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AusAID

## **South Asia Regional Program Evaluation**

**ING 236**

### **INDEPENDENT EVALUATION REPORT**

AusAID-World Bank (SAR) Facility for Decentralisation, Local  
Governance and Service Delivery (PFSDS)

and

AusAID-ADB South Asia Development Partnership Facility  
(AASADPF)

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## **Acknowledgments**

The team held consultations with government agencies, development partners, and stakeholders from sub-projects. A list of agencies and persons consulted is included in Appendix A.

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# Contents

<i>Acknowledgments</i> .....	<i>ii</i>
<i>Evaluation Team</i> .....	<i>ii</i>
<b>EXECUTIVE SUMMARY</b> .....	<b>IV</b>
<b>INTRODUCTION</b> .....	<b>1</b>
ACTIVITY BACKGROUND .....	1
EVALUATION OBJECTIVES AND QUESTIONS .....	1
EVALUATION SCOPE AND METHODS.....	2
<b>EVALUATION FINDINGS</b> .....	<b>3</b>
OVERVIEW OF THE TWO FACILITIES .....	3
AASADPF.....	3
PFSDS.....	4
<i>Similarities and Differences Between the Two Facilities</i> .....	6
EVALUATION OF SUB-PROJECTS FINANCED BY THE TWO FACILITIES.....	7
Overview .....	7
Relevance .....	7
Effectiveness .....	9
Efficiency.....	12
Sustainability.....	14
Gender Equality.....	15
Monitoring & Evaluation and Analysis & Learning.....	17
Summary Ratings of the Two Facilities.....	20
PARTNERSHIPS .....	20
ADB-AusAID Partnership .....	21
World Bank-AusAID Partnerships.....	22
AUSAID VISIBILITY .....	22
<b>CONCLUSIONS, LESSONS LEARNED AND RECOMMENDATIONS</b> .....	<b>24</b>
SUB-PROJECT OUTCOMES .....	24
MONITORING, EVALUATION AND KNOWLEDGE MANAGEMENT .....	25
PARTNERSHIPS .....	27
REGIONAL COOPERATION.....	28
<b>APPENDIX A: LIST OF PERSONS MET</b> .....	<b>30</b>
<b>APPENDIX B: SELECTED REFERENCES CONSULTED</b> .....	<b>38</b>
<b>APPENDIX C: CLUSTER EVALUATION TERMS OF REFERENCE</b> .....	<b>40</b>
<b>ATTACHMENT 1: AUSAID-ADB SOUTH ASIA DEVELOPMENT PARTNERSHIP FACILITY: APPROVED SUB-PROJECTS (AS OF FEBRUARY 2012)</b> .....	<b>45</b>

## Executive Summary

1. This evaluation of the AusAID-ADB South Asia Development Partnership Facility (AASADPF) and the AusAID-World Bank (SAR) Facility for Decentralisation, Local Governance and Service Delivery (PFSDS)<sup>1</sup> aims to:
  - (i) Compare the performance of the two funds.
  - (ii) Identify program strengths and weaknesses.
  - (iii) Assess how AusAID might improve engagement with partners.
  - (iv) Draw forward-looking lessons and recommendations<sup>2</sup>.
2. The tight mission schedule meant limited time in each country, with limited time for in-depth discussion on outcomes and experiences of individual projects. Neither the Evaluation Team nor the PFSDS provided input into selecting the countries visited. The schedule offered particularly few opportunities for the team to visit PFSDS sub-projects and/or to meet with key World Bank staff. Given that it is hard to justify high ratings with limited information on sub-project performance, methodological limitations may have negatively impacted on evaluation ratings. This being said, the core aim of the evaluation exercise is to use experiences and lessons learned from the evaluation to draw forward looking recommendations about how AusAID could strengthen its engagement with development partners in South Asia.

