



Australian Government  
AusAID

## Quality at Entry Report and Next Steps to Complete Design for Lao National Integrated Water Resources Management Support Program

<b>A: AidWorks details</b> <i>completed by Activity Manager</i>			
<b>Initiative Name:</b>	Lao National Integrated Water Resources Management Support Project		
<b>AidWorks ID:</b>	INJ723	<b>Total Amount:</b>	\$3.2 million
<b>Start Date:</b>	16 February 2011	<b>End Date:</b>	30 June 2013

<b>B: Appraisal Peer Review meeting details</b> <i>completed by Activity Manager</i>	
<b>Meeting date:</b>	24 November 2010
<b>Chair:</b>	Phillippe Allen, Minister Counsellor, Bangkok
<b>Peer reviewers providing formal comment &amp; ratings:</b>	<ul style="list-style-type: none"> <li>– Rob McGregor, Program Manager, Mekong Desk</li> <li>– Graham Rady, M&amp;E Adviser, Asia Division</li> <li>– Therese Postma, Gender Adviser</li> </ul>
<b>Independent Appraiser:</b>	– Peter-John Meynell, Environmental and Natural Resources Consultant
<b>Other peer review participants:</b>	<ul style="list-style-type: none"> <li>– Neal Forster, Performance and Effectiveness, Mekong Desk</li> <li>– Kenneth Harri, Water Program Officer, Mekong Desk</li> <li>– Sarah Barns, Graduate, Mekong Desk</li> <li>– Raine Dixon, First Secretary, Head of Vientiane Post</li> <li>– Alexander Marks, Second Secretary, Water &amp; Infrastructure, Vientiane</li> <li>– John Dore, Senior Adviser, Mekong Water Resources Program</li> <li>– Bounthavivanh Mixap, Program Officer, Mekong Water Resources Program</li> <li>– Ian Makin, Task Team Leader, ADB</li> </ul>

<b>C: Safeguards and Commitments</b> <i>(new!) completed by Activity Manager</i>		
<i>Answer the following questions relevant to potential impacts of the activity.</i>		
<b>1. Environment</b>	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
<b>2. Child Protection</b>	Does the design meet the requirements of AusAID's Child Protection Policy?	N/a

<b>D: Initiative/Activity description</b> <i>completed by Activity Manager (no more than 300 words per cell)</i>	
3. Description	The initiative is Technical Assistance (TA) to the Lao People's Democratic Republic National Integrated Water Resources Management Support Program (NIWRMSP). The TA would be managed by the Asian Development Bank (ADB) and is proposed to be cofinanced by the Government of Australia and the Spanish Cooperation Fund for Technical Assistance.

3. Description	<p>The initiative is Technical Assistance (TA) to the Lao People's Democratic Republic National Integrated Water Resources Management Support Program (NIWRMSP). The TA would be managed by the Asian Development Bank (ADB) and is proposed to be cofinanced by the Government of Australia and the Spanish Cooperation Fund for Technical Assistance.</p>
4. Objectives Summary	<p>The impact sought of the NIWRMSP is the effective implementation of IWRM approaches in Laos.</p> <p>The outcome sought from the TA is to build WREA's human resource and institutional capacity at the national, river basin, and provincial level to enable WREA to provide effective leadership in water resources decision-making in support of the government's strategies for managing national water resources, including climate change adaptation.</p> <p>The TA will contribute to implementing the NIWRMSP. It will (i) establish continuing professional development programs for WREA staff; (ii) implement appropriate governance systems for program management; (iii) help the government establish institutional arrangements for river basin management; (iv) provide updates on the inventory of water resources and their utilization; and (v) assist the development of formal university education in IWRM at the National University of Lao (NUOL).</p>

<b>E: Quality Assessment and Rating</b> <i>(no more than 300 words per cell)</i> <i>completed by Activity Manager after agreement at the Appraisal Peer Review meeting</i>			
Criteria	Assessment	Rating (1-6) *	Required Action (if needed)
5. Relevance	<p>The proposed Activity has definite relevance to the water resource management needs of Lao PDR. These have been expressed clearly in the ten components of the NIWRM-SP which was developed by WREA in 2008-10, with support from AusAID via ADB TA7013. The proposed Activity picks up a number of these components for assistance. There has been ongoing support to WREA by AusAID and ADB since 2007, which resulted in the development of the National Water Resources Policy, Strategy and Action Plan for the years 2011 - 2015. This has nine (rather than ten) programs with clear compatibility between the two. The GOL policy/strategy/plan evolved from an extensive consultation process through 2009 and 2010. The NIWRM-SP that was drafted and agreed earlier provides a pathway that is still valid for development partners to fund clearly identifiable pieces of work.</p> <p>The underlying issue that integrated water resource management seeks to address is the pressure upon water and associated natural resources. Until relatively recently the water resources of Laos had few demands, and were in a reasonable state. Pressures from rapid development of agriculture, hydropower and mining have changed that. There is clear evidence of degradation. This requires a cross-sectoral approach to water resource use and management.</p> <p>Investment in water management infrastructure or monitoring will always be necessary, but unless the capacity is there to take the measurements, to analyse, manage water allocations and floods and share the resource equitably, then eventually the installations will not be used. Capacity strengthening includes both the development of Knowledge, Attitudes and Skills and organizational aspects, as well as certain hardware for monitoring and management.</p> <p>Whilst the overall thrust of the proposed Activity is aimed at capacity strengthening for IWRM implementation in Laos, the development and work of the Nam Ngum River Basin Committee is the main way in which this is put into practice. The Nam Ngum RBC is critical to the success of the IWRM approach. If it is not effective in influencing management of the resources of that basin, then the IWRM approach will be seriously undermined, limiting its extension elsewhere.</p> <p>As a result of the appraisal, inputs from an institutions development specialist has been included to identify and isolate the priority capacity building of GoL has been included early in the design timeframe, to ensure relevance of technical assistance.</p>	5	The DSID has been amended to better explain the explicit linkages of the NIWRMSP to the Lao National Water Resources Strategy and Action Plan for 2011-2015.

