

## Report on Quality at Entry and Next Steps to Complete Design for the Mekong River Commission Mekong Integrated Water Resource Management Support Program (M-IWRM P)

### A: AidWorks details

<b>Initiative Name:</b>	Mekong River Commission's Mekong Integrated Water Resources Management Project (MIWRMP)		
<b>AidWorks ID:</b>	INI651	<b>Total Amount:</b>	AUD 6 million
<b>Start Date:</b>	Mid 2009	<b>End Date:</b>	Mid 2013

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

<b>Initial ratings prepared by:</b>	<ul style="list-style-type: none"> <li>– Graham Rady, AusAID ASIA Division Quality Advisor</li> <li>– Kirsty McMasters, AusAID Design and Procurement Management Group</li> <li>– Dr George E. Radosevich – independent appraiser</li> </ul>
<b>Meeting date:</b>	– 15 May 2009
<b>Chair:</b>	– Sam Beever – Counsellor Regional, Bangkok
<b>Peer reviewers providing formal comment &amp; ratings:</b>	<ul style="list-style-type: none"> <li>– Graham Rady – AusAID ASIA Division Quality Advisor</li> <li>– Kirsty McMaster – AusAID Design and Procurement Management Group</li> <li>– Dr George E. Radosevich – independent appraiser</li> </ul>
<b>Independent Appraiser:</b>	– Dr George E. Radosevich – independent appraiser
<b>Other peer review participants:</b>	<ul style="list-style-type: none"> <li>– Simon Buckley, First Secretary, Vientiane Post</li> <li>– John Dore, Mekong Region Water Advisor, Vientiane Post</li> <li>– Amphavanh Sisouvanh, Program Officer, Vientiane Post</li> <li>– Andrew Collins, DIR, Mekong Section</li> <li>– Andy Isbister, Mekong Section</li> <li>– Barbara O'Dwyer, AusAID Gender Unit</li> <li>– Claire Ireland, AusAID Environment Advisor</li> <li>– Kirsty McNichol, DIR, SDG</li> <li>– Dr Toru Konishi – Senior Economist, World Bank</li> <li>– Mr Virana Sonnasinh – National Program Manager, NIWRMSP, WREA</li> <li>– Dr Bounthanh Bounvilay – DDG, WERI, WREA</li> <li>– Ms Pham Thanh Hang, Programme Coordinator, BDP, MRCS.</li> <li>– Mr Nguyen Van San, Regional Consultant, MRCS</li> <li>– Mr Christoph Mor, Senior Technical Coordinator, MRCS</li> </ul>