### Characteristics and Performance of the Two Programs

3. The PFSDS facility was more narrowly focused than the AASADPF, supporting: decentralization; local governance, and; service delivery reform. The AASADPF covered five much broader focus areas (governance, inclusive growth, urban development, human resource development, and regional cooperation and integration).
4. The AASADPF financed larger sub-projects: many were near the maximum USD 500,000 allowed under the facility. There average PFSDS sub-project was only about USD 82,500.
5. Many sub-projects financed from both facilities would probably not have been financed from internal Multilateral Financial Institution (MFI) resources because of their small size, perceived risks, and/or because they would not necessarily directly support lending operations.
6. Regional cooperation activities mostly involved sharing of knowledge and experiences. Some of these activities have had particularly high visibility. Relatively few activities addressed trans-boundary issues.
7. The two facilities were given similar ratings for relevance, sustainability, efficiency, and gender. The AASADPF was rated higher in terms of

<sup>1</sup> The facility is also referred to as '*AusAID – World Bank Policy Advocacy & Service Delivery Improvement Facility*' and '*Policy Facility for Decentralisation and Service Delivery*' for ease of reference the initials PFSDS are used throughout.

<sup>2</sup> The evaluation objectives and terms of reference were circulated to the two facilities for comment prior to the field mission.

effectiveness and monitoring and evaluation. All ratings -- except the M&E rating for the PFSDS -- were satisfactory or better.

### **Strengths and Weaknesses of the Two Programs**

8. Key **strengths** of both programs are the stronger partnerships that are emerging. These partnerships benefit target countries, AusAID and the MFIs in line with international agreements on aid effectiveness. Joint engagement on key issues such as governance, regional cooperation, gender, results monitoring and knowledge management is benefiting all parties in terms of building capacity through sharing experiences, learning and good practices. It takes time -- and regular and effective communications -- to build the trust and systems needed to maximize benefits from the partnership.
9. Both facilities included capacity building activities linked to the MFIs funding operations with evidence of tangible improvements in capacity in some of the sub-projects. Because of relatively larger budgets, AASADPF sub-projects were able to provide more sustained support for capacity building.
10. Despite implementation delays, both facilities identified and implemented successful sub-projects that resulted in tangible outputs, experiences and lessons within, and beyond, the South Asia region. There are indications that some of these outputs are generating tangible and sustainable results.
11. The physical proximity of ADB offices and larger scale of most sub-projects provided more opportunities for interaction on substantive policy issues.
12. The "just in time" option within the PFSDS facilitated more rapid response to requests for small-scale support for urgent reform opportunities.
13. The **fundamental weakness** of both facilities was the lack of clear facility wide results frameworks in the original designs. This weakness was exacerbated by the broad focus of the AASADPF. Sub-project level results frameworks were better developed, but reporting against results needs to be strengthened.
14. Slow disbursements (especially during the early stages) undermined the efficiency of both facilities. There were delays between approval and initial disbursement in several sub-projects (under both facilities). It is still too early to make definitive statements about the outcomes of all sub-projects (most of the AASADPF sub-projects were approved from 2009-11).
15. While weaknesses in communications between AusAID and its partners were identified, more systematic communications processes developed over time.
16. The geographic distribution of projects was not uniform. Some relatively poor areas of South Asia received relatively limited allocations of resources.

### **Conclusions, lessons and recommendations for the future**

17. There is a considerable unmet demand for financing relatively modest investments in innovative regional and national projects to help share development experiences. ADB and WB staff are uniquely well-positioned to identify and respond to such opportunities.
18. **Build on existing partnerships.** Supporting reform and innovation can generate high returns, but is also risky and time consuming, requiring trust

and effective knowledge transfer to change mindsets. AusAID should build on the achievements, networks, and experiences developed under the two facilities since 2006. Systems and partnerships developed should provide the basis for more effective future delivery of development assistance. Nevertheless, AusAID needs to ensure that results and knowledge management, and priority crosscutting concerns (e.g. gender and disability) are specifically addressed in future program designs.

19. Results focus. Partners need to agree, from the beginning, on a shared performance management and results framework for each facility with clear, targeted, phased outcomes. Linkages between targeted outcomes and impact on poverty alleviation should be clearly and concisely articulated (even if direct attribution is difficult). Where feasible, gender disaggregated indicators should be included. Formal performance assessment processes should be outlined in facility agreements. At the same time, it will be important not to lose the flexibility needed to respond to emerging opportunities: a key strength of both facilities.
20. Communicating results. Future support should include formal protocols for communicating on regional program events, sub-project selection, and country level policy issues, including commitments to participate in: (i) an annual regional workshop to present key results and lessons learned and; (ii) quarterly video-conference discussions on progress and implementation issues. Where feasible, expected impacts on the poor, disadvantaged groups and women should be reported and communicated.
21. Visibility. Each facility should include dedicated resources to develop and distribute knowledge products that are likely to be of regional interest. Encourage greater AusAID participation in key facility events.
22. Regional cooperation. AusAID should adopt a pragmatic approach to supporting regional cooperation that recognizes the critical role of improved central and sub-national governance and service delivery (e.g. in cross-border towns and along economic corridors) to boosting regional cooperation and to ensure that poor households and lagging regions benefit from regional integration. Target activities aimed at achieving quick results (especially in reducing poverty). Continue to actively engage with ADB's efforts to facilitate regional and sub-regional economic cooperation in South Asia.

