



# **Operational Plan 2011-2016**

## **DFID Pakistan**

Updated December 2014



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## Introduction

In 2013 the UK became the first G7 country to meet the United Nations target of spending 0.7% of gross national income on international development. The Department for International Development (DFID) uses that investment to help countries to lift themselves out of poverty and leave poverty behind. Operational plans set out to the public how we plan to deliver results across policy areas and for every country we work in. These plans clearly explain why, and how, DFID is targeting its resources and what we expect to achieve; covering the period up until March 2016.

DFID is focused on spending in the right ways, on the right things, in the right places. The portfolio of our projects is already shifting to deliver a more coherent, focused and ambitious approach to economic development. We are helping to build strong and investable business environments in developing countries and improving access to finance for entrepreneurs.

Improving the prospects for girls and women in developing countries is a priority. Investing in girls and women is the smart thing to do, as well as the right thing to do. By unleashing their potential, we see returns for girls and women themselves, their families and communities, and for their economies and countries. No country can successfully develop if it leaves half its population behind.

Life-saving humanitarian assistance remains one of DFID's most fundamental responsibilities. When disaster strikes or conflict erupts we are first on the ground to support the most vulnerable people. We are also increasing our efforts to help those countries that are at higher risk of natural disasters to become more resilient in the first place.

DFID continues to drive value for money in everything we do on behalf of the British taxpayer. We have improved our procurement and programme management, increased our internal audit oversight and we are ensuring that staff have the skills to deliver the Department's priorities.

On the international stage we are working hard to agree a new set of global development goals to replace the Millennium Development Goals when they expire next year. We are determined to secure a clear and inspiring set of goals for the post 2015 development framework that leave no one behind.

Increasingly we will take new and innovative approaches and we will work with new partners. This will include businesses who are increasingly major development players. During the Secretary of State's time as co-chair of the Global Partnership for Effective Development Cooperation, DFID played a key role in encouraging different development actors to work together and use internationally agreed principles for aid and development effectiveness.

As our operational plans set out, our approach to international development is ambitious and innovative. We are determined to ensure that every pound DFID spends has the biggest possible impact on the ground. Ultimately by investing in developing countries, we can end aid dependency for good and build a better, more prosperous world for us all.

## Context

### Tackling extreme poverty in Pakistan

Pakistan is the sixth most populous country in the world with a population of over 182 million. Poverty is denying opportunities to millions of people and undermining Pakistan's long-term stability with 100 million people expected to be living in poverty by 2050, if current trends continue. In excess of 60 million Pakistanis currently survive below the food poverty line. Pakistan is off-track on the education and health Millennium Development Goals (MDGs), with half of all adults, and two out of every three women, are illiterate. 1 in 11 children die before they reach their fifth birthday and 14,000 mothers a year die in childbirth. This entrenched poverty leads to lost opportunities and can fuel a sense of grievance, both of which undermine Pakistan's long-term stability and prosperity.

High levels of conflict and insecurity have contributed to trapping millions of Pakistanis in poverty. The border areas with Afghanistan are particularly neglected, with weak political processes and poor public administration. This leads to inadequate rule of law and provides a haven for extremist groups. The radicalisation of young men makes terrorism a significant threat to Pakistan and the region. It is not a given however that poverty causes insecurity or extremism; evidence suggests the middle-classes are more likely to support extremists than the poor, with political exclusion the more likely cause.

Pakistan's fragile relationship with India is central to regional and global stability and drives Pakistan's military and nuclear policy. Pakistan's long involvement in Afghanistan gives it a key role to play in ending the insurgency and bringing peace to its war-torn neighbour.

### A country of significance and future opportunity

At around 1 million people the UK has one of the largest Pakistani diasporas globally. These communities retain strong links to Pakistan through travel, family ties, political links, and the arts. The UK is also one of the largest investors in Pakistan.

By 2050 around 80 million Pakistanis will be aged 10 to 29. With increased education and employment opportunities this could yield a demographic dividend and increased economic growth, however it will also put pressure on resources and risks further entrenching existing inequality.

### There have been periods of economic growth which have not led to development

Past political stability, economic reforms and international aid have helped Pakistan's economy to grow at above-average levels. During its most recent upswing, growth averaged 7.3% a year (2003/07) and Pakistan was able to reduce the proportion of people living in poverty from around 34% to 17%.

### ...but these have not translated into economic development and greater equality

These periods of prosperity have not however endured. Since 2007/08 the average GDP growth rate has dropped to 3.04% and the proportion of people in poverty has risen. Pakistan now ranks 146<sup>th</sup> of 187 countries in the Human Development Index.