**C: Quality Rating Assessment against indicators**

Quality	Rating (1-6) *	Comments to support rating	Required Action (if needed)
1. Clear objectives	5	<p>This is a complex multi-donor, multi-participant project comprising three components with AusAID funding implementation of the first (Regional) and WB the other two (National and Transboundary). AusAID funds are being used to support the design of all three components.</p> <p>The design provided for review and appraisal (version 2), addressing only the regional component, represents considerable effort and thought by the drafters, and reflection of views of the MRC member States interests. It is a very good document as a near final draft, and incorporates much of the feedback provided by AusAID and the independent appraiser on version 1. It also reflects sound technical competence in project proposal preparation, and understanding of the current activities of the MRC and needs of member States.</p> <p>The project goal is the same as Goal 4 of the current MRC Strategic Plan, and therefore has been subject to considerable discussion within the MRC and by the member States. The project objective is consistent with achieving the goal and with the role of the MRC as an international organisation and facilitator for implementing the Mekong Agreement 1995 (MA 95). They have also been discussed during regional meetings of MRC, member States and relevant donors; both are logical and achievable, if the components and activities are understood and carried out.</p> <p>However, the design could be improved by: inclusion of further detail on Integrated River Basin Management (IRBM); and related expansion of relevant Integrated Water Resources Management (IWRM) principles.</p> <p>The AusAID rationale for this particular activity is clearly articulated in the Delivery Strategy guiding AusAID's engagement via the Mekong Water Resources Program. It is also clear that this proposal sensibly builds on the reasonably successful MRC predecessor initiative, the Water Utilisation Start-up Project (WUP).</p> <p>While it is clear from the consultative process so far that this activity has the support of the working level bureaucrats from the MRC Member Countries, it would be useful to ensure a thorough understanding by and firm commitment of the politicians by obtaining MRC Council approval.</p> <p>The degree to which the objectives are achievable within the 5-year project timeframe, is perhaps optimistic. This is not to say that the objectives are not appropriate, but more a reflection that affecting durable change will likely require a longer-term commitment than 5 years.</p> <p>Despite this rather ambitious agenda the integrated nature of establishing the region-wide systems, building national capacity and testing it all out through a series of transboundary projects is of merit.</p> <p>Note that adjustments to Outcome 2 (for the national component) and Outcome 3 (for the transboundary component) will be pursued with the MRCS and World Bank through the design finalisation process. Suggested changes may include:</p> <ul style="list-style-type: none"> <li>• Outcome 2 – using 'through' in this outcome statement means that you are describing both the result you are hoping to achieve (outcome) and how you are going to do it (description of activities).</li> <li>• Outcome 3 – the reference to 'contributing to poverty reduction' pushes this outcome statement up to a goal-level type of statement and will be very difficult to measure</li> </ul>	<p>This v2 Design Document to be further revised to:</p> <ul style="list-style-type: none"> <li>• address IRBM more explicitly; and,</li> <li>• expand detail about the MRC's understanding of IWRM principles in Mekong practice.</li> </ul> <p>With regard to the need to ensure political commitment among MRC member states, the peer review meeting noted that utilisation of the bulk of funds to be transferred in 08-09 is contingent on an MRC Council Resolution and substantive progress, as judged by AusAID but in consultation with the World Bank and MRCS, being made on the national and transboundary components. This requirement will be reflected in the funding agreement with the MRC not the design document.</p> <p>The MRC Council Resolution should clearly confirm the endorsement of the Council of the whole Project (noting that WB approval of final designs of components 2 and 3 may still be pending) with instructions to the Joint Committee (JC) to ensure the MRCS and the NMCSs – that are largely under the JC member jurisdiction – comply in every way with project implementation in pursuit of the Project goal and outcomes.</p> <p>The peer review meeting also noted that the:</p> <ul style="list-style-type: none"> <li>• designs of the national and transboundary components could benefit from the addition of a gender specialist to the design team. AusAID will seek to reinforce this need with WB and the MRCS, and</li> <li>• achievement of the Project's goal requires a long-term commitment beyond the timeframe of this AusAID activity.</li> </ul>

**C: Quality Rating Assessment against indicators**

2. M&amp;E

4

Notwithstanding the need for some improvement, the performance management (as opposed to a narrow performance assessment) framework that is being followed in this design is impressive. This starts with the clear recognition that processes related to assuring the quality of outputs and the effectiveness and efficiency of management arrangements/functions are important aspects of performance management. This framework intends to assess performance against a set of quantitative indicators, but also recognises the more analytical/evaluative work that needs to be done to better understand the changes that are occurring and the constraints to further performance enhancement.

However, the "initial performance monitoring framework" comprises only a set of indicators of change (e.g., "level of use", "number of", "extent of" etc). The reality (implicitly recognised in other parts of the document) is that the managers of this Project will need to understand the variable use, the perceived utility by the users, the constraints to use/application and how systems, procedures, tools, collaboration arrangements, relevant policies, institutional capacities etc can be improved.

Building capacity of the key institutions involved to conduct more open self-critical assessment of their performance, the identification of the reasons for poor performance and sharing ideas for improvement is excellent and central to an effective performance management system. However, it is not clear if there is any other M&E capacity building of our counterparts occurring.

The current analysis of who is responsible, when and how it will be done and what it will cost is under-done.