# Introduction

## Activity Background

23. AusAID funding for two regional multilateral facilities -- the AusAID-ADB South Asia Development Partnership Facility (AASADPF, AUD 11 million)<sup>3</sup> and the AusAID-World Bank (SAR) Facility for Decentralisation, Local Governance and Service Delivery (PFSDS, AUD 5.7 million)<sup>4</sup> -- were initially due to end in the 2011/2 financial year. Both facilities finance regional and national sub-projects<sup>5</sup> covering South Asia<sup>6</sup>. AusAID has extended the duration of both facilities in 2011, to allow time to disburse funds from approved sub-projects and review future options.

## Evaluation Objectives and Questions

24. The cluster evaluation of these programs aims to assess overall performance of the two facilities and to identify lessons for future support. The purpose of the evaluation is to:
  - Compare the performance of the two funds to their objectives (i.e. discuss how well have these been met and describe significant outcomes<sup>7</sup> and achievements).
  - Identify what has worked well and what hasn't with the two programs;
  - Assess how AusAID might improve engagement with its partners, and;
  - Present forward-looking lessons and recommendations to guide the next phase of AusAID engagement with the multilateral development banks in South Asia<sup>8</sup>.
25. The cluster evaluation will assess the effectiveness of the two partnership facilities, including:
  - How effective were the multilateral partners in using facility resources to support governance and policy reform in the region?
  - How effective are the AusAID-WB and AusAID-ADB partnership facility arrangements? Is there a better way to structure the partnerships?

<sup>3</sup> The AASADPF targeted five broad areas: (i) governance; (ii) promotion of inclusive growth; (iii) challenges associated with rapid urbanization and the rise of mega cities; (iv) human resource development, particularly improved delivery of services (e.g., education, health, water and sanitation); and (v) regional cooperation and integration.

<sup>4</sup> The PFSDS focused on facilitating efforts of clients to develop and implement the institutional and policy reforms needed for efficient and accountable service delivery at the local level. Targeted sectors were health, education, water and sanitation, economic governance and infrastructure.

<sup>5</sup> Including technical assistance (TA), components of investment projects and stand-alone grant financed activities.

<sup>6</sup> South Asia comprises Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka.

<sup>7</sup> To the extent possible, given time limitations and limited data on outcomes.

<sup>8</sup> The evaluation objectives and terms of reference were circulated to the two facilities for comment prior to the field mission.

## Evaluation Scope and Methods

26. The methodology of the evaluation included:
  - Review core documents and submit, discuss and finalize methodology with AusAID managers.
  - Review other key design, monitoring, and evaluation reports.
  - Telephone discussions with key AusAID stakeholders.
  - Field visit and national stakeholder consultations in Bhutan, Nepal, and Sri Lanka (10-20 March 2012). This included meetings with government officials, development partners, and other stakeholders associated with individual sub-projects.
  - Meet and discuss with senior ADB, AusAID, and WB strategic planning officers from field offices in countries visited.
  - Visit ADB headquarters in Manila from 21-23 March (focus of discussion was on options for a follow-up phase of support).
  - Telephone discussions with other key WB staff.
27. ADB, in consultation with AusAID, led the organization of the evaluation, field visits and meetings. Neither the evaluation team nor the PFSDS team were involved in selecting the countries visited. WB input into planning came at a later stage, and the evaluation team had less opportunity to assess the PFSDS. Given time and logistics constraints, the evaluation team met with stakeholders from 10 of the 21 AASADPF sub-projects, but only 7 of 55 PFSDS sub-projects: for two of these PFSDS sub-projects the team was only able to meet with World Bank stakeholders and had no opportunity to interview government counterparts or independent parties<sup>9</sup>. The sample of sub-projects reviewed was not representative of all PFSDS sub-projects. A more detailed and representative evaluation might generate different ratings.
28. The evaluation team was asked to answer broad ranging questions about two facilities covering many sub-projects in different countries in a short time. The focus of the evaluation was on formulating forward looking recommendations. While the opportunity to evaluate two related facilities provided an interesting comparative perspective, a longer lead time would have allowed greater evaluation team participation in mission planning and sample selection. A mission of longer duration (including time for analysis and writing between meetings) would have allowed more effective reflection on questions, some time to better verify initial conclusions, and allow more in-depth discussions. The findings offered by the evaluation team in this report are based upon a review of a limited number of subprojects and material pertaining to the overall operations of each facility.