Inequality, economic and social exclusion (often gender-related), social and cultural norms, weak rule of law, conflict and insecurity, unequal access to health and education services and poor social indicators all inhibit economic growth as well as its link to poverty eradication. External and internal instability and weak governance create a difficult operating environment; requiring us to work fast and flexibly, take a highly context-specific approach, embrace risk, and work politically with counterparts across the UK and Pakistani governments.

### Pakistan remains a country with huge potential

Pakistan is strategically located at the crossroads of South Asia, Central Asia, China, and the Middle East, offering serious long-term opportunities for greater trade and cross-border collaboration. It also has the potential to be a thriving democracy. The completion of a full term by the National Assembly in March 2013 – a first in Pakistan's history – is testimony to gradual improvement in the democratic system. It has a powerful, well-educated elite and entrepreneurial culture which, if properly incentivised and held accountable, could help deliver significantly greater equality and poverty reduction.

# Vision

## Overview

Our vision is a stable and prosperous Pakistan at peace with itself and with its neighbours. The primary responsibility for this rests with the people and the Government of Pakistan. The driving principle of our partnership with the Government is to use our investments to catalyse reform and spending in the four areas critical to Pakistan's future:

**Building peace and stability.** Without peace and stability, the prospects for security and development are limited. Although the border areas are the most volatile, addressing potential conflict is a challenge for the whole country. We will support work to address the root causes of conflict and improve community security country-wide, particularly for women. We will help Pakistan build much greater resilience against future crises and, when they occur, provide a rapid humanitarian response as required.

**Making democracy work.** Pakistan must escape the cycle of weak civilian administration followed by military intervention if it is to achieve long-term stability. The UK played a critical role in helping to improve the credibility of the 2013 elections, particularly the participation of women. The completion of a full term by the National Assembly in March 2013 is testimony to the improvements in the democratic system. We will build on this to strengthen government accountability and responsiveness by strengthening core functions of the state, including planning, taxation and budgeting. We will also promote a more inclusive society with further work on gender and tolerance.

**Promoting macroeconomic stability, growth and jobs.** No country has reduced poverty without economic stability and growth. We will work with the IMF and other key donors, providing financial and technical aid to support macro-economic reform in Pakistan. With a rapidly growing young population, creating new jobs and building a flourishing private sector is critical for Pakistan. DFID assistance will train 40,000 people in new skills and we will improve the impact of growth on poverty through a programme to increase access of the ultra-poor and women to assets, including giving 1.2 million more people access to microfinance.

**Effective delivery of more equitable, inclusive and quality public services.** Improving access to health, nutrition and education services, especially to the poorest people is at the heart of eliminating poverty and creating economic growth. We will maintain our focus on education and health where DFID's programmes will benefit 4 million school children (more children in school and learning better) and help ensure one million births are attended by skilled personnel. New programmes to tackle under-nutrition will help reduce the current 44% stunting rates in children under 5 years old.

## Alignment to DFID and wider UK Government priorities

**Pakistan is a high priority for the UK.** By helping to promote stability and tackle poverty, we support wider UK national security objectives for Pakistan, the UK and the region. We will deliver these objectives under the framework of the UK Government Integrated Delivery Plan for Pakistan, working closely with other UK government departments, and focusing specifically on:

- **Empowering women and girls**, so they can safely participate in decision-making, access essential services including justice, and enjoy better rights and economic opportunity.
- **Calibrating our aid programme to reflect federal and provincial progress on reform and results.** Where governments are driving positive change, we are using our resources to support reform and accelerate progress, for example to deliver basic services, particularly to the poor and to women and girls.
- **Prioritising tackling fraud and corruption.** We are safeguarding our funds through enhanced audits, active management, and on-going monitoring.
- **DFID Pakistan will not** reward failure or breaches of the principles underpinning our development partnership with the Government of Pakistan; duplicate the work of other donors; or try to do everything. We prioritise work in Punjab and Khyber Pakhtunkhwa where our funding can have the greatest impact and collaborate closely with other donors to work at scale and ensure a sound division of labour.

## Results 2011/12-2015/16

**Headline results<sup>1</sup>** (those with an \* are directly attributable to DFID. In all other cases, DFID is contributing to the results).