With regard to review arrangements, this is either an integrated approach or it is not. WB/AusAID/MRCS six-monthly joint review of progress, maybe under WB leadership, should be proposed. A WB-managed Multi-Donor Trust Fund (MDTF) might better enable this to occur. AusAID will favourably consider contributions through a MDTF subject to progress on components 2 and 3 during the Inception Phase.

There is only casual reference to baselines without identifying for what, and too much responsibility may be placed on the Project Coordination and Management Unit (PCMU) to develop and apply the M&E.

It is not clear how the donors will assess the MRC/MRCS's value adding as a facilitator.

This v2 Design Document to be further revised to include commitment to undertake further development of the 'initial performance monitoring framework', in particular to:

- broaden the concept of performance monitoring to performance management;
- more systematically address the baseline situation, including a more thorough assessment of M&E capacity building for counterparts; and,
- clarify M&E budget; and,

The v2 Design Document will also be further revised to include specific reference to joint WB/AusAID/MRCS review every six months.

Prior to the design being submitted for Council Resolution further work on the 'initial performance monitoring framework' during the Inception Phase will include:

- further investigation of the use of Key Management Indicators (KMIs) and Key Performance Indicators (KPIs);
- examination of how to assess the value added role of MRCS as a facilitator; and
- incorporation of Annex 1 text – including risks comments – into table 4.6.1.

**C: Quality Rating Assessment against indicators**

3. Sustainability

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Sustainability for this project will be challenging. Nonetheless, the consideration of a range of important sustainability factors is impressive. These include: political commitment; relevance and quality of outputs to end-users; awareness and understanding of outputs by beneficiary organisations; the level of ownership among MRC Member Countries and their water-related, government implementing agencies; the capacity to utilise outputs; and, adequate resourcing of MRCS to continue the development of the outputs.

The measures documented to manage these constraints will hopefully flow through to management practise and ongoing monitoring of these sustainability factors.

However, as reflected in the 'objectives' section, it is doubtful that significant and durable change will be achieved in only 5 years. Having said that it is noted that much of the regional component has been flagged as being on the MRC agenda since negotiation of the 1995 Mekong River Agreement e.g. subsequent negotiation of procedures for notification and consultation between signatory States about water resources development projects.

The true political commitment to applying IWRM principles in situations of conflicting national, and potentially personal/private, interest poses a significant risk to the sustainability of this project. As reflected in the AusAID Delivery Strategy that drives the Mekong Water Resources Program, major decisions are not always taken transparently or based on scientific evidence, and as a consequence are often inconsistent with any reasonable interpretation of IWRM principles.

However, despite the political economy realities and sub-optimal decision making reducing the likely sustainability of what this Project aims to achieve, this should not reduce the AusAID and WB commitment to supporting this proposal and working to improve sustainability. The main implication this leaves is that a strategy for building political commitment at the highest levels is required. In this regard the current communication and impact strategy based on *ad hoc* communication may not be particularly effective.

It was suggested by the independent appraiser (Radosevich) that Authority-Responsibility-Accountability (ARA) analysis be applied to implementation of each component and activity for the designated office/agency/stakeholder as part of the SWOT analyses referred to in the design (Pages 50, 56-7 – activities 1.3/2 and 2.2/1).

This v2 Design Document to be further revised to:

- make reference in Table 3.4.1 to 'regular updates of relevant national political entities' being guided by a more sophisticated communications and impact strategy. Communications and impact strategy to be included as a post-inception phase priority activity; and,
- address the sustainability of the PCMU (e.g. explain what happens to the PCMU at the end of the 5 year period).

Prior to the design being submitted for Council Resolution an Authority, Responsibility, and Accountability (ARA) analysis will be undertaken during the Inception Phase.

