

Pakistan Trade and Investment Policy Program (PTIPP)

DFAT Management Response to Independent Review

PTIPP is a three year, \$9.9 million investment (July 2015 to June 2018), delivered by the World Bank to support Pakistan's efforts to increase regional trade and investment, with a particular focus on strengthening links to other South Asian markets. The program consists of four components and two cross cutting themes - 1) Supporting the regional trade policy framework; 2) Strengthening institutional capacity for trade; 3) Specific trade facilitation activities and 4) Heritage Tourism, with gender and strategic communications as cross cutting issues.

In line with stipulations in the Australia and the World Bank program agreement, an independent review was conducted in January - March 2017 to assess PTIPP's performance. The purpose of the review was to assess program progress and to provide recommendations on future focus and volume of funding against each of the four components, with specific attention given to promoting gender equality. The Independent Review team comprised two independent consultants – a trade policy specialist (Peter van Diermen) and a gender and trade specialist (Gillian Brown). The independent review was managed by the Australian High Commission in Islamabad and DFAT Pakistan Desk in Canberra. Islamabad Post participated in all meetings and field visits associated with the mission.

DFAT's response to the Independent Review Report (Review): DFAT accepts the Review findings and agrees with the majority of recommendations. The World Bank has developed an action plan that outlines steps to remedy program performance, and implementation of recommendations has commenced on several fronts. Following the review, DFAT undertook an internal performance assessment of PTIPP that confirmed the need to work closely with the Bank to improve program efficiency and effectiveness. As a result, and in addition to the recommendations below, DFAT has 1) committed to senior management oversight of PTIPP; 2) identified a minimum suite of program deliverables; 3) agreed to a six-month no-cost extension to ensure full implementation of program activities; and 4) will delay the release of final payment to Quarter 1 2018, pending a satisfactory financial acquittal and program progress report.

Individual management response to the recommendations

Recommendation	Response	Explanation	Action plan	Timeframe
<p>Recommendation 1</p> <p><i>An interim solution needs to be found and implemented for the continuity of the Regional Trade Office (RTO) as soon as possible, while waiting for the Recipient Executed Trust Fund (RETF) to be finalised. The RETF could be expanded to also include consultants that could help the Ministry of Commerce (MoC) identify specific capacity building activities and implement these, and possibly also to develop the strategic communication activities.</i></p>	Agree in part	The RTO, consisting of three national-staff economists, has been an important part of producing and socialising World Bank (WB) analytics within the MoC. Additional work has been commissioned from WB analysts in Washington. While the RTO function needs to continue, it is not viable to establish an RETF within the remaining timeframe.	The MoC has now directly hired the RTO consultants with their own financial resources. This will further contribute to the sustainability of the program's objectives. WB global trade specialists will continue to develop analytics and guide trade policy work in Pakistan. DFAT will seek feedback from the MoC to confirm inputs remain relevant.	Completed
<p>Recommendation 2</p> <p><i>The Results Framework should be revised to provide a greater focus on realistic and achievable indicators of 'outcomes' and 'impact' rather than just 'outputs'.</i></p>	Agree		WB has submitted an improved Results Framework accompanied by explanatory notes on linkages between remaining activities and the proposed outcomes. The Framework retains some weaknesses but is satisfactory given the remaining timeframe. DFAT and the WB have agreed to a suite of program deliverables for the remainder of implementation.	Completed in September 2017
<p>Recommendation 3</p> <p><i>In Pillar One, emphasis should be given to supporting the next MoC Trade Strategy that it hopes to produce in 2018. The opportunity should be taken to support integrating a gender dimension into the trade strategy.</i></p>	Agree		The MoC plans to finalise the next trade strategy by April 2018 which will incorporate PTIPP supported analytics and products. An action plan for mainstreaming gender across PTIPP activities was delivered as part of the 6 monthly report (Jan-Jun 2017). High-level policy interventions include the establishment of a trade and gender committee with WB and MoC membership, and drafting gender policy notes for the new strategy. Evidence that trade analytics have contributed to a more gender-sensitive trade strategy for Pakistan has been included as a benchmark for DFAT's 2017/18 Pakistan Annual Program Performance Review.	Ongoing