Pillar/ Strategic	Indicator	Baseline (as at 2010 unless stated)	Progress towards results (by March 2014)	Expected <sup>2</sup> (end year included)
Education*	Number of children in primary education benefitting from DFID support (per annum).	0.2m children	6.3 million <sup>3</sup> children Female: 3 million	4 million children (Female: 2 million) (March 2015) 7.5 million <sup>4</sup> children (Female: 3.7 million) (March 2016)
Education*	Number of children helped by DFID to complete primary education (cumulative).	100,000 children	3 million <sup>7</sup> children Female: 500,000	800,000 children (Female 400,000) (March 2015) 5.7 million <sup>3</sup> children (Female: 2.7million) (March 2016)
Education*	Number of children in secondary education benefitting from DFID support (per annum).	30,000 children	3.7 million <sup>7</sup> children Female: 1.6 million	400,000 children (Female 200,000) (March 2015) 4.2 million <sup>3</sup> children (Female 2.1 million) (March 2016)
Education	Total number of additional children enrolled in primary and secondary schools in Pakistan.	0 additional children	Data under revision <sup>5</sup>	2.4 million <sup>6</sup> children (Female: 1.2 million) (March 2015) March 2016 expected result under review <sup>4</sup>
Maternal Health*	Number of additional births delivered with the help of nurses, midwives or doctors through DFID support (cumulative).	0 additional births	890,000 additional skilled births	1 million additional skilled births (March 2015) 1.12 million additional skilled births (March 2016)

<sup>1</sup> Progress is presented on pages 9 & 10.

<sup>2</sup> March 2015 figures are public commitments made in 2011. March 2016 figures are provisional forecasts made in September 2014.

<sup>3</sup> Progress substantially exceed the March 2015 commitment as DFID Pakistan's work in provincial education reform is now better reflected.

<sup>4</sup> March 2016 forecasts substantially exceed the March 2015 commitment as DFID Pakistan's work in provincial education reform is now better reflected in these results.

<sup>5</sup> Data is currently being reviewed and estimates will be available by January 2015.

<sup>6</sup> Data is currently being reviewed and forecasts for 15/16 will be available by January 2015.

Pillar/ Strategic	Indicator	Baseline (as at 2010 unless stated)	Progress towards results (by March 2014)	Expected <sup>2</sup> (end year included)
Governance	Voter turnout in general election May 2013	35 million (2008 election)	46.2m voters in the 2013 general election	37 million voters were expected but actual voter turnout was 46.2m (March 2015)  46.2m voters in the 2013 election (March 2016)
Wealth Creation*	Number of additional people with access to microfinance	0 additional microfinanc e borrowers	900,000 people  Female: 500,000	1.23 million people (Female: 700,000) (March 2015)  1.53 million people (Female: 920,000) (March 2016)
Wealth Creation*	Number of additional people trained in new skills	0 additional individuals (2011)	20,000 people trained  Female: 7,000	40,000 trained (Female 16,000) (March 2015)  67,000 trained (Female 20,000) (March 2016)
Poverty, Hunger and Vulnerability*	The number of people receiving DFID-supported cash transfers	0 additional people (2011)	1.4 million people  Female: 0.7m	1.78 million people (Female 0.89 million) (March 2015)  3.12 million <sup>7</sup> people (Female: 1.56million) (March 2016)
Humanitarian *	Number of additional flood- affected individuals reached with humanitarian assistance	0 additional individuals	Over 3.5m individuals  Female: 1.75m	2.5 million expected by 2012  4.56 million individuals (Female: 2.2 million) (March 2016)

<sup>7</sup> Forecasts now higher than the public commitment as the new *Stability and Growth Programme* provides funding to the National Cash Transfer Programme from 2014/15 onwards.



## Headline Results

### Evidence supporting results

	Education	Maternal Health	Governance & Security	Wealth Creation	Poverty, Hunger & Vulnerability	Humanitarian
<b>Area:</b>	Education	Maternal Health	Governance & Security	Wealth Creation	Poverty, Hunger & Vulnerability	Humanitarian
<b>Evidence:</b>	Med/Strong	Medium	Med/Weak	Strong	Medium	Medium
<b>VFM:</b>	Good	Good	Medium	Good	Medium	Medium

### Strength of Evidence Base and Value for Money underpinning Results

- Rates of return on support to 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 one sector that has the potential to transform Pakistan. DFID Pakistan 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. We will increase our support in the event of a humanitarian crisis and if there is strong evidence invest further in government led cash transfer programmes.
- The global evidence base for governance interventions is mixed. However, as set out in Section 2, improved governance is critical to Pakistan's future and UK objectives. The recent political crisis has yet further emphasised the importance of this agenda in Pakistan. We will therefore continue to invest in this sector, but recognise that these are higher risk programmes. We monitor performance closely on our existing programmes, are building better baselines and developing a better evidence base and VFM analysis in terms of the outputs that they can deliver. We will use this information to inform decisions on scale-up of future programming.

