

Independent Evaluation of the Vanuatu Roads for Development (R4D) Program (Vanuatu Transport Sector Support Program Phase II)
MANAGEMENT RESPONSE

Program Summary

Program Name	Vanuatu Roads for Development (R4D) Program (designed and approved as the Vanuatu Transport Sector Support Program Phase II)		
AidWorks details	Initiative / Activity		
Commencement date	1 July 2013	Completion date	30 June 2017 (12 month extension pending)
Total Australian \$	Estimated total initiative value: AUD28.6 million		
Total other \$	-		
Delivery organisation(s)	SMEC International		
Implementing partner(s)	Ministry of Infrastructure and Public Utilities (MIPU) -- Public Works Department (PWD)		
Country/Region	Vanuatu		
Primary sector	Transport		

<p>Objectives</p>	<p>Goal: People in Vanuatu have reliable access to a well-maintained, affordable and integrated road network. (as revised in 2016)</p> <p>End-of-Program Outcome: Improved rural road access resulting from the Public Works Department using its new and improved policy, strategic planning, systems, processes, competencies and budgets. (as revised in 2016)</p> <p>Outputs:</p> <ol style="list-style-type: none"> 1. Policy and Strategy: <ul style="list-style-type: none"> • Rural Roads Access Framework (Policy Statement). • Institutional Conceptual Framework. • Rural Roads Access Framework (Strategy). 2. Budgeting and Reporting: <ul style="list-style-type: none"> • Financial Management Framework. • Performance Reporting System. 3. Social and Environmental: <ul style="list-style-type: none"> • Community-based Contracting. • Social and Environmental Safeguards. 4. Physical Works: <ul style="list-style-type: none"> • Roads Infrastructure and Maintenance. • Road Network Management.
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Evaluation Summary

Evaluation Objective: The purpose of the evaluation was to provide information – an evidence base – on the success and rationale of R4D: what worked, what did not work, why, and is R4D still relevant (the “right thing to do”).

This information would help inform two high-level decisions:

- i. Whether to continue supporting Vanuatu’s rural roads subsector after R4D finishes on 30 June 2017¹; and
- ii. What R4D success factors to carry through and what changes to make in designing a possible next round of rural roads subsector support.”

The evaluation terms of reference (ToR) directed the evaluation team: ‘to bear in mind the changed sector context and how this affects R4D’s ongoing rationale’. The ToR stated that the evaluation was not intended to influence R4D design and implementation during the 4th year, July to June 2017 – R4D’s earlier Interim Review already covered this.

¹ DFAT subsequently extended R4D until 30 June 2018.

The ToR stated that primary users of the information are: i) Members of the R4D Steering Committee; ii) Senior Government of Vanuatu officials; iii) the Australian High Commissioner to Vanuatu and her development cooperation staff; iv) First Assistant Secretary and staff of the Pacific Division, DFAT, Canberra; and v) SMEC International, the R4D Implementation Support Provider.

Evaluation Completion Date: 12 April 2017 (submission of final report)

Evaluation Team: Ed Dotson (Team Leader), Russell Burke (Civil Engineer), Peter Heijkoop (Financial Management Specialist), and Ludmilla Kwitko (Safeguards Specialist) – contracted individually.

Summary of evaluation findings

Whether to support Vanuatu's rural roads subsector after R4D finishes on 30 June 2017?

'Yes', for the following reasons:

- To support economic development through improved rural access.
- To support institutional transformation for sustainable improvement to rural access.

Success factors to carry through in designing a next round of rural roads subsector support.

For improving and maintaining rural access:

- Institutionalise the Rural Roads Access Framework (Policy, Strategy, Work Plans), including setting the 'rural access index' as the principal performance metric.
- Support all Public Works Department (PWD) Divisions (there is one PWD 'Division' for each province).
- Continue Public Works Department (PWD)-R4D combined work planning and operations budgeting.

For institutional development:

- Continue supporting PWD's transition from a traditional works organisation to a modern-style road network manager.
- Continue supporting PWD's mainstreaming of social safeguards and crosscutting issues, including gender, disability, child protection, HIV and AIDS, work health and safety, and environmental protection.

The evaluation recommended retaining the current implementation support provider (ISP) delivery model.

Changes (or 'enhancements') to make in designing a possible next round of rural roads subsector support.