**E: Quality Assessment and Rating** *(no more than 300 words per cell)**completed by Activity Manager after agreement at the Appraisal Peer Review meeting*

<p>6. Analysis and Learning</p>	<p>This proposal builds on previous work to develop the capacity of WREA and develop the RBCs, substantial funded by France and Australia.. Without this follow-up support, the earlier efforts would be stranded and would inevitably decline, because it is argued that the threshold needed for sustaining the capacity would not have been reached. Despite the very encouraging and progressive thinking being developed in Laos towards water resource management, there is still clearly some way to go before this becomes an influential part of the political system.</p> <p>The Activity forms part of the support for a larger program, the NIRWMSP, with the other components being supported by a parallel World Bank project - the Mekong Integrated Water Resources Management Project (Laos component) – estimated at USD 4 million which is also due to start in 2011. In addition, the Government of Finland will be supporting the development of the environmental management functions of WREA with an estimated USD 8 million, together with KfW in-kind support for basin management. It is understood that a shared Project Management Unit (PMU) is being established by WREA to ensure coordination between these different initiatives. Development partners from Australia, Finland, France, Germany, ADB and World Bank have agreed in various meetings held with the WREA Minister to work in a harmonized manner within appropriate governance structures organized by WREA.</p> <p>The analysis includes an activity to increase gender equity within the organisation, and links with the support from Finland to strengthen the capacity for appraisal of EIAs and enforcement of EMPs within WREA. It also addresses governance issues in terms of strengthening procurement and accounting practices and anti-corruption</p> <p>Lessons learned from the AusAID and World Bank Land Titling Project, and various ADB efforts in the agriculture and rural development sector (taken to include water resources) are in the DSID, more so than in the ADB's Technical Assistance Report.</p> <p>The strengthened M&amp;E inputs referred to above in Relevance will improve the ability to adaptively manage the program.</p>	<p>4</p>	<p>Ongoing adaptive management and close attention to M&amp;E, especially on governance and gender equity issues.</p>
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<b>E: Quality Assessment and Rating</b> <i>(no more than 300 words per cell)</i> <i>completed by Activity Manager after agreement at the Appraisal Peer Review meeting</i>			
7. Effectiveness	<p>The components of the Activity are taken from the larger NIWRMSP that provides a coherent guide for development partners to contribute and partner with GoL to implement IWRM in Laos. However, as an individual project, the outputs and related activities are separate and will be managed by PIUs in different departments in WREA and the NUOL, but coordinated by a central PMU.</p> <p>The ADB CTA will be responsible for the ADB-funded components, but it is not completely clear from the proposal, what the relationship will be to the CTA who will support the WB-funded NIWRMSP components. This can be sorted out, with GoL kept in the driving seat via the new governance arrangements created and road-tested during the AusAID funded extension to ADB TA 7013.</p> <p>In accordance with the appraisal, the Design &amp; Monitoring Framework (DMF) was overhauled by ADB and AusAID to strengthen the logic between basic outputs and activities and the ensuing outcomes and impacts. This overhaul included revising the objective statement, and setting performance targets which define effectiveness and provide a clear understanding of what success looks like.</p> <p>Following the appraisal, risk assessment and mitigation was strengthened in the DSID. It is noted that the activity is designed to address many of the central risks of operating in the water resources sector in Laos (including donor coordination).</p>	4	<p>Risk identification and mitigation will require ongoing management and coordination with other donors and with WREA.</p> <p>Exploration of on-going financing models for RBCs that will help to increase their sustainability beyond the medium term (10 years).</p>