## Delivery and Resources

### Instruments of Delivery

DFID has a strong role in two provinces where our project portfolio is focused (Punjab and Khyber Pakhtunkhwa). The combined influence of the 15-17 projects in each province (governance, economic and social sector) provides the basis for high levels of access and policy dialogue. We do also work in Baluchistan and Sindh but in a more limited number of sectors and mostly on a smaller scale.

50% of the overall programme is provided as financial aid direct to the Government of Pakistan and those programmes are delivered through government systems. Fiduciary Risk Assessments are required for federal and provincial governments. 8% is delivered through multilateral partners with a further 5% through civil society. Due diligence assessments are undertaken prior to entering into those agreements. 32% is delivered through the private sector following competitive bidding processes, and a final 5% of the programme is humanitarian aid delivered through government or non-governmental organisations.

Most projects are designed to reward progress on reform and results, particularly with financial aid at federal and provincial levels. Performance-related decisions are based on disbursement-linked indicators to support reform. Independent financial audits and scrutiny from the National Audit Office, as well as robust programme design and monitoring, help to minimise the risks of loss of funds to fraud or corruption. The majority of DFID Pakistan projects are subject to a formal evaluation by an independent organisation, to further scrutinise project performance.

Education is the single largest long-term commitment with the potential to transform Pakistan. Around one third of the UK's entire aid programme to Pakistan is used to improve both access to, and the quality of, schooling.

We have been diversifying implementing partners and have developed programmes that can be scaled up or adjusted to allow the flexibility to respond as appropriate depending on the success of programmes.

### Other Delivery Mechanisms and 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 in terms of concrete results and good value from our projects. We will continue to expand and build on this work.

Key development partners consist of a group of five major financiers (International Monetary Fund (IMF), World Bank, Asian Development Bank, US and UK). A wider group makes up a D10 Group including China, EU, France, Germany, Japan and UN agencies. But many are relatively small (the EU programme is approximately £80 million a year). Official Development Assistance (ODA) is estimated at no more than 2% of GDP in 2013/14. Even after the recent IMF programme and including all indicative funding pledges by major donors, ODA will not exceed 3.5% of GDP in the next two years. In 2012/13 ODA was 1.2% of GDP, of which the UK's bilateral programme represented 12%.

### Multilateral Organisations

DFID has convening and catalytic roles with other key donors. The US is the largest bilateral donor to Pakistan. The IMF, 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. DFID coordinated macro-economic reform discussions with the new government in mid-2013 and has comparative advantage (relative to others) in some areas of economic policy, social safety nets, education, and some aspects of governance. We can respond to technical assistance requests in some sectors comparatively quickly and with grants.

### Other Country Activity

There are 39 central and regional DFID programmes in place or under design. They include:

- **Six economic programmes** run by DFID's Private Sector Department. DFID Pakistan's new Enterprise and Asset Growth Programme and the Economic Corridor (Infrastructure) Project will provide the platform for leveraging resources and investment from these central projects.
- **Four resilience, livelihood security and nutrition programmes** have important synergies with two major new DFID Pakistan-led projects, namely on Building Resilience to Disasters and Support to Nutrition. These two projects will provide platforms for ensuring effective co-ordination with these central initiatives.
- **Two social sector programmes** of particular importance are the central GAVI support which is essential for improving immunisation and the Global Partnership for Education (GPE), Pakistan being the largest global recipient of GPE funds, which is funding innovative work in areas with the greatest enrolment and retention gaps.
- **Six regional climate change mitigation and adaptation programmes** have potential to help Pakistan address these challenges, with our particular priorities being projects on water resource governance, resilience and food security, climate proofing growth, and renewable energy.
- **Two regional trade integration and infrastructure connectivity projects** have significant potential to contribute to DFID Pakistan's stability and economic growth objectives (promoting regional trade and economic co-operation).

### **Maximising the impact of our people**

Better programme management has been achieved by putting in place: a Programme Effectiveness Team which ensures compliance with programme management requirements; an Analytical Support Team to promote better evidence-based programming and learning; Financial and Commercial Advisers and Managers; learning and development initiatives for i) 15 project management staff to achieve professional accreditation in 2014; ii) 24 line managers who have started a programme for professional accreditation in the second half of 2014; iii) delivering learning programmes in Political Economy Analysis and Programme Management; and iv) refreshing the induction package for all new staff.

