



Prepared by PCA section

Approved by: James Hall, Assistant Secretary PAB and Margaret Adamson, HOM Islamabad

Date Approved: December 2018

Pakistan Sustainable and Inclusive Economic Growth Portfolio Evaluation

MANAGEMENT RESPONSE

Portfolio Name	Inclusive and Sustainable Economic Growth - Objective 1 of the 2015-16 to 2018 -19 Pakistan Aid Investment Plan (AIP)		
AidWorks initiative numbers	INL271 Agricultural Value Chain Collaborative Research INL301 Pakistan Trade, Investment & Policy Reform Program (includes SMART Punjab) INM104 FAO AusABBA Phase II INL272 SRSP Project for Women's Economic Empowerment INM356 Market Development Facility (MDF) Phase II (includes Innovation Exchanges Telenor partnership) INL594 Sustainable Development Investment Portfolio Phase II INL659 Business Partnerships Platform (Better Cotton Initiative and Pakistan Partnerships in Inclusive Seed Systems Initiative)		
AIP Commencement date	2015-16	AIP Completion date	2018-19
Total Australian \$	\$74.1 million		
Delivery organisation(s)	Multiple		
Country/Region	Pakistan		
Primary sector	Economic growth		
Objective	<p>Aid Investment Plan for Pakistan (2015-19), objective 1, was: Generating sustainable growth and employment through increased trade and investment, and improvements to agricultural productivity, water resources management and industry.</p> <p>After a review in 2016-17, the statement was revised to: Generating sustainable and inclusive growth and employment through improved agricultural and market development, increased trade and investment, and water resources management.</p>		

EVALUATION SUMMARY

Evaluation Objective:

DFAT's current Aid Investment Plan (AIP) is due to end in 2019. The purpose of the Evaluation was to 'assist DFAT structure its economic growth portfolio for the next five year AIP to Pakistan.' The Evaluation had three objectives:

1. Review activities under objective 1 of the current AIP
2. Review the Inclusive and Sustainable Economic Growth portfolio delivering objective 1 of the current AIP
3. Make recommendations for DFAT's future inclusive growth strategy and portfolio management.

Evaluation Completion Date: 12 November 2018

Evaluator: Bob Warner

DFAT's response to the evaluation report

DFAT is satisfied with the quality of the Evaluation. It comments constructively on the role of DFAT's sustainable and inclusive economic growth portfolio in the context of Pakistan's political economy constraints and opportunities, and has contributed to the development of the new AIP. The Evaluation sufficiently addresses the questions raised in the Terms of Reference (ToR) and subsequent Evaluation Plan.

Recommendation 1: The overarching policy area priorities should be: gender, agriculture and water

Response: Agreed.

Explanation: The document makes a strong case for gender equality, agriculture and water to be priority subject areas in an inclusive growth portfolio under the next AIP. DFAT supports this advice which is based on Australia's demonstrated skills and reputation in these areas and because they are key areas for inclusive growth and poverty reduction in Pakistan. Depending on other analysis and broader deliberations, additional policy areas could also be included in the portfolio, for example nutrition or climate change.

Action plan: DFAT will confirm the final selection of policy areas of the portfolio in the forthcoming Pakistan AIP.

Recommendation 2: The program should have two pillars with defined objectives and outcomes

- Sustainable and inclusive growth in agriculture and rural economic activity
- A gender 'rights' pillars dealing with norms and policies

Response: Agreed

Explanation: In the Evaluator's judgement, gender equality is an essential feature of an inclusive and sustainable growth portfolio and a gender related portfolio would provide it with valuable experience and lessons on '...how to reinforce enabling community norms, attitudes and institutional support structures with respect to the increased access, agency and advocacy that women's economic empowerment may bring.' The Evaluation report suggests that DFAT facilitate the sharing of experiences and lessons between two such portfolios.

Although providing recommendations for the aid program as a whole was outside of the scope of the evaluation, DFAT agrees that a sustainable and inclusive growth portfolio in the next AIP would benefit from inclusion of a gender-related portfolio and from linking the two portfolios to facilitate cross learning.

Action Plan: Objectives and outcomes will be defined in the new AIP and elaborated in the AIP Performance Assessment Framework to be completed in early 2019.

DFAT will consider ways to facilitate cross learning between programs and portfolios (including specific ideas presented in the Evaluation Report that are discussed below) as part of the AIP drafting process.

Recommendation 3: The economic growth portfolio should transition to three main investments:

- The Market Development Facility (MDF)
- The Sustainable Development Investment Portfolio's (SDIP) Pakistan program, with possible modifications
- AusABBA, with possible modifications/extensions

Response: Noted.

Explanation: DFAT agrees that a consolidated approach is needed and supports the inclusion of the three programs recommended as the core programs under a sustainable and inclusive growth portfolio. DFAT will also consider alongside this recommendation the modifications proposed for SDIP and AusABBA (discussed more under recommendation 4 and 5). The three programs are performing well and cover the three proposed subject areas – agriculture, gender, and water. They also provide a balance of short term direct benefits to the poor and longer term systemic and policy change. As noted in discussion of recommendation one above, the portfolio may also address nutrition, and this would be done through commitments to the World Food Program (the review did not examine WFP as it is currently under Objectives 2 and 3 of the current AIP). The work of the Australian Centre for International Agricultural Research (ACIAR) will continue to be highly relevant and DFAT will also collaborate closely with ACIAR in Pakistan.

Action Plan: The three recommended programs plus support for WFP are being considered for inclusion in the future economic growth portfolio. DFAT has made funding commitments to these programs that will see them extend into the new AIP period, with likely provision of further funding in the out-years. A new Partnership Agreement is being developed with ACIAR that commits both portfolio agencies to enhance engagement in each other's work to improve strategic collaboration.

Recommendation 4: The economic growth portfolio should continue to have the ability to act on emerging opportunities with partners, commission analytical studies and other inputs, and have a

facility to contract support for coordination and monitoring across investments. This could include funding a follow-up to PTIPP

Response: Noted

Explanation: DFAT is currently considering various mechanisms to support implementation of the new AIP.

Action Plan: Further details will be provided in the AIP and subsequent implementation plans.

Recommendation 5: DFAT should explore the possibility of developing a facility based partnership with FAO (including the work of AusABBA)

Response: Noted.

Explanation: DFAT is currently considering various partnership options under the new AIP.

Action plan: DFAT will continue its dialogue with FAO to identify synergies and align strategies. A formal partnership agreement may be considered after other aspects of the AIP are bedded down and lessons from a new Partnership Agreement with ACIAR have had time to emerge.

Recommendation 6: DFAT should:

- actively search for local expertise to help expand and supplement capacity to engage on broader development policy issues, and
- resource investments to help DFAT make better use of the understanding of development policy issues that exists in the portfolio, and create opportunities for exchanges with investments in emerging development and context issues.

Response: Agreed

Explanation: DFAT supports the ideas behind this recommendation - that the portfolio offers opportunities to provide information that is valuable for our broader interests in Pakistan especially those relating to economic diplomacy; and programs in the portfolio could be better utilised to respond to emerging issues or opportunities identified beyond the development program.

Action Plan: DFAT will consider additional mechanisms to support the implementation of the AIP as noted under recommendation 4. Through the annual strategic planning process with the Market Development Facility DFAT will also identify ways to better utilise the local expertise and knowledge within the MDF team to support our economic diplomacy agenda. DFAT will build on existing efforts to link our programs including, the MoU between FAO and MDF in Balochistan, and will use expert advisors from SDIP to identify opportunities arising from ACIAR's research in the water sector.