- Strengthen support for PWD's transition to a network manager, including helping to develop a transition strategy.
- Operationalise the new Rural Roads Access Framework, particularly around road works/maintenance budget allocations.
- Integrate formal consultation as part of PWD's roads annual planning process, including provisioning for one-off expenditures.
- Upgrade effectiveness, efficiency and value-for-money of roads service delivery, including analyses to help PWD optimise its outsourcing and force account mix, maximise competitive bidding, improve the management of community-based road maintenance contracting, and strengthen safeguards provisions in road works/maintenance contracts.
- Improve R4D program governance, including through: i) strengthening high-level co-operative decision-making and performance monitoring; ii) improving R4D performance reporting, including by the ISP and DFAT; iii) improving documentation around R4D design and monitoring and evaluation changes; and iv) helping PWD develop a management information system (MIS)
- Increase program resources for technical assistance, including for PWD to transition to road network manager.

DFAT’s response to the evaluation report

DFAT is of the view that the evaluation provides a sound basis for the Australian Government (GoA) and Government of Vanuatu (GoV) to consider continuing Australian development assistance in Vanuatu’s rural roads subsector. The evaluation identifies important ‘success’ factors to carry through into a possible new round of roads support; and while the suggested changes and enhancements are mostly already underway, the evaluation is a useful articulation and reminder of opportunities to improve on what we are doing. We agree with most of its findings, conclusions and recommendations and see it as a useful basis for reflection and further discussion.

DFAT’s response to the recommendations made in the evaluation report

Our ToR for the evaluation did not ask for recommendations, *per se*. The evaluation was required to provide information – an evidence base – on the success and rationale of R4D. We intended the information to inform high-level decisions about possible future support to Vanuatu’s rural roads subsector. Our responses (below) address the core evaluation findings relevant to those high-level decisions².

Whether to support Vanuatu’s rural roads subsector after R4D finishes on 30 June 2017?

Finding 1	Yes – the Australian aid program should continue to support Vanuatu’s rural roads subsector.
DFAT response: Agree. The Australian High Commission (DFAT), Port Vila supported by DFAT, Canberra has started the process of designing a possible follow-on Australia-Vanuatu transport partnership investment, which would have the scope to include rural roads subsector support.	
Finding 2	In line with Finding 1, R4D can assist GoV’s efforts to improve rural living conditions, and to contribute to economic growth and service delivery by improving and then sustaining rural access.
DFAT response: Agree. Although economic and social development are not expressed, measurable results of R4D ³ , global lessons are clear that improving rural road access – to basic services, local markets, and transport hubs – improves rural living conditions and supports rural economic development. We recognise that GoV requires external support to make-up short/medium-term funding shortfalls for rural roads maintenance and improvement.	
Finding 3	In line with Finding 1, R4D can continue supporting PWD’s transition from a traditional works agency to a modern-style road network manager. A more effective and efficient PWD will enhance the sustainability of improved rural roads access.

² The evaluation report is structured around nine ‘research areas’, each with one ‘primary’ evaluation question and several ‘secondary’ evaluation questions. There are 77 pages of discussion, findings, and suggestions covering the evaluation questions.

³ ‘Success’ is articulated in terms of peoples’ access.

DFAT response: Agree. R4D, with DFAT technical support, has been helping PWD take essential early steps in its transition to an accomplished road network manager, including contracting road works to private firms and to communities, and strengthening road network management systems, processes and competencies. Director, PWD (who is concurrently A/g Director General, MIPU) actively champions PWD's transition and he has expressed appreciation for R4D technical support. (please also see our response to Finding 7)

Success factors to carry through in designing a next round of rural roads subsector support.