<sup>9</sup> Namely, the two Sri Lankan sub-projects; *political economy and analysis of decentralisation in Sri Lanka* and *effective nutrition policies*.



## Evaluation Findings

### Overview of the Two Facilities

#### AASADPF

29. The AASADPF was initially established on 8 June 2006. AusAID and ADB agreed to extend the completion date to 30 April 2013 to enable the completion of all activities under the ongoing sub-projects. The AASADPF is being implemented through a regional technical assistance (RETA). This umbrella RETA was used to provide grant financing for sub-projects of up to US\$500,000 per sub-project.
30. Primary objectives of the AASADPF are to:
  - (i) Advance necessary reforms (including ensuring the participation of end users in service delivery);
  - (ii) Promote broad-based and inclusive economic growth; and
  - (iii) Introduce improvement in key development areas by addressing the major development challenges faced by South Asia.
31. The Facility focuses on five key areas of cooperation, namely:
  - Enhanced governance particularly at the local level.
  - Urban development including mega cities, secondary cities, and towns, and associated issues such as municipal financing of infrastructure and public-private partnerships.
  - Promotion of inclusive growth.
  - Human resource development, particularly in improving service delivery in education, health, water and sanitation; and other such social services.
  - Regional cooperation and integration.
32. A facility Advisory Committee is responsible for approving proposals. A Project Secretariat is responsible for the day-to-day administration of the Facility. Guidelines for processing and implementing sub-projects were published and was available on the facility website. Most of the detailed information about the facility was removed in April 2012 as part of a restructuring of the public ADB website.
33. Some 22 sub-projects had been financed up until February 2012: one project was cancelled prior to implementation

**Table 1: Sub-projects by Priority Areas (as of February 2012)**

Key Prioritized Areas	Sub-projects (no.)	Share
Enhanced Governance	8	38%
Regional Cooperation and Integration	2	10%
Human Resources Development	3	14%
Inclusive Growth	4	19%
Urban Infrastructure and Service Delivery	4	19%
<b>TOTAL</b>	<b>21</b>	<b>100%</b>

Source: AASADPF Monitoring Reports.

34. The facility financed sub-projects in Bangladesh (3), Bhutan (5), Maldives (2), Nepal (2), and Sri Lanka (3). A sub-project approved for Pakistan was cancelled. Six sub-projects had a regional focus, including 4 that included India. Ten sub-projects had been completed by the end of March 2012.
35. The Facility employs a simplified process<sup>10</sup> to review and approve projects, and encourages the use of novel sub-project designs and allows flexibility in implementation of the activities, helping ADB to be more responsive to client countries needs. Sub-projects have helped ADB to identify key constraints to development in South Asia.
36. At the end of February 2012, some USD 4.7 million had been disbursed from USD 9.3 million committed, a disbursement ratio of 50.3 percent<sup>11</sup>. Disbursement rates are expected to increase substantially in 2012 as projects mature and reach completion.
37. As of end December 2010, resource mobilization totalled \$12,864,650, of which AusAID's contribution was \$9,435,000 and partner Government's contributions were \$641,650. Additional grant contributions equivalent to about \$300,000 from Norway (October 2008) and \$288,000 from Sweden (June 2008) were mobilized to co-finance the "*Strengthening of Conflict Sensitivity and Governance in Sri Lanka*". ADB provided an additional \$1 million (December 2010) to complete the ongoing "*Innovative Strategies in Technical and Higher Education for Human Resource Development in South Asia*". ADB also provided unquantified in-kind sub-project support by task managers.
38. A 2010 mid-term review of the AASADPF concluded that the facility performance was highly satisfactory with relatively low transaction costs, relatively quick processing times, and tangible results being achieved from the sub-projects<sup>12</sup>. ADB officials report that there is strong demand for replication of ongoing sub-projects in other subsectors and or countries.