## Planned Programme Spend

Pillar/Strategic	2011/12		2012/13		2013/14		2014/15		2015/16 (provisional*)
	Resource £'000	Capital £'000	Resource £'000	Capital £'000	Resource £'000	Capital £'000	Resource £'000	Capital £'000	Total Resource and Capital £000
Wealth Creation	3,884	0	9,343	0	7,843	0	24,491	20,000	
Climate Change	22	0		0	0	0	0	0	
Governance and Security	22,659	0	17,467	0	42,504	0	30,000	0	
Education	40,117	0	63,589	0	91,839	0	90,614	29,000	
Reproductive, Maternal and Newborn Health	8,416	0	25,591	0	14,168	0	51,545	0	
Malaria									
HIV/Aids									
Other Health	5,179		11,171		3,036				
Water and Sanitation									
Poverty, Hunger and Vulnerability	68,193	0	42,854	0	61,479	0	42,350	0	
Humanitarian	65,172	0	28,840	0	25,806	0	22,000	0	
Other MDG's									
Global Partnerships	2,158	0	4,265	0	6,325	0	0	0	
<b>TOTAL</b>	<b>215,800</b>	<b>0</b>	<b>203,120</b>	<b>0</b>	<b>253,000</b>	<b>0</b>	<b>261,000</b>	<b>49,000</b>	<b>324,000</b>

\*Expenditure figures for 2015/16 are indicative. DFID works in a variety of challenging environments, including fragile and conflict affected areas. Humanitarian work is often reactive and can be scaled up or down. An element of flexibility within funding allocations is necessary to ensure that we can balance the need for long term planning alongside the ability to respond where necessary to changing requirements

## Planned Operating Costs

	2011/12	2012/13	2013/14	2014/15	2015/16 (provisional*)
	£'000	£'000	£'000	£'000	£'000
Frontline Delivery Costs – Pay	2,554	3,065	5,005	5,071	
Frontline Delivery Costs – Non Pay	2,218	2,601	1,491	1,664	
Administrative costs - Pay	283	310	471	354	
Administrative costs – Non Pay	269	357	133	95	
<b>Total</b>	<b>5,324</b>	<b>6,333</b>	<b>7,010</b>	<b>7,184</b>	<b>7,184</b>

\*Expenditure figures for 2015/16 are indicative. DFID works in a variety of challenging environments, including fragile and conflict affected areas. Humanitarian work is often reactive and can be scaled up or down. An element of flexibility within funding allocations is necessary to ensure that we can balance the need for long term planning alongside the ability to respond where necessary to changing requirements

## Delivering Value for Money

**Value for Money (VFM) is a top priority for DFID Pakistan.**

DFID Pakistan has undertaken value for money analyses of most of its portfolio and has an increasingly strong narrative to communicate. For example:

The **Education Fund for Sindh (EFS)** has supported almost 60,000 children into school, at an average cost of £50 per child for the whole year. EFS has achieved this by supporting 20,833 children with vouchers and 38,612 children through intermediaries. Value for money is expected to improve as dropout rates continue to fall and results continue to improve. Ultimately, the success of this and all programmes will be judged on the outcomes achieved – in this case learning outcomes of supported children. An assessment tool has now been developed and baseline data on learning is being collected. The first wave of assessment data comparing learning outcomes between service providers will be available in the next year.

DFID Pakistan has supported the reconstruction of 66 flood conflict damaged **bridges** in the remote areas of Khyber Pakhtunkhwa. The average rate of return on completed bridges (for which data is currently available) is 31% - very high by the standards of public infrastructure projects. With a design life of 50 years, each of these bridges is expected to serve millions of journeys across the rivers and ravines and foster socio-economic development of the region.

The **Sub-National Governance (SNG)** programme in KP and Punjab, aims to address weak governance - which lies at the heart of Pakistan's economic and social problems. Illustrations of strong value for money in this programme include DFID's Support to Khyber Pakhtunkhwa Provincial Revenue Authority (KPPRA) where SNG support increased the provincial government sales tax revenue by 43 per cent from July 2013 to June 2014, a total value of £11 million. This is the equivalent of increasing GoKP revenue by £186 per £1 spent on technical assistance. SNG investments in Punjab in Citizen Feedback Model complaint mechanisms have saved Punjab citizens Rs. 4000-5000 (£25-£32) per public service transaction on property registration. More than 3.4 million citizens have been contacted through this citizen feedback model (CFM) in Punjab. The model operates in all 36 districts and 12 departments of Punjab.

