

DFID Management Response: Evaluative review of the Statebuilding Grant and the Palestinian Governance Facility – DFID Palestinian programme

Notes:

- a) Background: This is an external independent evaluation of two DFID programmes: the Statebuilding and Service Delivery Grant (SSDG) – a programme of financial aid to the Palestinian Authority (PA) – and the Palestinian Governance Facility (PGF) – a public financial management (PFM) and institutional capacity-building programme. Both started in 2011 and are expected to end in March 2016, having been extended for a year from their original end points.
- b) Methodology: The evaluative review attempted to answer three main questions: 1) To what extent have the SSDG and the PGF achieved their objectives, including in relation to value for money? 2) Do the programmes illustrate coherence: internally, between each other and with other interventions? 3) How appropriate are the programmes to Her Majesty's Government (HMG) policy, the PA's needs and in relation to addressing fiduciary risk?
- c) QUEST / Dev Tracker links:
- d) Ownership: All actions are 'owned' by the DFID Senior Responsible Owner of the project with close involvement by the Programme Manager.

DFID management response:

#	Recommendations	Accept / Reject	If "Accepted", Action plan for Implementation or if "Rejected", Reason for Rejection
1	DFID should more rigorously define and prioritise its real political and policy objectives for budget support to the PA, and design the programme modality for financial transfers and conditionality accordingly.	Accept	Action: For consideration in the design of future programme(s). DFID OPTs is currently designing its successor programme of support to the PA. We will ensure that the design process identifies clear political and policy objectives for any future support, and that options for programme modalities and conditionality are fully appraised in line with these objectives.
2	DFID could consider whether the current structure of PA fiscal policy and associated financial support is sustainable in the long term, and what influence DFID could bring to bear to support a more sustainable situation, for example by increasing the share of development expenditure in the PA budget.	Accept	Action: For consideration in the design of future programme(s). Fiscal sustainability for the PA will need to be a central consideration in any future support to the PA. DFID OPTs will continue to work closely with the IFIs to consider appropriate strategies to support the PA to become more fiscally sustainable.
3	If DFID remains in the PRDP system, it should begin a dialogue with the World Bank and the PA regarding how to increase the predictability of the instrument, including carefully considering the added value of the performance tranche of the SSDG.	Accept	Action: For consideration in the design of future programme(s). Any future support to the PA will be appraised against a range of delivery mechanisms, taking into account the evaluation's findings on the performance tranche, and areas for improvement within the PRDP-TF.
4	Continued support to upstream planning and budgeting reform is a reasonable course of action to follow, provided there is government buy-in. Long-term support to these kinds of reform programmes will be necessary to fully embed change.	Accept	Action: For consideration in the design of future programme(s). DFID OPTs agrees that planning and budgeting reforms should be a priority for the PA. Options for future assistance will be assessed against PA priorities for reform.
5	DFID should carefully consider whether its support to the Development Assistance and Reform Platform (DARP) system, and to the Ministry of Planning and Administrative Development (MoPAD) in general is yielding useful outputs. Consideration should also be given to what can usefully be achieved in the area of revenue administration reform, where PGF inputs have struggled to sustain traction on big issues in the absence of commitment to a comprehensive reform plan, but have worked instead to deliver smaller 'opportunistic' reforms.	Accept	Action: For consideration in the design of future programme(s). DFID supported the merger of MOPAD with the Ministry of Finance in late 2015 to improve aid coordination. We will carefully consider whether and how to support these planning functions in the new structure and in the new National Policy Agenda process. Any future technical assistance to revenue reform will prioritise analysing PA priorities and respond accordingly.
6	Across the whole programme there is clear scope for DFID to build better relationships with Palestinian Authority officials and TA providers involved in delivery of PGF inputs, and to manage the various components of its PFM interventions more holistically.	Accept	Action: For immediate action DFID has now established a PGF Steering Committee to bring both PA officials and TA providers together on a regular basis and improve coordination.
7	Ahead of deciding a new round of programme design, DFID could usefully review its current full range of PFM interventions to assure itself that they adequately deal with existing fiduciary risks, and potentially to refresh its understanding of fiduciary risk in the PA for the future.	Accept	Action: For consideration in the design of future programme(s). DFID OPTs has completed a new Fiduciary Risk Assessment. These findings will inform the development of any future support to the PA and, where appropriate, will be used to guide technical assistance priorities.

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8	DFID should more actively manage its budget support and PFM reform programmes so as to bring out synergies between the two. This need not necessarily mean a single programme for both interventions in the future. This would depend on the complementarity of the prioritised objectives for the two programmes going forward.	Accept	Action: For consideration in the design of future programme(s). DFID OPTs agrees that any potential future financial aid to the PA should be more closely linked to the provision of technical assistance.
9	DFID should more actively engage in dialogue with government and use both programmes as a vehicle for building stronger relations with key government officials. Alongside this dialogue, additional analytical or research work could be useful to more fully and systematically uncover the PA's PFM reform ambitions.	Accept	Action: For immediate action DFID agrees that it is important to step up dialogue with PA officials. The PGF Steering Committee is now in place. We are also engaging closely with the EU who are supporting the development of a nationally owned PFM reform strategy, in close coordination with donors.