Finding 4	Institutionalise the new Rural Roads Access Framework (Policy, Strategy, and Work Plans), including setting the 'rural access index' as GoV's principal rural roads performance metric.
DFAT response: Agree. DFAT's R4D interim review ⁴ highlighted road subsector policy gaps and DFAT guided the development of the Rural Roads Access Framework (RRAF). DFAT introduced the 'rural access index' (RAI) concept to R4D and PWD. Institutionalising RRAF is a necessary and on-going process that requires external technical assistance.	
Finding 5	Support all PWD divisions⁵.
DFAT response: Agree. DFAT's R4D interim review recommended that R4D open up support to all Divisions, principally to inject competitive tension between PWD operations units ⁶ and so encourage their 'buy-in'. The tactic worked; R4D is now more demand-driven. PWD divisional managers and staff actively partner with R4D consultants, resulting in more effective and efficient work planning, budgeting, and execution (please also see Finding 6).	
Finding 6	Continue PWD-R4D combined work planning and operations budgeting.
DFAT response: Agree. DFAT's R4D interim review recommended that R4D embed its road works operations more closely in PWD's own operations (please see footnote 6). The new 'demand-driven' approach established the necessary precondition for this to happen (please see Finding 5 above). R4D and PWD road operations planning, budgeting and execution are now fully 'joined up'. Operations are more effective and efficient as a result.	
Finding 7	Continue supporting PWD's transition from a traditional works organisation to a modern-style road network manager.

⁴ DFAT's R4D interim review report was released in March 2015.

⁵ PWD operations are carried out by its five decentralised 'divisions', one in each Province (except Torba Province).

⁶ PWD 'Operations' include road maintenance, rehabilitation and spot improvements, which are jointly funded by PWD and R4D. PWD 'Projects' includes larger, one-off road rehabilitation and upgrading projects, which are almost entirely externally funded (China EXIM Bank, and Cyclone Pam recovery projects funded by the Asian Development Bank and the World Bank Group).

DFAT response: Agree. Director, PWD (who is concurrently A/g Director General, MIPU) set PWD on this transitional path, and R4D is providing essential technical assistance. The Minister of Infrastructure and Public Utilities has endorsed the move. The transition will take approximately five years, and PWD will need further technical assistance. R4D recently produced a Strategy document to guide the transition. (please also see Finding 3)

Finding 8

Continue supporting PWD’s mainstreaming of social safeguards and cross-cutting issues, including gender, disability, child protection, HIV and AIDS, work place health and safety, and environmental protection.

DFAT response: Agree. PWD operational awareness of and attention to safeguards and other cross-cutting issues progressively strengthened during R4D, but more is required, and this will take further technical assistance. There is demonstrated PWD ‘buy-in’; the Department funds several safeguards staff positions, has institutionalised related changes to operational practices and documentation, and is driving its own safeguards agenda.

Changes (or ‘enhancements’⁷) to make in designing a possible next round of rural roads subsector support.

Finding 9

Strengthen support for PWD’s transition to a network manager: i) help develop a transition strategy; ii) help PWD learn from other Pacific country experiences; iii) help develop and institutionalise sound systems; iv) help PWD prepare a human resources development strategy consistent with the transition; and v) complete and supplement PWD’s safeguards manuals, guides, and other operations documentations, and train and mentor staff.

DFAT response: Agree. R4D already provides this support and a follow-on program would continue it. Please see our responses to Findings 3, 7 and 8. The pace and depth of PWD’s transition – and any external technical assistance (TA) – would need to be calibrated to PWD’s capacity and willingness to change and to absorb TA.

Finding 10

Improve and sustain rural access: i) help operationalise the new Roads Inventory Management System (RIMS) and RRAF, particularly around road works/maintenance budget allocations; ii) focus R4D support on islands with lower-than-average RAI and poorer-than-average road conditions; iii) undertake network analysis as a basis for achieving a ‘reasonable balance’ between road network maintenance and network improvement/expansion; iv) help PWD integrate RAI drives road operations budgeting, expenditure, monitoring and reporting.

⁷ Most of the evaluation’s suggested ‘changes’ are already underway.

DFAT response: Mostly agree. R4D already provides much of this support and a follow-on program would continue it. Please see our response to Finding 4. Focusing R4D support on islands with low RAI and poorer roads would not necessarily maximise RAI results – other factors must be considered, notably the location and size of unserved rural populations and the relative unit costs of expanding year-round rural access.

Finding 11

Integrate formal consultations as part of PWD’s operations annual planning process, including provisioning for one-off works expenditures.

DFAT response: For further consideration. PWD’s annual operations work planning exercise is already inclusive. PWD divisions drive the early process and they consider a wide range of priorities and local requests. PWD’s final annual work plan and the National budget submission is endorsed by MIPU management and is sponsored by the Minister. It is properly the prerogative of the Minister to confer with political stakeholders outside of this process. We note also that the RRAF aims to strengthen the evidence basis for PWD’s operations work planning and budgeting. Excessive provisioning for unplanned (one-off) operations would dilute this reform.