The **Provincial Health and Nutrition Programme** is estimated to avert the loss of some 1.86m Disability Adjusted Life Years<sup>8</sup>. Using average per capita income figure for Pakistan, this equates to an economic benefit of £1.507bn, implying a benefit-cost ratio of 1:14 in Punjab and 1:12 in KP<sup>9</sup>. **Key challenges to improving Value for Money.** Comparatively poor data in Pakistan and frequent crises exacerbate the challenge of assessing VFM in development programmes. At the operational level, insecurity limits the range of implementing partners available to deliver programmes and limited accessibility constrains our ability to assess performance. Strong anti-corruption safeguards built into our programmes are crucial and require appropriate investment.

### How will we improve Value for Money?

**Across the portfolio.** In each refresh of the DFID Pakistan Operational Plan we will assess whether we are investing in those areas that provide the best VFM. Across the portfolio, and particularly on education where we have made a significant investment, programmes are already delivering promising early results and starting to transform government systems and service delivery.

**Systems and structures.** To ensure a systematic approach, we developed a comprehensive DFID Pakistan Value for Money strategy (Feb 2012) which outlines our commitment to ensuring VFM across our programmes with a focus on project cycle management, monitoring and quality assuring our VFM approach, communicating success stories and capacity building. In support of the value for money strategy, DFID Pakistan has recently established a Value for Money group to ensure consistency across the office and develop robust value for money narratives for DFID Pakistan's portfolio. This group is supported by the Country Economist, Analytical Support Team and the Head of Office.

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<sup>8</sup> One Disability Adjusted Life Year (DALY) can be thought of as one lost year of "healthy" life.

<sup>9</sup> Benefit-cost ratio in Punjab and KP are different because of differences in package of services in the two provinces and variance in health status.

We have improved our approach to annual reviews, notably the value for money sections which are being thoroughly quality assured and increasingly challenged. Robust bi-annual reporting against the Operational Plan and DFID Results Framework using agreed methodologies ensure that programmes that are not performing well are tackled promptly. Clearly defined results generated from Annual Reviews, Project Completion Reviews and evaluations will help to further develop value for money assessments of the portfolio.

On operational costs, we continue to drive efficiency savings and better cost management across all activities. We are working to improve the efficiency of tendering and negotiating local contracts/leases. In designing and implementing programmes we are working with partners to ensure VFM in their fee rates and their operations

## **Commercial Capability and Value for Money**

DFID Pakistan conducted a Commercial Capability Review in 2012 and was the first office to undertake a refresh exercise (in June 2014). The latest review highlighted that DFID Pakistan has made significant commercial progress over the past two years and identified areas where further improvement could be made to support the delivery of results and value for money. The refresh included the following highlights:

- DFID Pakistan has strong commercial leadership to drive change in this area.
- The Commercial Team is well embedded within programme operations to influence better design, apply best practice and support contract management.
- A Commercial Adviser has been recruited to improve professional capability at a strategic level and develop stronger relations with key third parties (including suppliers, civil society organisations and multilaterals) to capture value for money opportunities.
- There are good examples where commercial experience has been applied effectively to the design and management of programmes. However, we need to share this experience and bring a more consistent level of commercial capability across the programme teams.
- Over the past year DFID Pakistan has increased its use of Early Market Engagement by 50% on new Business Cases and this continues to increase as positive experiences are shared. Early Market Engagement supports better value for money through a better understanding of the market: innovative ideas, and better programme design.

A Commercial Action Plan is currently under development to support the further development of commercial capability in DFID Pakistan.

## Monitoring and Evaluation

### Monitoring

In designing new projects, we will ensure they are evidence based and 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 standard DFID indicators. These projects will be subject to Annual Reviews and subsequent scrutiny by the DFID Pakistan Monthly Programme Management Meeting. We will continue to aim for 100% completion of annual reviews and project completion reports on-time.

Progress against the overall DFID Pakistan Results Framework is reviewed biannually by the Senior Management Team where results are presented, challenged and discussed. Those with red traffic light ratings are required to undertake remedial action and provide updates. DFIDP has also developed a Portfolio Assessment Tool to track risk/returns at the portfolio level. This is also discussed at the Quarterly Strategic Review Meeting. Progress on the Operational Plan, results and portfolio are discussed with the Director at least twice a year.

