

Report on Quality at Entry and Next Steps to Complete Design for African Water Facility

A: AidWorks details <i>completed by Activity Manager</i>			
Initiative Name:	African Water Facility		
AidWorks ID:	TBC	Total Amount:	AUD 5,000,000
Start Date:	February 2010	End Date:	30 June 2011

B: Appraisal Peer Review meeting details <i>completed by Activity Manager</i>	
Initial ratings prepared by:	Mark Palu, Duong Hong Loan, Erika Montero-Geronimo and Matt Kellam
Meeting date:	17 December 2009
Chair:	Pat Duggan, Director of the Africa Section on behalf of Jamie Isbister, ADG of the Africa, Humanitarian and Peace Building Branch, AusAID
Peer reviewers providing formal comment & ratings:	Duong Hong Loan, Executive Officer (PFM + WATSAN), Vietnam program Erika Montero-Geronimo, Portfolio Manager, National Infrastructure, Philippines program
Independent Appraiser:	Mark Palu, Director of the Forests, Adaptation and the Biodiversity Section, AusAID
Other peer review participants:	<p>Accepted attendees as at 16 December 2009 include:</p> <p>Mark Palu (Independent Appraiser) Duong Hong Loan (Appraiser) Erika Montero-Geronimo (Appraiser) Pat Duggan (Chair) Matt Kellam, Africa Section Rebecca Wornor (Africa Section) Jason Court (Africa Section, Pretoria) Alan Coulthart (Principle Infrastructure Adviser) Marcus Howard (Infrastructure Adviser – Water) Rachel Kelleher (Infrastructure, Water and Sanitation Section) Gina de Pretto (Development Partnerships Section) Barbara O'Dwyer (Gender Adviser)</p> <p><i>Apologies</i></p> <p>Jamie Isbister (ADG, Africa, Humanitarian and Peace Building Branch) Suzanne Dagseven (Director, Africa Taskforce) Elena Down (Disability Inclusive Development) Kirsty McNichol (Director, Infrastructure, Water and Sanitation Section) Rod Jackson (World Vision) Nick Smith (Strategies and Modalities)</p>

C: Quality Rating Assessment against indicators

completed by Activity Manager

Quality	Rating (1-6) *	Comments to support rating	Required Action (if needed)
1. Clear objectives	4	<p>Water and sanitation is a key plank of the Government's proposed scale up in the aid program to Africa. Funding support is given under the Government's 2008-11 \$300 million water and sanitation budget initiative (WSI) to projects aimed at improving access to clean water and effective sanitation globally. Established at the request of the African Ministers Council on Water (AMCOW), activities of the AWF align with the Africa Water Vision and Millennium Development Goals. This gives the AWF a well-formed mandate and clear strategic vision. Its demand-driven focus increases the rationale for AusAID's contribution, given activities will align with the priorities of African governments in four key intervention areas, most notably <i>Investment to Meet Water Needs</i>.</p> <p>The underlying approach and intent of the design are sound. AWF documentation, as outlined in the appendices, highlights generally clear goals and purposes underpinned by a detailed performance framework. There was a view, however, that some of the AWF's outcomes could be articulated more clearly. A key issue will also be delivery by AWF against objectives and its ability to clearly demonstrate performance. AusAID needs to ensure that the indicators/outcomes of particular interest to it (<i>Investment to Meet Water Needs</i>) allow sufficient reporting possibilities and are consistent with the WSI indicators and outcomes. These are critical issues for AusAID in its ongoing assessment of AWF's performance (further discussion of these issues later in the QAE).</p> <p>The goal of the AWF should be explicitly stated in the DSID. The supporting documentation generally supports alignment between the AWF and WSI. However, this could be extrapolated upon in the DSID. In particular, the consistency between the objectives of the AWF and WSI needs to be more clearly articulated. As the DSID notes, the AWF's focus is broader than the WSI and has a total water sector focus (in particular water resource management) rather than the more narrow 'improved access to water and sanitation services' predominant focus of the WSI. It is, however, noted that the scope of the WSI as stated in the 2008-09 Budget 'blue book' includes a water security component for the Asia and Pacific regions with the aim of strengthening water planning and management, enhancing access to safe drinking water and increasing water conservation and storage capacity.</p> <p>Given that direct water supply and sanitation activities account for only about 20% of the AWF's 2009 workplan, some further explanation of the expected achievements and outcomes from core funding to the AWF in relation to meeting WSI objectives (including pro-poor focus) would be useful. It is noted that this percentage is forecast to increase in 2010 and 2011. This point was expanded upon in the appraisal meeting minutes.</p> <p>The DSID could also better represent the real value of AusAID's core contribution as one small donor amongst a range of existing donors.</p>	<ul style="list-style-type: none"> - A clearer statement of the goal of the AWF is required in the DSID. - Develop a clearer objective for AusAID's engagement, drawing on the WSI logframe for the Africa component and elaborate on expected achievements from core funding of the AWF (in the context of overall funding allocations for WSS within AWF workplans) and consistency with WSI pro-poor focus. - The DSID should provide a more direct linking of the AWF activity to Component 2 (policy development, research and knowledge dissemination) of the AWSP, including in respect of the WSI Goal, Objectives, Outcomes and Outputs 2008-2011 Table.