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

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8. Efficiency	<p>In general the technical solutions and implementation arrangements are appropriate, representing continuing support for the IWRM process, building on what has gone before. The value for money is focused on strengthening capacity of WREA so that it can be more effective in the long term, rather than installing infrastructure etc.</p> <p>Implementation arrangements for all components of the NIWRMSP should be through the GoL PMU. The PIUs in different departments of WREA appear to be consistent with the mandates of these departments, and the allocation of resources between them has been agreed internally. Linkage with the Finland supported environment strengthening will be required and has been negotiated.</p> <p>The allocation of the largest proportion of funds is to the Nam Ngum RBC. This is certainly appropriate but this set of activities may use more than initially anticipated which would effectively reduce the allocation to other basin planning activities.</p> <p>Responding to the appraisal, increased M&amp;E funding was included in the budget (including extra international and national person months). The AusAID funding profile was confirmed, and denominated in AUD to ease budget management for AusAID. The Appraisal called for the TTL to be located in Vientiane (instead of Manila). Discussions on this within ADB are ongoing.</p>	4	Continue to liaise with ADB on location of TTL, and to improve ADB Lao Resident Mission resourcing for project management.
9. Monitoring and Evaluation	<p><i>NB: M&amp;E was given a score of 3 in the appraisal meeting. The DMF has since been substantially revised by ADB. AusAID Post and Asia Program M&amp;E Adviser (Rady) consider the revisions to constitute substantial improvement; hence the score has been increased to 4.</i></p> <p>As a result of comments in the appraisal, the national M&amp;E expert inputs have been increased from 6 months to 10 months, and the international M&amp;E expert inputs have been increased from 1 month to 6 months. It is expected that there will be close coordination between the experts with M&amp;E inputs from joint review missions.</p>	4	Development of a detailed M & E plan for Output 1 during the inception phase.

<b>E: Quality Assessment and Rating</b> <i>(no more than 300 words per cell)</i> <i>completed by Activity Manager after agreement at the Appraisal Peer Review meeting</i>			
10. Sustain-ability	<p>IWRM approaches by definition try to address the overall sustainability of water resources management and its practice in different river basins.</p> <p>Capacity strengthening projects are supposed to have greater lasting ability than other types of project. The sustainability of the work is confirmed by WREAs capacity to do it.</p> <p>In terms of maintaining this capacity, the output 4 strengthening IWRM education in the NUOL, clearly contributes to developing long-term skills in Laos, provided that IWRM graduates go on to be employed by WREA.</p> <p>Climate change adaptation is a component activity of the project, and environmental sustainability is part of the complementary Finland and UNDP support to WREA.</p> <p>There is clarity within ADB that this support project is the next in a series of supports over time to GoL. AusAID needs to be conscious that this ideally should be the first 3 years of a 10 year support timeframe. There will need to be continued advocacy by the ADB and donors to the GoL of sustainable financing for RBCs, ideally via core budget allocation.</p>	4	<p>Ensure linkage with Finland support to the environment departments of WREA</p> <p>Introduce an activity to assess feasibility of models for financing of RBCs</p> <p>Continued donor and ADB advocacy of the need for sustainably financed RBCs</p>
11. Gender Equality	<p>The appraisal noted that the project had a rather unspecified activity that relates to developing a WREA gender action plan, based upon the gender strategy of the Prime Minister's office, of which WREA is a part. It did not specify taking any action to implement the GAP, nor did it have any gender specific indicators. Nor is there any extension of gender awareness in the work with NUOL.</p> <p>Since the appraisal, the ADB modified the design such that the GAP will be prepared in first six months. Additional financing for the implementation of the GAP will be sourced by the ADB.</p> <p>A specific target of gender balance in the RBC has been included in the DMF.</p>	4	<p>By Project Management Unit/ADB:</p> <p>Integrate GAP with other actions plans (e.g. Climate change).</p> <p>Reflect gender strongly in TA TORs and in training activities.</p> <p>ADB gender focal points to support and review plans and actions.</p>

* 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

**E: Next Steps** *completed by Activity Manager after agreement at the Appraisal Peer Review meeting*

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. Continue to liaise with ADB on location of TTL, and to improve ADB Lao Resident Mission resourcing for project management.	Marks	Up to and during inception mission
2. Development of a detailed M & E plan for Output 1 during the inception phase.	ADB (monitored by Marks/Dore)	During inception Phase
3. Introduce an activity to assess feasibility of models for financing of RBCs	ADB (monitored by Marks/Dore)	By mid-term review.
4. Integrate GAP with other actions plans (e.g. Climate change). 5. Reflect gender strongly in TA TORs and in training activities. 6. ADB gender focal points to support and review plans and actions.	ADB (monitored by Marks/Dore)	Ongoing

**F: Other comments or issues** *completed by Activity Manager after agreement at the APR meeting*

- As noted in the Quality Assessment and Rating, most of the issues with the design raised at the appraisal meeting have subsequently been addressed by the ADB. This QAE template has been completed on the basis of the updated design, noting improvements where made, and identifying areas that require further work (such as gender equality).
- The Chair of the meeting (Allen) has completed his posting and is no longer available to approve the QAE. Hence this QAE has been submitted for approval in parallel with the FMA9 Approval and FMA10 Authorisation minute.

**F: Approval**

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):

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*Rhett McGregor*  
Richard Moore

Signed:

*Rhett McGregor*

Date: 12/1/11

*A/g Director*  
*McGregor*

*Signed on behalf of Phillippe Allen, MC MEIC,  
given Phillippe's posting has concluded  
and he is unavailable to sign. DDG ASIA  
Richard Moore has agreed to this course of  
action.*

*- Rhett McGregor 12/1/11*