In reviewing and refreshing the Operational Plan, we assess overall progress against the Results Framework and reprioritise our resources as necessary.

### Evaluation

To guide our evaluation approach in 2011 we developed an **Evaluation Strategy**. This is currently being updated to reflect DFID's revised central evaluation strategy and office priorities. The strategy will set out how we will:

- Identify and prioritise evidence and information needs;
- Embed evaluation into programme design and implementation;
- Analyse, communicate and consolidate evidence in a timely and user friendly manner;
- Build the evidence base for innovative approaches, for example public-private partnerships on education and roadmaps in health, and use this to inform future investments;
- Peer review and quality assure all evaluations, including through submission to independent quality assurance;
- Ensure transparency in our evaluation process, with the assumption that all evaluations will be published; and
- Build internal capacity on evaluation, including through office wide training, and increasing the number of evaluation accredited staff.

Since 2011 we have completed twelve evaluations DFID Pakistan investments. As of September 2014, there are thirteen evaluations of DFID Pakistan's programmes underway. Four of these are being managed solely or jointly by partners (with support from DFID Pakistan). An additional four are planned.

### Building capacity of partners

Our primary partner will continue to be the Government of Pakistan who have a strong commitment to improve evaluation of donor supported and other programmes and which is supported by UNICEF on this agenda. DFID is also increasingly working with non-state partners whose monitoring and evaluation capacity varies. As a result, the evidence-base of the effectiveness, efficiency, sustainability, relevance and impact of some programmes is mixed.

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:

- Work collaboratively with technical impact evaluation agencies and other development actors to share best practice; and
- Continue to work with partner agencies and civil society organisations to strengthen their monitoring and evaluation frameworks.



## Transparency

Transparency is one of the top priorities for the UK Government. It helps people see where money is going and for what purpose. It helps improve value for money and makes governments everywhere more accountable to their citizens. DFID is a world leader in aid transparency and has an ambitious vision for both itself and its partners. We will ensure that we play our part in continuing to work towards that vision – set out in a suite of commitments the Aid Transparency Guarantee (ATG), Aid Transparency Challenge (ATC) and DFID's Open Data Strategy.

### **Actions to ensure DFID meets its commitments in the UK Aid Transparency Guarantee**

We will support DFID's transparency commitments by publishing comprehensive details of all new projects and programmes on the [Development Tracker](#). This includes 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 OJEU threshold. In addition, we published details of all of our spending in response to the recent floods. We will also:

- 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 making all project summaries available in Urdu on request;
- Support efforts to encourage DFID's multilateral partners to sign up to and meet the transparency standards set out in the International Aid Transparency Initiative (IATI);
- Map our programmes so that we have a visual representation of where our support is targeted; and
- In 2012/13 we published an anti-corruption strategy.

Where publication of programme documentation or financial data may jeopardise delivery of results or the safety of our implementing partner, we seek exemption from publication. However, this is the exception and on request we will, 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. We will continue to expand and build on this work by:

- Expanding initiatives on accountability, particularly around public services and democracy, and strengthening public policy debates around education and women;
- Establishing a regular 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 became a key component of all new funding arrangements from 1 April 2011.

## Annex A: Changes to Operational Plan

Page Number	Change made to operational Plan	Reason for change
5 and 6	<b>Vision</b> and <b>context</b> sections have been updated. Reference to new country programmes on economic growth and nutrition have been added. A new reference to radicalisation has been added in the context section.	To ensure that they are factually accurate and up to date, and to reflect the analysis done for the CPRD.
8	<b>Headline results</b> and <b>evidence supporting results</b> sections have been updated to include reference to new DFID Pakistan programmes on economic growth and asset transfers. References to the 2013 election have been removed to update the text, and new references added to the recent political crisis.	To ensure these sections are up to date and factually accurate.
12	<b>Planned programme spend</b> has been updated to include planned spend in 2015/16 and corrected for previous years. Spend for 13/14 and 14/15 is significantly lower than in previously published version (£253 million, reduced from £355 million in 13/14 and £310 million, reduced from £405 million in 14/15).	To ensure factual accuracy.
14 and 15	<b>Delivering Value for Money</b> has been significantly updated to include narratives on the Education Fund for Sindh, flood reconstruction work, our Sub-National Governance programme in KP and Punjab, and the Provincial Health and Nutrition programme, as well as reference to the DFID Pakistan value for money strategy and monitoring actions. The section on Commercial Capability is new text.	To reflect current priorities and update the text.
16 - 19	<b>Monitoring and Evaluation, transparency and Human Rights Assessment</b> have had minor drafting changes and factual updates.	To bring them up to date.

