



Australian Government
AusAID

Consolidated Quality at Entry Report for Project Design Document, Strengthen Groundwater Management In Southern Mongolia.

A: AidWorks details *completed by Activity Manager*

Initiative Name:	Strengthen Groundwater Management in Southern Mongolia		
Initiative No:	INK110	Total Amount:	\$7.43m
Start Date:	1 April 2012	End Date:	30 September 2016

B: Appraisal Peer Review meeting details *completed by Activity Manager*

Initial ratings prepared by:	Russell Harwood
Meeting date:	30/1/2012
Chair:	Paul Nichols, ADG, North and South Asia
Peer reviewers providing formal comment & ratings:	– Marcus Howard, Advisor, Water
Independent Appraiser:	– Hugh Tural, Water Resources Engineer
Other peer review participants:	<ul style="list-style-type: none"> – Geoff Bowan, First Secretary, Beijing – Anne Lubell, Senior Policy Officer (Mongolia), Beijing – Jim Reichert, Senior Infrastructure Specialist, The World Bank, Mongolia – Andrew Schloeffel, Mining for Development Section – Laury McCulloch, Working in Partner Systems – Jesse Twomey, North Asia Section – Russell Harwood, North Asia Section

C: Safeguards and Commitments *(completed by Activity Manager)*

Answer the following questions relevant to potential impacts of the activity.

1. Environment	Have the environmental marker questions been answered and adequately addressed by the design document in line with legal requirements under the <i>Environmental Protection and Biodiversity Conservation Act</i> ?	Yes
2. Child Protection	Does the design meet the requirements of AusAID's Child Protection Policy?	N/A

D: Initiative/Activity description *completed by Activity Manager (no more than 300 words per cell)*

3. Description of the Initiative/Activity	<p>What is it?</p> <p>The overall amount of AusAID Program is US\$7.43 million. The funding would be used for a World Bank led design to establish a new ground water institutional structure to be piloted in the three pilot sites in Mongolia. The proposed project is a result of the intensifying demand on water resources due to the mineral sector boom in Mongolia and a lack of a strong institutional framework to manage water resources. As the AusAID program to Mongolia expands, issues central to the sustainable development of the mining sector are a priority to the program.</p> <p>The World Bank will serve as administrator of the AusAID funds and be responsible for overall management of the Program. An Umbrella Trust Fund arrangement between the World Bank and AusAID will be set-up to facilitate any future AusAID contributions for Mongolia to be managed by the World Bank. While the World Bank will be the implementing lead, AusAID will play an active role in the strategic oversight, monitoring and evaluation of the project.</p> <p>It is expected that the AusAID Program will be implemented over a four and one-half year period between April 1, 2012 and September 30, 2016, the expected closing date of the MINIS.</p>
4. Objectives Summary	<p>What are we doing?</p> <p>The objective of the AusAID Program is to implement the activities associated with Component 3 under the World Bank's Mining Infrastructure Investment Support Project (MINIS), which will strengthen the capacity of authorities to manage non-renewable groundwater resources in Southern Mongolia, as well as the capacity of the WA to support those local authorities, and consolidate a database for the Southern Mongolia Region. This would largely be achieved by piloting new institutional structures in three Aimag capitals with important mining and/or planned industrial activities, and by strengthening the WA by establishing a small Groundwater Management and Information Unit.</p> <p>The understanding of groundwater resources and its use in Southern Mongolia will be improved by: (a) gathering existing information; (b) identifying gaps and conducting groundwater and water use investigations to complete understanding of groundwater resources; (c) installing and operating monitoring equipment; and (d) establishing an Information and Communication (I&C) System with technical, socioeconomic and institutional information that is linked to the existing WA database and public awareness system. An added benefit of an effective I&C System is that they can promote transparency, which helps to reduce corruption and vested interests.</p> <p>The project proposes to develop a structure that is scalable and that can be replicated. Piloting a new structure in a weak and highly fragmented legal, regulatory and institutional framework for governing water resources in Mongolia calls for a flexible approach, which will be provided in three dimensions: (a) as the new institutional structure is implemented, shortcomings and gaps within the existing legal and institutional frameworks will be revealed and the most pressing needs for specific amendments to laws and regulations, as well as institutional strengthening, will become apparent (with proposals for addressing shortcomings submitted to GOM in due course); (b) Groundwater Management Plans (GWMPs) will initially be designed and implemented with available information, but updated as new information and data become available; and (c) as activities under the AusAID Program are implemented, there will be opportunity to propose an updated timetable or more appropriate activities, which would be agreed by the WA, AusAID and the WB.</p>