**C: Quality Rating Assessment against indicators**

4. Implementation & Risk Management	4	<p>Based on Outcome 1 (for the regional component) it is clear that the design has considered the logical sequencing of the activities.</p> <p>In general, the implementation framework is sound, but some details are ambiguous and/or ambitious. The structure and functions of PCMU, Regional Oversight Committee (ROC), National Oversight Committees (NOCs) and National Implementation Agencies (NIAs) sounds good, but workability is questionable. For example, will the PMCU and ROC have the leadership, backing, mandate and capacity to bring the various components/elements of the project together; and will the various MRC Programmes and National Mekong Committee Secretariats (NMCSs) have the capacity and adequate resourcing to implement specified activities?</p> <p>Additionally, donors should not be compromised by being included in formal membership of the ROC, or similar body, which reports and is accountable to the Joint Committee (JC), which in turn reports to and is accountable to the Council.</p> <p>Prioritisation of activities during the Inception Phase is sensible given that the proposal seeks USD 6m however, only AUD 6m is available. Hence, at present exchange rates there is a funding gap and the current budget should be re-examined during the Inception Phase.</p> <p>AusAID's role in the partnership with MRC, the World Bank and LMB member countries is not clear in the v2. Design Document. AusAID's role in implementation and the resources this would require should be clarified.</p> <p>Linkages/synergies between ICBP and this Project are suggested in the design; however it is unclear how this will work in practice. The mechanisms to facilitate this, and AusAID's role in this, should be clarified.</p> <p>It is clear that most/almost all of the activities require the cooperation and possible joint implementation of multiple MRCS programmes/initiatives/units. As openly recognised or at least inferred (always a good start) this more collaborative approach will be a challenge for MRCS and needs to be monitored and evaluated.</p> <p>AusAID have already studied (through a separate exercise) MRCS' procurement and financial management systems and are comfortable with the fiduciary risks involved.</p> <p>It was suggested that consideration be given to drafting an internal AusAID document outlining: the AusAID 'value added'; how AusAID will engage and contribute to the Project during implementation, and more fully addressing risks not appropriate to be explored in an MRCS document. This may better be done by an explicit link to the analysis already undertaken and reflected in the <i>Mekong Water Resources Delivery Strategy</i> rather than by drafting a separate document, i.e. via the Mekong Water Resources Program's internal Risk Management Matrix.</p>	<p>Note in peer review record that use of funds is contingent on an MRC Council Resolution. This will be reflected in the funding agreement, not in v3. of the Design Document.</p> <p>The v2. Design document to be updated to:</p> <ul style="list-style-type: none"> <li>include detail of the role of the CEO to ensure that programs talk to each other – ensuring adequate collaboration for the joint implementation of activities across MRCS and with NMCSs, and for the robustness of the peer review and quality assurance processes;</li> <li>change the Regional Oversight Committee to a Project Oversight Committee such that it reviews all three components not just the regional;</li> <li>remove development partners from permanent membership of the Project Oversight Committee – a dotted reporting line to the POC would remove potential for donors or the POC to be compromised in reporting formally and being accountable to a body comprising national counterparts;</li> <li>review the budget during the Inception Phase; and,</li> <li>outline that any funding gap will be managed through ongoing prioritisation of activities, and that implications of certain activities not proceeding due to budget constraints will be a feature of regular reporting and review missions.</li> </ul> <p>AusAID Vientiane to document explicitly AusAID's role in implementation.</p>
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**C: Quality Rating Assessment against indicators**