## Annex B: Human Rights Assessment

The UK recognises that the realisation of all human rights underpins sustainable development. Through its development programmes, the UK aims to support civil society and governments to build open economies and open societies in which citizens have freedom, dignity, choice and control over their lives, and institutions are accountable, inclusive and responsive.

### Human rights context

**Economic and social rights:** Pakistan is ranked 146 of 187 countries in the Human Development Index (2012). It has been steadily improving but remains below the average for South Asia. It is off-track on the majority of MDGs for 2015. 49% of the population live in poverty, with poor people particularly vulnerable to inflation of food and energy prices. There is a Constitutional guarantee to free and compulsory education for all 5-16 year olds. However, Pakistan has the second highest number of out-of-school children in the world, currently 12 million, the majority of whom are girls. In 2011, 56% of children were enrolled in primary school and the primary completion rate was 54.6%, leaving Pakistan significantly behind the MDG target of 97.5%. Under-5 deaths are slowly decreasing (72 per 1,000 in 2011); lack of vaccines and under-nutrition among pregnant women mean over half of these deaths occur within the first month of life. Contraceptive prevalence is 27%: more than Afghanistan but less than India (World Bank 2008).

**Non-discrimination:** Pakistan is ranked 123 of 148 countries in the Gender Inequality Index 2012. Girls and women suffer high levels of sexual and physical violence, exacerbated by conflict and fragility. Maternal mortality remains high for South Asia at 260 per 100,000 live births. Female literacy is 42% compared to 67% for males. There is a rural-urban divide with 29% of children in rural areas enrolling in middle school compared with 48% in urban areas; the inequality widens for girls (24% rural areas 49% urban areas). Religious minorities and vulnerable Muslims are routinely harassed with increasing incidence of violence. Discrimination occurs on the basis of sexual orientation. Same-sex relationships are criminalised. On disability, Pakistan scores relatively highly compared to the region with 29% of those with disabilities employed. Parliament recently passed legislation criminalising some discriminatory and violent practices against women.

**Civil and political rights:** In 2014, Freedom House ranked Pakistan as “partly free”, a positive trajectory since 2008 when it was ranked “not free”. This is because Pakistan held historic elections in May 2013 resulting in the first transfer of power from one civilian government to another. But the Foreign Office Annual Human Rights Report 2013 and 2014 updates highlight increasing concerns on breadth and severity of violations: disappearances and killings of suspected militants allegedly by security forces; increasing attacks against religious and ethnic minorities; failure to protect and promote women’s rights; worsening freedom of the media (down eight places in 2013 World Press Freedom with press and internet ranked as not free); and low integrity standards in law enforcement, with reports of mistreatment in police custody.

**Universal Periodic Review:** The Universal Periodic Review reported in March 2013 and the Government accepted 126 of 166 recommendations. Implementation of recommendations will be reviewed at the next UPR process in 2017.

### Direction of travel

- Social and economic rights are on a positive trajectory with improving school enrolment rates and decreasing maternal and child mortality. However, progress is slow and still low from a regional perspective.
- 
- Inequalities persist. There is some legislative progress but improvements in women’s and girls’ human rights continue to lag.

- Civil and political rights show a slight improvement because of an historic election in 2013 but there is cause for serious concern in other areas.

**UK approach and focus:**

- With the Foreign Office, we raise human rights concerns at the highest levels of government, including in Annual Aid Talks. Dialogue with the federal government has focused on: electoral reforms; deteriorating religious and press freedoms; honour killings, early and forced marriages; extra judicial killings and security force abuses. Our support to the Election Commission and to 40,000 election observers helped Pakistan hold more credible elections. Our peace building support in North and West Pakistan will help protect poor people from human rights abuses through improved security and faster and more effective access to justice. Our humanitarian support is responding to the IDP crisis from the North Waziristan operation.
- We are supporting rights to education and health with a focus on access and quality, and reproductive rights. Our Financial Inclusion Programme will support 3 million poor and marginalised people to access finance to improve their livelihoods; and the Punjab Skills Development Fund will support 40,000 young people from the four poorest districts of Punjab to get jobs.
- Our programmes on empowering women and minority groups help address key issues of inequality and violence. For example, the Aawaz programme will support women to participate safely in politics.



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