme is helping citizens to understand budget information so that they can better hold government to account; and DFID funds a major think-tank to publish regular analysis of education budgets and expenditure patterns. DFID’s post-floods cash transfers programme has created mechanisms so that beneficiaries are aware of their entitlements and able to resolve grievances. DFID’s humanitarian programmes include mechanisms for beneficiaries to complain, which are well-used. 		