E: Quality Assessment and Rating *(no more than 300 words per cell)*

Criteria	Assessment	Rating (1-6) *	Required Action (if needed) ‡
1. Relevance	<p>Why are we doing this?</p> <p>The project design responds to an urgent need to better understand, coordinate and plan groundwater use in Southern Mongolia, where there is rising mining demand for water. Mongolia is also experiencing a mineral sector boom with significant long term environmental implications. PDD makes strong case for intervention with thorough analysis of the sector and problem.</p> <p>The project builds upon the current Component 3 of the World Bank MINIS project. This project is in line with AusAID programming interests and GoM identified areas of priority in the mining sector. As the project scales up component 3 it provides additional added value with the key objective of protecting the needs and benefits of: a) existing users and b) communities that evolve in response to economic prospects offered by mining.</p> <p>The project aligns with GoM policy on the development and exploitation of mineral resources, and in meeting the environmental and social sustainability concerns attached to mining. It directly supports the WB MINIS initiative to prepare enabling infrastructure for mining and export of raw materials and addresses key social/environmental factors.</p> <p>The project aligns with AusAID's Water Policy in that its principle focus is on the development of capacity for long term planning and management of water resources and safeguarding livelihoods.</p> <p>The project addresses the current neglect of groundwater resources management in Mongolia, and is directly complementary to efforts to develop Integrated Water Resources Management across 29 river basins covering the whole country (supported by the Netherlands Government since 2009).</p>	6	The rationale for Australian involvement would be much stronger if it was built around the strategic goals of 'An Effective Aid Program for Australia' and in particular the objectives around sustainable mining.

E: Quality Assessment and Rating *(no more than 300 words per cell)*

<p>2. Effectiveness</p>	<p><i>Will it work?</i></p> <p>The project objective is clear and rests upon a model of piloting groundwater management which has proven to be a strong way of engaging with GoM and securing their buy in for future replication and scaling up.</p> <p>The PDD has a table of expected outcomes from the project and activities to achieve these outcomes. Overall, the listed outcomes seem realistic and not overly aspirational for the project. Some of the activities are subject to risk, but these risks appear to be addressed throughout the PDD.</p> <p>Overall, the PDD is well written, logical and was prepared in the light of the information and experience available. It is honest about likely pitfalls and challenges in implementation.</p>	<p>5</p>	<ul style="list-style-type: none"> • Include a section in Background of the PDD articulating the relationship between AusAID funding and the broader MINIS program. • Restate the objective: state the objective in results terms, recognising the benefits it will create for mining investment and economic growth, as well as its capacity to negate impacts on local communities. Adjust the M&E Plan so it can accurately measure how the activity is tracking against stated objective. • Consider the political and community support for this project. Who is driving the project? • In 3.2 and Annex E there should be an indicator that the GoM agency responsible MNET/ WA establish the new organisations. • Investigation of the connectivity of the surface aquifer with deeper fossil aquifers should be a priority once sufficient data has been collated to allow preliminary modelling and definition of further site investigation for key areas. • A review of Ivanhoe's modelling and monitoring of the interaction between deep and shallow aquifers at Gunii Holoi would be instructive and useful for the emerging WMA. • Working with mining companies, estimate in detail the dewatering needs of the major mines, and determine the impacts of the resulting cone of depression on the adjacent and overlying aquifers, users and dependent ecosystems. AusAID to monitor during implementation.
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E: Quality Assessment and Rating *(no more than 300 words per cell)*