5. Analysis and lessons	4	<p>The proposal addresses the full spectrum of issues, but there are ambiguities in some analysis of who supports and is responsible for what and when. It is clear that gender and poverty are to be considered, but not clear how these and other and previous experiences will be taken into account in action and M&amp;E.</p> <p>As mentioned above, the budget is not structured so as to clearly explain what is allowed for the different M&amp;E activities.</p> <p>While it is assumed that much has been learnt from the Water Utilisation Project (WUP), these lessons and discussion of how they have influenced the design of this activity are not clear. How well this knowledge has, or has not, been applied could be a significant issue. Further exploration of WUP lessons might be best handled as an annex, drawing on not just the MRC's own commissioned assessment, but also the final reports of the WB who oversaw the primary Global Environment Facility (GEF) grant that largely funded the WUP between 2000-2008.</p> <p>It is presumed that much of the work under WUP endorses the appropriateness of the technology (procedures, tools, principles etc) to be rolled out under this activity, however, there is much yet to be demonstrated.</p> <p>The contextual and problem analysis is concise and informative. However, inclusion of a few basic production, resource value, population and poverty figures would assist to better capture the context (under section 2.1).</p> <p>The gender analysis of the national and transboundary components is shallow, indicates little evidence of relevant issues, and largely says ICBP will address the issue. Similarly, the treatment of potential environmental concerns is given a tokenistic analysis. In both cases the reader is left with a strong feeling that these issues have not been given much consideration and that we should question the broader unwritten conclusion that these issues are not overly important in this context.</p> <p>In conclusion and to reiterate the following key points:</p> <ul style="list-style-type: none"> <li>• AusAID notes the importance of the three components (regional, national and transboundary) being locked together - mutually supporting – for the Project to have its best impact;</li> <li>• There is a risk associated with the degree of Mekong country commitment to some of the more challenging aspects of the Project's work agenda. Hence, the request for an MRC Council Resolution;</li> <li>• The preparation of national and transboundary components is behind the regional component and efforts need to be made to 'catch-up' as quickly as possible;</li> <li>• The mechanism for channelling Project payments in future years, either direct to MRCS or via Multi Donor Trust Fund, will be given further consideration during the Inception Phase; and,</li> <li>• Oversight and accountability of the Project must be cooperative, including joint supervision missions of the whole project by WB, AusAID and MRCS.</li> </ul>	<p>The peer review meeting noted that the designs of the national and regional components would benefit from the addition of a gender specialist on the design team. AusAID will reinforce this need with WB and the MRCS.</p> <p>Moreover, this v2 Design Document to be further revised to include greater detail on the lessons learnt from WUP including:</p> <ul style="list-style-type: none"> <li>• reference to not only the generally complimentary independent appraisal by Radosevich/Metzger, but also the more critical final report by WB; and,</li> <li>• the interaction and relationship between WUP and BDP 1 and problems with these initiatives getting out of sync.</li> </ul> <p>Further to the previous point, it is a concern that the national and transboundary components are already out of sync with the regional component, and MRCS is urged to do all it can to work with MRCS to have the design and approval of these other two, critical components be completed in a timely manner, to the extent possible by end of 2009, but at the latest by the end the overall Inception Phase by end of March 2010. AusAID design funds should be applied for this purpose. AusAID technical support by the Mekong Water Advisor is also available, but primary responsibility rests with MRCS and WB.</p>
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**\* Definitions of the Rating Scale:**

<b>Satisfactory (4, 5 and 6)</b>		<b>Less than satisfactory (1, 2 and 3)</b>	
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**

Provide information on all steps required to finalise the design based on *Required Actions* in "C" above, and additional actions identified in the peer review meeting

Who is responsible	Date to be done
Simon Buckley	15 May 2009 (this message was made clear to MRCS reps at the Peer Review meeting)
Simon Buckley	15 May 2009 (this message was made clear to WB rep at the Peer Review meeting)
Simon Buckley	22 May 2009 (feedback provided)
MRC Secretariat	27 May 2009
Sam Beever	28 May 2009
Simon Buckley	By end June 2009

**E: Approval** completed by ADG or Minister-Counsellor who chaired the peer review meeting

On the basis of the final agreed Quality Rating assessment (C) and Next Steps (D) above:

☒ **QAE REPORT IS APPROVED**, and authorization given to proceed to:

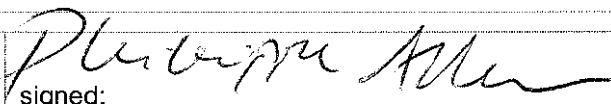
☒ **FINALISE** the design incorporating actions above, and proceed to implementation

or: ☐ **REDESIGN** and resubmit for appraisal peer review

☐ **NOT APPROVED** for the following reason(s):

Phillippe Allen, Minister  
Counsellor, Bangkok

signed:



< date >

29/05/09

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70/70/75

John W. Johnson

1997年12月25日