

**Management Response on the Evaluation Report of the Australia-World Bank Philippines Development Trust Fund  
(December 2018)**

<b>Findings</b>	<b>Recommendations for a successor fund</b>	<b>Management response</b>
<b>Areas of Strength</b>		
1. The PH-PTF was effective in enabling DFAT and the World Bank achieve intended outcomes.	DFAT and the World Bank should consider a follow-up fund to replicate and build on the successes of the PH-PTF.	Agree.
2. The governance structure worked well but it needs to be improved to guide implementation and operations in the future.	DFAT and the World Bank should agree on a more detailed governance framework. Regular meetings—at least annual—of the Steering Committee to review the strategy and overall progress should be complemented by at least semi-annual meetings of the Operations Committee. Meetings among technical counterparts in World Bank and DFAT should be encouraged. This arrangement should be clearly stated in the Operations Guidelines.	Agree.
3. The results framework for the PH-PTF was not an effective monitoring tool.	<p>World Bank and DFAT should establish a results framework at the outset, with initially agreed strategic focus areas. Continued flexibility should be ensured by authorizing the Steering Committee to add other focus areas. The results framework should be a living document, with details of approved grants and their intended outputs and outcomes added every year. The results framework can then be used to track progress annually.</p> <p>To facilitate the use of the results framework, the World Bank should ensure that grant funding requests include expected quantified outputs and outcomes.</p>	Agree.

<b>Findings</b>	<b>Recommendations for a successor fund</b>	<b>Management response</b>
4. The administration agreement for the PH-PTF did not specify any cross-cutting areas that required special attention.	DFAT and the World Bank should agree upfront on any cross-cutting issues that are to be addressed by grants supported by the trust fund. Once the cross-cutting areas are agreed upon, World Bank should ensure that these are reflected in the Operations Manual and grant funding requests give attention to such areas.	Agree. DFAT and WB will stipulate the key crosscutting issues that should be addressed by trust fund grants. WB will subsequently ensure that grant funding requests pay attention to these.
5. Competitive approaches to grant allocation were valued, but the decision-making process was not always clear to all stakeholders.	The default approach to fund allocation should be to use competitive rounds of bidding within certain parameters, specifically the results framework strategic focus areas.	Agree in principle. DFAT and WB will continue to adopt competitive approaches to grant allocation. Funding intended for high and emerging priorities, which may not be covered in the annual priorities as initially programmed or anticipated, may also be budgeted.
6. One of the major strengths of the PH-PTF was its flexibility and timeliness in responding to changing circumstances.	The Steering Committee should be given the discretion to respond rapidly to events. The decisions made in such circumstances should however be transparent and explained to key stakeholders.	Agree.
7. There is no systematic annual reporting of PH-PTF progress.	Annual financial and operational progress reports should be prepared. To ensure that this recommendation and the results framework recommendations are addressed, resources for monitoring and evaluation should be earmarked.	Agree. WB will prepare annual progress reports, in a report format catering to the requirements of the DFAT aid quality processes. M&E resources will be appropriately allocated.
8. As noted in the Midterm Review, the annual allocations process used by DFAT added uncertainty to program planning and at times caused difficulties when task team leaders had to cancel planned activities.	DFAT should consider changing the allocation process so that agreed grants have guaranteed multi-year resources.	Noted. For further discussion between DFAT and WB to ensure that endorsed activities by the SC are allocated with funding support whether the objectives are one-year or longer term.

Findings	Recommendations for a successor fund	Management response
9. Recipient-executed grants were slow to disburse, although several grants delivered excellent outcomes.	World Bank and DFAT should continue to allow for both recipient-executed and Bank-executed activities.	Agree.
10. Bank-executed grants were sometimes closely linked to loans such as the CCT, MRDP, and CDD; at other times, to more free-standing technical assistance. In both instances, there were some very significant outcomes.	World Bank and DFAT should continue to be flexible in funding Bank-executed grants. Their relevance to agreed priorities is more important than linkage to ongoing lending activities.	Agree.
11. The Programmatic AAAs provided a more coordinated structure for planning, managing and reporting about advisory services and analytics activities, but failed to report adequately on trust funded activities.	World Bank should review the use of PAAA reporting arrangements for trust funded activities, because they do not provide sufficient details on the outputs and results supported by the trust funds. Where multiple funding sources are used for PAAAs, reports should clearly identify the contributions of each funding source to PAAA activities and outputs to ensure traceability of donor resources. To the extent possible, PAAA rating systems should be compatible with those used in other trust funds and operational reports. If activities financed through trust funds move in or out of a PAAA, reports should keep donors fully informed on the use of the funds they contributed.	[For WB's consideration.]