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<p>Recommendation 4</p> <p><i>MoC should be supported, along the lines of the original design, to prepare a communication strategy to mitigate the political economy risks and improve coordination between agencies. This would also require a consultant to work within MoC.</i></p>	Agree		WB has undertaken to implement a comprehensive communications program to enhance coordination and communication between the various government departments and apprise key stakeholders and wider public of the findings and recommendations of the analytics produced under the program.	Ongoing
<p>Recommendation 5</p> <p><i>Coordination between the PTIPP stakeholders and other donors can be improved by: i) mobilization of the Advisory Committee at least every six months to provide greater direction; and ii) greater engagement with other donors and the private sector working in the trade space.</i></p>	Agree		WB has proposed that the next Advisory Council (AC) meeting be held after the six-monthly report is finalised (8 September). WB will use the convening power of the Advisory Council to bring together donors and government agencies around the table. In addition, the PTIPP team has started to engage with donors bilaterally to explore possible areas of collaboration including transit trade, trade strategy, infrastructure and capacity building.	AC meeting scheduled for October 2017/ongoing
<p>Recommendation 6</p> <p><i>PTIPP coordination at a regional level could be improved through World Bank's Regional Integration team. DFAT could contribute through coordination between South Asia Regional and Pakistan teams. Links to the South Asia Regional Trade Facilitation program (SARTF) provides such an opportunity.</i></p>	Agree		The PTIPP team will continue to engage and work with the activities/programs that are being carried out by the Regional Integration team. Islamabad Post will explore potential links of PTIPP with SARTF in discussion with DFAT's South Asia Regional Team in November 2017.	November 2017/ongoing
<p>Recommendation 7</p> <p><i>The Institutional Strengthening pillar should be revisited and discussions held with the appropriate Deputy Secretary in MOC with the view of developing a plan of activities, including the existing training plan, and other related capacity building activities.</i></p>	Agree	This component was deliberately delayed (with agreement from DFAT) until initial work on the medium-term trade strategy had been completed and the strategic direction was better defined.	WB has provided a detailed overview and financial breakdown of planned capacity building activities. A series of technical trainings on trade and services related issues began in March 2017 and will run through to the end of program implementation. The topic of gender in trade will be mainstreamed throughout all training. Other parts of the program such as the Trade Facilitation pillar complement Institutional Strengthening, through introduction of new technologies and systems, especially at border points.	Ongoing

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<p>Recommendation 8</p> <p><i>The World Bank should engage with the MoC on the opportunities for closer coordination across donors and GoP around the issue of Trade facilitation, either through the original proposed Steering Group or an alternative mechanism.</i></p>	Agree		See Recommendation 5	Ongoing
<p>Recommendation 9</p> <p><i>The recommendations of the gender and trade strategy paper need to be reviewed and relevant ones identified that can be followed up and integrated into the other work being undertaken. Consideration needs to be made with regard to balancing the work between Washington and embedding it within MoC for greater impact.</i></p>	Agree		Key activities on Gender and Trade include the finalisation of a gender action plan, launching WE-NET in early 2018, and mainstreaming the topic of gender and trade in institutional capacity building training. DFAT is seeking further detail from WB regarding human resourcing and locations for PTIPP specifically, and working to ensure greater local gender expertise is made available to all DFAT-World Bank programs in Pakistan. Also see Recommendation 3.	Ongoing
<p>Recommendation 10</p> <p><i>The establishment of the Women Entrepreneurs network (WE-NET) needs to be expedited if it is to have a chance of being sustainable after PTIPP finishes. Additional activities as per the design also need to be identified and initiated.</i></p>	Agree		WB has advised that the WE-NET is scheduled to be launched early 2018. Also see Recommendation 9.	Early 2018
<p>Recommendation 11</p> <p><i>Disbursement needs to be closely monitored and adjustments made quickly to reflect changing conditions on the ground. Pillar 1 disbursement is on track. Pillar 2 and Pillar 3 urgently need revised work plans prepared so that budgets can be allocated and/or reallocations made to other activities if necessary. Pillar 4 has fully disbursed its committed funding.</i></p>	Agree in part	Following DFAT's acceptance of the Review, WB provided updated financial figures clarifying disbursements and advised that reallocation across the pillars is not required. DFAT will withhold the final tranche payment to WB until a satisfactory acquittal and program performance report is received.	DFAT agrees that close monitoring of PTIPP is required through to its completion. In April 2017, following the Review, DFAT undertook an internal quality check that assessed PTIPP requires improvements in its effectiveness and efficiency. As a result, DFAT has committed to senior oversight of program management; a suite of minimum program deliverables by the Bank; a revised payment schedule; and a six-month no-cost extension to December 2018 to ensure full implementation of program activities.	June 2018