C: Quality Rating Assessment against indicators

completed by Activity Manager

		<p>The DSID refers to the African Water and Sanitation Program (AWSP) but does not specifically refer to the AWF as being one of the activities forming part of Component Two of the AWSP – Policy Development, Research and Knowledge Dissemination. This should be an important element of the DSID rationale for contributing to the AWF. This component is not clearly reflected in the WSI Goal, Objectives, Outcomes and Outputs 2008-2011 Table.</p>	
2. Monitoring and Evaluation	4	<p>The design draws heavily on the existing M&E of the AWF. At an activity level, the AWF appears to have a solid theoretical framework for M&E. This includes 'during project' M&E such as supervision missions and assessments of recipient Project Quarterly Progress Reports, as well as project completion reports from both the recipient (which may include a partner government) and AWF staff. There was a view that the timeline and plan for development of tailored requirements for each project application was unclear.</p> <p>The AWF indicates that lessons learned will guide future operation of the Facility. There appears to be a clear mandate that activity level data will inform the strategic and operational directions of the Facility via the AWF Governing Council (including donors) and the Board of Directors and President of the African Development Bank. This will be achieved through Quarterly Progress Reports and the Annual Report. The success of the AWF in monitoring at all levels, and then closing the loop between the activity level and its integration with, and evaluation against, broader strategic documents, such as performance frameworks and the 'outcome' logic model, is something that needs to be tested and monitored as part of AusAID's ongoing assessment of the AWF.</p> <p>From AWF documents, it appears that increased staffing is now somewhat more commensurate with M&E work level requirements, although this is not entirely clear. As the number of new projects approved each year increase, with a cumulative effect, this may create considerable pressures to ensure appropriate M&E activities are undertaken and upwards reporting takes place.</p> <p>No assessment appears to have been made on the comparability of quarterly and annual reports with AusAID QAI requirements, the WASH WSI performance framework and the African WSI logframe, or the extent to which the annual report is administratively focused versus results based. Since the meeting on 17 December, we received the recently approved 2008 Annual Report. Commentary around this has been included in the revised DSID.</p> <p>There was a view that the AWF will use its own M&E</p>	<ul style="list-style-type: none"> - A brief assessment should be undertaken of the most recent AWF annual report to confirm adequacy of results information including with regard to QAI requirements and WSI Performance Assessment Framework needs. - AusAID should monitor AWF's progress against performance targets and objectives, and where required, attempt to influence evaluative mechanisms, including the linking of activity level data to strategic direction. - AusAID should monitor the potential constraints to AWF achieving objectives and performance targets including: <ul style="list-style-type: none"> - that the AWF has appropriate resourcing to continue to undertake necessary activities in respect of monitoring and evaluation and tracking progress against objectives and performance targets; - the project

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		<p>framework rather than align or make any use of local M&E systems of any Regional Member Countries (RMC). This remains unclear although recipient progress and completion reports are required, and establishing or strengthening monitoring and evaluation systems and management capacities at national or regional level, as well as supporting AMCOW, is a key 'intervention area' for the AWF. Information on how base line data is obtained by the AWF is to be included in the DSID.</p> <p>The establishment of baseline performance data in support of the performance targets is not clear.</p>	<p>pipeline;</p> <ul style="list-style-type: none"> - future levels of donor funding - AusAID could build a monitoring plan across the sector in Africa taking into account results of non-AusAID assessments
3.Sustainability	4	<p>Underlying approach is sound with partner policies, programs and political context all conducive to longer term benefits. Secondments from donors of technical staff to the AWF will support implementation and quality assurance.</p> <p>DSID does not directly address sustainability issues, assuming that sustainability issues are covered by AWF policies and procedures. This may be a reasonable assumption but it would be useful if the DSID could make some comment on the AWF's approach to key water supply and sanitation sustainability issues such as operation and maintenance funding and IEC programs and draw on other donor views if we have them (eg. DfID, CIDA).</p> <p>There was little analysis in the DSID on partner RMCs and their level of ownership and engagement with the Facility.</p> <p>AWF representatives acknowledge limitations in regard to its dependence on external funding and the relatively long period of time to achieve sustainable outcomes from its work. The nature and level of demand, including RMCs will greatly impact the 'intervention area' weightings and the required funding levels. Based on current demand however, critical forward funding gaps appear to remain, especially over the medium to longer term. This may impact on the capacity of the AWF to deliver on all of its objectives and performance targets.</p> <p>Where practical, AusAID could take opportunities to scale up perceived 'winners' to ensure a sustainability of pilot projects and increase Australian visibility through solely funding projects..</p>	<ul style="list-style-type: none"> - The DSID should briefly review key AWF policies / approaches relevant to the sustainability of water supply and sanitation investments and confirm their adequacy. - AusAID should monitor level and nature of demand for AWF activities as well as future funding gaps. End of year review should consider relationships between AWF activities funded, and larger long term investments in the sector – assuming key strategy for building sustainability for shorter term smaller activities is to link them to longer term planning and work underway - Incorporate stop-go triggers into the proposed monitoring plan to define Australia's future support after this current contribution. - Highlight stakeholder

