

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

DFID's Bilateral Aid to Pakistan, October 2012

ICAI Recommendation	Accept/Partially Accept/Reject	Original Management Response		March 2013 Update
		Action	Target Date	
<p>Recommendation 1:</p> <p>DFID Pakistan should ensure that conditions for scaling up its programmes are clearly articulated</p>	Accept	<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>On track</p> <p>DFID in Pakistan is in discussions with the Government on the planned bilateral aid talks.</p>
<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	<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	<p>Completed</p> <p>In September 2012, DFID in Pakistan introduced a 'Portfolio Risk and Performance Assessment Tool' which tracks risk and performance across the portfolio (including a consideration of delivery channels). This will be reviewed and updated quarterly by the DFID Pakistan Programme Board.</p>

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<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	<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	<p>Completed</p> <p>The new Punjab Education Sector Programme II, approved in January 2013, will help build access to, and improve the quality of Punjab's burgeoning low cost private sector by expanding the capacity of the government-sponsored Punjab Education Foundation and piloting a credit guarantee scheme for low cost private schools in under-served areas.</p> <p>The new Provincial Health and Nutrition Programme, approved in December 2012, will support greater use of private and non-state delivery mechanisms to improve the quality and coverage of primary care where state capacity or efficiency is weak.</p>

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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	<p>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. .</p>	Sept 2013	<p>On track</p> <p>DFID is designing a disaster risk reduction programme, which will take account of ICAI's recommendations and focus on building community level disaster risk management, enhancing preparedness, and improving disaster response.</p>
<p>Recommendation 4:</p> <p>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	<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>	March 2013	<p>Completed</p> <p>Financial aid through the new Punjab Education Sector Programme II (PESP 2) and Provincial Health and Nutrition Programmes will be released on a reimbursement basis against published Disbursement Linked Indicators (DLIs), together with satisfactory mid-year and annual reviews. DFID funds will be safeguarded by internal and external audits, third party verification and feedback from</p>

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				<p>beneficiaries. Additionality will be tracked through six-monthly Budget Execution Reports.</p> <p>PESP 2 DLIs agreed between the Government, World Bank and DFID are published here.</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>Completed The World Bank, with DFID support, launched a Public Expenditure Review in February 2013 with the Government of Khyber Pakhtunkhwa and is working with the Government of Punjab with a view to publication in mid-2013.</p>