Finding 12

Upgrade service delivery: i) analyses to help PWD optimise its outsourcing and force account⁸ mix; ii) encourage PWD engineers to ‘step up’ and R4D engineers to ‘step back’; iii) encourage PWD’s divisional managers to lead R4D; iv) include mandatory environmental management provisions in works contracts; v) undertake further PWD professional development on climate change mitigation; vi) maximise competitive bidding and use larger value contracts; vi) improve the management of ‘community-based’ and ‘island-based’ road maintenance and improvement contracting.

DFAT response: Mostly agree. R4D is already moving towards some of these suggested activities and approaches. R4D already completed the outsourcing and force account analysis and will help PWD execute a new force account deployment strategy. R4D already reduced its direct engineering oversight of physical works; reducing oversight further would need to consider the emerging capacity and attitudes of each individual PWD division. PWD operations staff cannot affect climate change ‘mitigation’ – the evaluation may mean climate change “adaptation and resilience”, in which case we support the suggestion. R4D helped PWD update its Roads Design Guidelines, Design Standards, and Standard Specifications, including embedding climate change guidance and requirements. ‘National’ works contracts and equipment supply contracts funded by R4D have always been tendered competitively. ‘Island-based’ contracts are not yet, but will be as island-based contractors (IBCs) develop and are able to compete as ‘national’ contractors. Community-based contracts are locality-based and must be directly awarded. Efficiency is an important, but not the sole consideration, for sizing contracts. IBCs were an outstanding success of the Vanuatu Transport Sector Support Program (VTSSP), which R4D consolidated and made more sustainable. PWD and R4D are continually refining the IBC model. PWD’s community-based contracting (CBC) program, which R4D supports, will be evaluated in 2017; refinements are expected.

⁸ ‘Force account’ refers to physical works carried out using PWD’s own plant and equipment, operators, and other inputs.

<p>Finding 13</p>	<p>Improve R4D program governance. Detailed suggestions to: i) strengthen high-level co-operative decision-making and performance monitoring; ii) improve R4D performance reporting, including by the ISP and DFAT; iii) improve documentation around R4D design and monitoring and evaluation changes; and iv) help PWD develop a management information system (MIS)</p>
<p>DFAT response: Mostly agree. DFAT and GoV agreed that a dedicated R4D steering committee was not necessary and instead use the existing Vanuatu Project Management Unit (VPMU) steering committee to approval annual work plans. This process is supplemented by a monthly R4D Management Meeting, with senior-level representation from DFAT, PWD and the ISP. Director PWD pro-actively supports and participates in R4D. He was fully engaged with DFAT’s interim review and endorsed the review’s findings and recommendations in April 2015. Mid-term changes resulting from the interim review relate to <i>how</i> R4D support is delivered, not <i>what</i> is delivered. First Assistant Secretary, Pacific Division, DFAT approved the implementation of the interim review recommendations. Consistent with <i>DFAT monitoring and evaluation standards</i> (June 2014), DFAT then endorsed a revised R4D monitoring and evaluation (M&E) framework: i) re-word the goal statement to bring it back into line with the original design goal statement⁹; ii) re-word the outcome statement to be clearer and more specific; iii) re-structure and re-word outputs to be clearer and more relevant; and iv) introduce references and indicators relating to RRAF and RAI. In January 2017, DFAT completed a thorough stock-take of the ISP’s contractual deliverables. The results guided work planning for the remaining 6 months of the current ISP contract; and informed negotiations for the proposed 12-month ISP contract extension. R4D was helping PWD develop a management information system (MIS) but the activity was suspended after cyclone Pam; later, TA support focused on implementing the interim review recommendations and developing PWD’s new Road Inventory Management System. We agree that a follow-on investment should help PWD develop and operationalise an integrated MIS.</p>	
<p>Finding 14</p>	<p>Increase program resources for technical assistance, including for PWD to transition to a road network manager.</p>
<p>DFAT response: Mostly agree. The evaluation’s suggestion implies reallocating (some) physical works resources to TA. This may not be necessary, depending on the funding envelope available for a possible follow-on investment. We agree that any future support should include sufficient TA to help PWD transition to a road network manager. Please see our responses to Findings 3 and 7.</p>	

⁹ DFAT’s interim review found that program goal and outcome changes made during R4D’s inception phase were not helpful.