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			ownership in the DSID.
3. Implementation & Risk Management	4	<p>Implementation arrangements are based on core funding to AWF for delivery of a rolling three year program. Activities are implemented based on AWF operational procedures. The DSID assesses these procedures as at least equivalent to AusAID's design, implementation and financial reporting procedures. Use of existing AWF procedures enables harmonisation with other donors but it is not clear to what extent AWF procedures are aligned with partner government systems.</p> <p>The relative efficiency of AWF implementation is unclear with the 2009 workplan noting that the outcome of project implementation workshops "... is expected to result in significant improvements in the efficiency and effectiveness of AWF project execution, leading to an increase in disbursement rates." Process efficiency is one of the AWF key performance indicators listed in Annex 2 of the 2009 workplan. Since the appraisal meeting in 17 December, we have obtained a range of documents, including the AWF 2008 Annual Report and preliminary report on AWF effectiveness. Commentary on these has been incorporated into the revised DSID. We also received advice that an AWF Operations Effectiveness Assessment is currently in draft form and expected to be finalised by May 2010. This will be critical in further assessing AWF's performance and effectiveness in the context of future contributions.</p> <p>The DSID notes that AusAID will seek to influence AWF administration through the AWF Governing Council. This is appropriate for this type of core funding activity. AusAID will need to invest some resources in reviewing AWF approaches to cross-cutting, sustainability issues, reviewing documents such as annual reports and operational plans, as well as to effectively engage in and influence high level policy dialogue such as for our particular reporting and outcome requirements. However, it is a big assumption that we will be able to do this effectively to an appropriate level of influence, especially given this is a one-off contribution. An issue is the capacity of Post to engage effectively with the AWF.</p> <p>A clear identification of our needs, intentions, and resource availability would help us define and refine our engagement in this governing council. The risk mitigation treatment only identifies the opportunity but not the actual treatment. We need to be sensible about what can be influenced (such as policy directions) and what would be difficult to change (such as operational manuals). Further, the assumption that administrative work-load is expected to be low-to-modest must be revisited. Facility engagements especially under a multilateral partnership always have an initial period of heavy involvement especially when our intentions are to influence policy.</p> <p>The risk management framework is reasonable. A key risk recognised is that a new relationship is being established</p>	<ul style="list-style-type: none"> - Paragraph 18 in the DSID should be strengthened with regard to what arrangements are in place at Pretoria Post for management of this activity and anticipated Post workload - AusAID should complete a follow-up strategy covering items such as: <ul style="list-style-type: none"> o Appropriate engagement strategies to influence the AWF, which may include meeting attendance and alliances with other donors o Project visits o Monitoring of relevant documents such as annual reports, workplans o AWF effectiveness - The risk management framework should identify potential AWF capacity constraints and the associated role of AfDB support and AfDB and donor funded staff/ technical assistance positions. It should also draw on work already completed by other donors, including Dfid - Risk mitigation treatment should