<p>3. Efficiency</p>	<p>How will we do it?</p> <p>The proposed budget is three times the amount originally listed in the concept note; the budget has been revised to be more realistic for what the project sets out to achieve and inputs required to deliver the outputs.</p> <p>There are a number of risks concerning the realisation of project objectives, and these are referenced in the design document.</p> <ul style="list-style-type: none"> • Availability of and incentives for suitable staff to be recruited for the Water Basin Authorities (WBA), which will be based in the provincial capitals. • Effective capacity building at all levels will take longer than proposed and will require greater resources. • The balance of resources available for monitoring equipment and well drilling relative to funds needed for consultant inputs into investigation and monitoring is not clear. <p>Strategies to mitigate these risks have been designed into the project (i.e. capacity building and training incentives) but will need to be regularly monitored throughout project implementation.</p> <p>The project will be implemented by the World Bank using AusAID funding. Fiduciary risks are minimised as all funding will be managed through World Bank processes and protocols. AusAID lacks any in-country presence and implementation of large scale projects must be done either through commercial contractors or long standing trusted partners such as the World Bank.</p> <p>AusAID officials will participate in implementation when possible, including in formal missions to supervise the Program, commenting on outputs produced by consultants and specialists, participating in any workshops that might be organised and meeting with the World Bank regularly to discuss implementation progress.</p>	<p>4</p> <ul style="list-style-type: none"> • Undertake comprehensive risk analysis, addressing the following risks: political, social, economic/fiscal, corruption, technical, pace of reform, staffing, pressure from mining companies. • Need to review disbursement plan. Update for over five financial years and first tranche payment to 1M. • In light of program management options under discussion for the Sth Asia program AusAID Nth Asia should review their expected inputs and level of administrative and technical support for the project. • The document should also include a budget for AusAID support including necessary staff resources and technical inputs for monitoring and supervision. • Clarify oversight arrangements - increase the staffing inputs and associated budget for project direction from the WB/AusAid. Suggest that the project "director" has strong hydro-geological expertise, in addition to skills in water resources planning and management. • Where possible (mostly in the more technical aspects of hydrogeology), local consultants and institutes should be used, but for broader planning, monitoring and stakeholder engagement, non-national resources will be required. • It would be tactically smart to include key institutes, such as the Geological Information Centre, as project partners, and not just as consultants. They have both data and useful expertise, and well handled could be very cost effective. • It would be useful to elaborate this further in relation to unit costs for drilling wells to appropriate depths (50, 100 and 200m) and for equipping wells with automated and manual monitoring devices for water level, and various water quality parameters.
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E: Quality Assessment and Rating <i>(no more than 300 words per cell)</i>			
4. Monitoring & Evaluation	<p>How will we know?</p> <p>There are no indicators for the outcomes described in the PDD. There is no formal M&E plan proposed in the PDD.</p> <p>The bulk of proposed M&E is the annual supervision mission and the PIU which will be giving oversight to the project and ensuring it is compliant with World Bank requirements.</p> <p>Quarterly reports will be due the last day of April, July, October and January, while the annual report will be delivered by the end of February. A mid-term review will be prepared before the end of 2013, and an Implementation Completion Report will be completed within six months of project closing. The National Water Coordinator will also monitor progress against agreed performance indicators</p>	4	<ul style="list-style-type: none"> • Develop indicators specific for this PDD. • Assess and cost monitoring needs, before finalising project budget.
5. Sustainability	<p>Will benefits last?</p> <p>A focus of the PDD is the sustainability, scalability and replicability (SUR) of the project and aims to improve, long term capacity, of the GoM to manage its scarce water resources.</p> <p>The use of piloting and models is way to seek GoM buy in and understanding of good practices around institutional groundwater management. As noted in the PDD "This program will give grounds for government and stakeholders to devise a best approach considering inter-generational equity when preparing the groundwater management plans for the pilot aquifers at the Aimag and SGR levels". Capacity building which is built into the design will contribute to longer term, sustainable improved GoM capacity.</p> <p>GoM faces challenges in retaining qualified, skilled staff due to labour market issues and variation between public and private sector salaries. This poses challenges to the sustainability of skilled staff in place to manage the new governance structures within the WA.</p>	5	


6. Gender Equality	<p>How will we achieve gender equality?</p> <p>The project identified a number of gender sensitive activities related to groundwater planning. Gender is not explicitly addressed in recruitment/staffing of the new governance structures.</p>	4	<ul style="list-style-type: none"> • Measurable indicators of the effectiveness of stakeholder consultation and effective engagement of both men and women are required. • WB to verify that the monitoring system will collect gender disaggregated data and be able to report to GoM and donors on outcomes. • In parallel with the development of the technical basis for water management plans, the project could incorporate social investigation to better understand the roles and needs of women in water management in Southern Mongolia. This should provide a basis for preparation of appropriate background information for stakeholder consultation by the WMAs and WMC.
7. Analysis and Learning	<p>Have well have we thought this through?</p> <p>The PDD builds upon years of work and study by the World Bank, in relation to regional development in Southern Mongolia and in developing infrastructure to support mining. There has also been some professional examination of water resources and more recently attention paid the emerging and potential environmental consequences of mining and its associated transport networks.</p> <p>The PDD takes into consideration and builds upon critical lessons learned from the Dutch project to strengthen IWRM in Mongolia.</p>	5	

* 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

[‡] **Required actions (if needed):** These boxes should be used wherever the rating is less than 5, to identify actions needed to raise the rating to the next level, and to fully satisfactory (5). The text can note recommended or ongoing actions.