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		<p>with the AWF and AfDB. This suggests that AusAID needs to adequately invest in supporting participation in Governing Council meetings, and activity reviews where possible, in order to build a solid understanding of how the AWF operates and opportunities for improvement. An additional risk is the overall capacity of the AWF which appears fairly reliant on support from the AfDB and technical assistance staff and funding from donors.</p>	<p>also be amended to reflect attributable outcomes from core funding and difficulties of a new multilateral partnership</p>
4. Analysis and lessons	4	<p>AusAID is proposing to provide core funding to this relatively new water Facility in Africa. This engagement provides a limited pilot (both in time and value) of potentially longer term funding to the Facility and also a further piloting of engagement with the African Development Bank, which hosts the Facility (the other being our bilateral engagement in Malawi). The Facility may also be seen as a way of identifying potential projects for future scale up as part of the broader Africa Water and Sanitation Program (AWSP).</p> <p>AWF programs appear to be based on a sound understanding of water sector issues and priorities in Africa. The emphasis given to pilot trials of low cost and appropriate technologies for expanding safe water supply and improving service delivery is well-founded. However, it is not clear how the AWF works with other organisations active in the water sector in Africa to share analysis, disseminate lessons learned and learn from the experiences of other partners. The DSID could increase demonstration of lessons learned.</p> <p>Some cross-cutting issues (social analysis/gender equity and environmental analysis) are listed as principal activities under the AWF Operational Procedures but it is difficult to assess how comprehensively they are taken into account and their consistency with AusAID requirements.</p> <p>It is understood that an independent effectiveness assessment is being undertaken (at the request of the Governing Council). It is possible that other donors to the AWF may have completed internal reviews of the AWF and it would be useful for AusAID to find out whether any such reviews exist. Since the appraisal meeting on 17 December, we have requested a copy of an independent assessment undertaken for DfID and have received a copy of the preliminary assessment report on AWF effectiveness. Commentary on both of these reports will be included in the revised DSID.</p>	<ul style="list-style-type: none"> - The DSID should include a brief discussion on how the AWF interacts with other organisations implementing water sector programs in Africa e.g joint evaluation missions; presentations at governance/technical meetings of other agencies. - Further develop lessons learned in the DSID. - AWF policies on specific cross-cutting issues should be reviewed by relevant sections in AusAID with a view to including M&E on cross-cutting issues (gender, disability, environment, anti-corruption) in the proposed monitoring plan. - Other donors should be asked to provide results of any AWF reviews they have undertaken. Request copy of final effectiveness assessment from AWF.

* Definitions of the Rating Scale:			
Satisfactory (4, 5 and 6)		Less than satisfactory (1, 2 and 3)	
6	Very high quality; needs ongoing management & monitoring only	3	Less than adequate quality; needs to be improved in core areas
5	Good quality; needs minor work to improve in some areas	2	Poor quality; needs major work to improve
4	Adequate quality; needs some work to improve	1	Very poor quality; needs major overhaul

D: Next Steps <i>completed by Activity Manager after agreement at the Appraisal Peer Review meeting</i>		
Provide information on all steps required to finalise the design based on <i>Required Actions</i> in "C" above, and additional actions identified in the peer review meeting	Who is responsible	Date to be done
1. The Design Summary and Implementation Document will be revised as appropriate based on the QAE reports, and appraisal meeting, and re-circulated to appraisal attendees.	Rachel Kelleher	5 March 2010
2. Request copies of independent assessments of the AWF, for example, by DFID.	Rachel Kelleher	15 January 2010
3. An internal 'implementation' strategy for our engagement with the AWF to be drafted, prioritising areas of interest and as a tool to assess future contribution. Strategy may cover items such as: assessment of documents such as annual reports, workplans, effectiveness reports; independent assessments of the AWF; comparability of outcomes with AusAID needs; ongoing performance monitoring; monitoring of constraints and risks such as AWF staffing levels; review of sustainability and cross cutting policies; our own resourcing requirements, strategies for engagement with, and assessment of the AWF including alliances with other donors.	Africa Section, in consultation with the thematic area	By 30 April 2010
4. WSI Goal, Objectives, Outcomes and Outputs 2008-2011 Table.	Africa Section, in consultation with the thematic area	By 31 March 2010

E: Other comments or issues <i>completed by Activity Manager after agreement at the APR meeting</i>
In essence, attendees at the appraisal meeting agreed that this proposed contribution represented an interesting pilot and test of the African Water Facility. However, we need to be clearer on our objectives in contributing to the Facility and continue to monitor the work of this important Facility, with the end goal of being able to assess whether we extend and possibly scale up funding after 2011.. AusAID's proposed contribution to the Facility is a small component of the overall Africa Water and Sanitation program, and Australia's broader water and sanitation activities globally. AusAID's \$5 million contribution gives AusAID an important opportunity to build its knowledge of the Facility.

F: Approval <i>completed by ADG or Minister-Counsellor who chaired the peer review meeting</i>		
On the basis of the final agreed Quality Rating assessment (C) and Next Steps (D) above:		
<input checked="" type="checkbox"/> QAE REPORT IS APPROVED , and authorization given to proceed to:		
<input checked="" type="radio"/> FINALISE the design incorporating actions above, and proceed to implementation or: <input type="radio"/> REDESIGN and resubmit for appraisal peer review		
<input type="checkbox"/> NOT APPROVED for the following reason(s): 		
Pat Duggan	Signed: 	Date: 2/3/10

When complete:

- Copy and paste the approved ratings, explanation and actions (table C) into AidWorks
- The original signed report must be placed on a registered file