F: 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 World Bank to address the required actions outlined above.	World Bank	14/2/2012
2.		
3.		

G: Other comments or issues <i>completed by Activity Manager after agreement at the APR meeting</i>
<p>The Chair outlined 6 key issues to be addressed:</p> <ul style="list-style-type: none"> • Include a section in Background of the PDD articulating the relationship between AusAID funding and the broader MINIS program. • Restate the objective: state the objective in results terms, recognising the benefits it will create for mining investment and economic growth, as well as its capacity to negate impacts on local communities. Adjust the M&E Plan so it can accurately measure how the activity is tracking against stated objective. • Consider the political and community support for this project. Who is driving the project? • Undertake comprehensive risk analysis, addressing the following risks: political, social, economic/fiscal, corruption, technical, pace of reform, staffing, pressure from mining companies. • Work off one design document (PDD) - areas in DSID not discussed in PDD to be transferred to PDD. • Incorporate suggested changes from Independent Appraisal Report into PDD.

H: 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: <ul style="list-style-type: none"> <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): _____ _____ _____		
signed: 		17/2/12

When complete:

- Copy and paste the approved ratings, narrative assessment and required actions into AidWorks and attach the report.
- The original signed report must be placed on a registered file

Quality Criteria - Consider these questions when assessing:**Relevance – “Why are we doing this?”**

- Is the specific role of Australian aid (aid objectives) in contributing to a Partner's priority development outcomes clearly articulated?
- Does the activity contribute to higher level objectives of the Australian aid program as outlined in a Partnership for Development, and/or relevant country, regional and thematic strategy?
- Does the activity target priority needs not addressed by other development partners, and/or how is Australia otherwise seeking to harmonise its assistance?
- If working with/through another partner (e.g. UN, WB, PIFS), consider *both* the clarity and relevance of Australian *objectives for the partnership*, (why we chose to work this way) and the partner's aid objective(s) *vis a vis* the development context, partner priorities and beneficiaries' needs.
- Is the design relevant to the context specific analysis and lessons? i.e. does contextual analysis clearly inform:
 - the proposed approach to addressing the identified development issues?
 - the modality and financing arrangements selected?

Effectiveness – “Will it work?”

- Are the objectives for this activity (aid objectives), clear, measurable and achievable within the stated timeframe?
- Is it clear how we think change will occur (theory of change) i.e.:
 - are the relationships linking analysis, objectives and our approach clear and plausible?
 - are the underlying assumptions clearly outlined?
- Are main risks and plans to prevent or mitigate them identified?
- Does the design identify key partnerships which may contribute to achieving objectives?

Efficiency – “How will we do it?”

- Are proposed technical solutions and associated implementation arrangements high quality, appropriate to the context and good value for money?
- Where appropriate, are implementation arrangements harmonised with other donors and aligned with partner government systems?
- Are roles and responsibilities of all development partners and all actors involved in activity implementation clearly identified?
- Is the activity adequately and appropriately resourced to achieve the desired objectives?

Monitoring and Evaluation – “How will we know?”

- Will proposed monitoring and evaluation help us to know how it is all working? Do proposed arrangements clearly support management, accountability and lessons-learning needs (including ongoing quality and performance reporting)?
 - is it focused on priority information needs and not overly complex?
 - is it clear what will be assessed, by whom, when and how (including baselines where appropriate)?
 - can this also inform analysis and judgement of contribution to/achievement against higher level objectives of the program?
- Will data be gender-disaggregated to measure impact on men and women, boys and girls?
- Will monitoring and evaluation arrangements use or contribute to strengthening local monitoring and evaluation systems and/or capacity? If strengthening the capacity of partner performance management is an *objective of the activity*, will this be tracked and managed accordingly? (Note this would then need to be identified in the Objectives summary and assessed against “Effectiveness”.)
- Is monitoring and evaluation adequately resourced?
- Where we are jointly implementing with other partners and/or funders, are there *AusAID specific objectives* for engagement in the activity/partnership, and do monitoring and evaluation arrangements address this?

Sustainability – “Have we planned for benefits to last?”

- Is it clear what sustainable benefits/change the activity aims to generate? Is sustainability in fact an aim of, or reasonably achievable by, the activity? Benefits may be assessed in terms of either or both:
 - objectives/outcomes – what the activity itself is aiming to achieve (Australian aid objectives), and what would result for that in terms of immediate or longer-term shared development outcomes; and
 - processes – how the activity will operate.
- Have specific constraints to sustainability, in the context of the proposed activity, been identified and addressed?
 - this should include consideration of financial, human resource and political constraints
- Are the strategies for achieving sustainability explicit?
 - are they integral to the activity objectives, approaches and monitoring and evaluation?
- How likely are beneficiaries and/or partner country stakeholders to have sufficient ownership, capacity and resources to maintain desired activity outcomes after Australian Government funding has ceased?
- How well are any **emerging environmental, climate and disaster challenges** (e.g. extreme weather events, resource degradation, pollution, disasters and climate change related impacts) or opportunities (e.g. for Disaster Risk Reduction or adaptation) being addressed in activity design?
- Does the activity aim to build resilience to cope with changing conditions and future uncertainties?
- How is the design ensuring no significant negative environmental impacts are likely (including complying with the Environment Protection and Biodiversity Conservation Act) and does it pursue opportunities to enhance the environment?

How will monitoring and evaluation be used to assess and report on environmental sustainability of the activity?

Gender equality – “How are we going to achieve it?”

- How will the activity contribute to advancing gender equality or support women's and men's equal engagement in, and benefit from, the activity?
- How well does the design integrate gender equality into objectives and the consideration of risks and sustainability?
- Does the design identify how the activity will work to develop capacity on gender equality objectives of program staff, counterparts, development partners, and/or the broader community?
- Is the monitoring and evaluation framework able to assess and report on progress towards gender equality results?
- Does the design propose gender expertise be accessed during implementation?
- Does the design provide for gender equality considerations and impacts at the policy level and with counterparts at the program level?
- Will the monitoring and evaluation assess and report on progress towards desired gender equality objectives, outcomes and impact?

Analysis and Learning – “How well have we thought this through?”

- Does analysis takes into account (as appropriate) political, institutional, economic, financial, organisational and human resource issues?
- Are lessons from previous experience in the sector and/or country taken into account?
- Does sufficient analysis underpin the theory of change?
- Does the analysis appropriately address and integrate other agency commitments and safeguards including gender equality, disability, environment, anti-corruption and child protection?
- Does the analysis take into account which partnerships are going to be critical in achieving the objectives and why?

Safeguards and Commitments

As part of activity design and implementation, attention is typically given to the risk **posed to** the success or effectiveness of an activity, and less often on the risk of potential harm **caused by** an activity. Policies and procedures that address the potential risk of harm that can result from an aid activity are known as **safeguards**. Cross-cutting policies and procedures aim to improve aid quality and effectiveness, while safeguards policies and procedures aim to “do no harm”. Cross-cutting issues often have “safeguard” implications, but not all safeguard issues will be cross-cutting issues. In AusAID, the following areas have both cross-cutting and safeguard implications. This section will be progressively added to as further guidance on safeguards issues is developed along with corresponding questions that must be addressed before commencing and initiative in AidWorks.

Environment (see the Guideline, *Integrating Environment into Activity Design*)

If there are environmental impacts that need to be considered, appropriate action needs to be taken from the very beginning in the design. Assess whether the design has answered and addressed the following questions:

1. Is the activity in an environmentally sensitive location or sector?
2. Is there potential for the activity to have an impact on the environment?
3. Is the explicit, or implicit, aim of the activity to have a positive environmental impact?
4. Is the activity relevant to multilateral environmental agreements?
5. Could the activity have significant negative environmental impacts?

Consider both the impact of the design and implementation phases, and of the ongoing activity, and what, if any, action is required to comply with the EPBC Act.

For additional information see *AusAID's Environmental Management Guide for Australia's Aid Program* or contact the Sustainable Development Group on +61 2 6206 4174.

Child Protection - AusAID's Child Protection Policy provides a clear framework for managing and reducing risks of child abuse by persons engaged in delivering Australian aid program activities. This policy applies to all AusAID staff, including those based overseas, and to all contractors and non-government organisations funded by AusAID. See guidance, *Child Protection Procedure Manual* (page 4), and the *Child Protection Policy*.

Choose **N/A** if the activity does not involve working with children or if the activity is to be implemented by one of the following:

1. Partner Government
2. An Australian Whole of Government Partner
3. Multilateral organisations
4. Donor governments

For additional information contact the Child Protection Officer on +61 2 6206 4184 or email CPO@ausaid.gov.au