### **PFSDS**

39. The *AusAID-World Bank (SAR) Facility for Decentralisation, Local Governance and Service Delivery* (PFSDS) provides grant funding to support South Asian Governments develop and implement the institutional and policy reforms needed for efficient and accountable service delivery at the local level. The facility (USD \$5.7 million over 7 years (2006-13)) finances a program of technical assistance sub-projects which have averaged USD \$82,500 in value but ranged from \$6,000 to \$335,000 per sub-project.
40. PFSDS typically covers costs associated with capacity building, knowledge sharing, advocacy, program design, policy and analytical work, facility management and monitoring and evaluation. PFSDS spans a range of sectors

<sup>10</sup> Relative to normal ADB TA approval processes.

<sup>11</sup> Disbursement rates at the end of 2011, 2010 and 2009 were 42.3%, 35.1% and 29.0%, respectively.

<sup>12</sup> <http://www.adb.org/documents/mid-term-review-australia-adb-south-asia-development-partnership-facility-and-reta-6337-de>

including economic governance, local government, infrastructure (energy, transport, water and sanitation), health and education

41. The specific objective of PFSDS is to support local service delivery reforms through a focus on the relationship between decentralisation and service delivery, in particular the fiscal, administrative, regulatory and accountability relationships and linkages at the national, state and local government levels in South Asia.
42. The Sector Directors Forum comprising all the Sector Directors, the Chief Economist and the Operations Director for the South Asia section in the World Bank are responsible for reviewing and approving sub-projects put forward for PFSDS financing in line with the facility themes formally agreed with AusAID. A program manager is responsible for developing and supervising the work program and reporting to the World Bank and AusAID on sub-project progress and results achieved.
43. Key principles guiding activity selection are demonstrated substantive partner government support, and a sound understanding of how the proposed activity is situated within the prevailing political economy and alignment with PFSDS objectives. Rather than institute competitive funding 'rounds', activities for PFSDS selection are identified through initial concept discussion with relevant sector teams. A portion of PFSDS funds was earmarked for health and education activities to help drive forward the decentralisation agenda in these sectors.

**Table 2: PFSDS Sub-projects by priority areas**

Key Prioritized Areas	Sub-projects (no.)	Share
Economic Governance	7	17%
Education	5	10%
Water and Sanitation (cross sector partnership with education)	1	7%
Health	2	3%
Health and Education (cross sectoral)	1	7%
Infrastructure	17	30%
Local Government	19	19%
Urban Development	3	7%

44. As of March 2012, PFSDS has provided funding for 55 individual sub-projects that have been either regional in focus (3 sub-projects) or addressed individual needs in Afghanistan (3), Pakistan (6), India (26), Nepal (4), Bhutan (4), Bangladesh (5) and Sri Lanka (4). Thirty-nine sub-projects have now been completed. Although eligible, the Maldives has not received support from the facility, as it has not adopted relevant decentralisation reforms.
45. Sub-projects financed under PFSDS hold in common a unifying theory of change that cites the need to improve accountability at all levels alongside the devolution of authority for improved service delivery to actors who are in close physical proximity to the community. PFSDS emerged out of a major piece of policy work undertaken by the World Bank entitled 'making services

work for the poor'. Since its inception, PFSDS has also helped grow and consolidate decentralization work undertaken by the World Bank. This focus on decentralized service delivery was consistent with AusAID's (then) policy themes of 'investing in people'. However more recently AusAID's proposed regional strategy is looking to move away from service delivery and this potentially detracts from the ongoing relevance of the facility.

46. The PFSDS includes a just in time (JIT) window which earmarks a small portion of funds to respond in a flexible and responsive manner to finance urgent and unanticipated requests. This enables PFSDS to help build momentum for reforms that are often both politically and time sensitive. The JIT window supported 16 activities, representing 6% of total allocations.
47. As of March 2012 PFSDS has disbursed and/or committed USD 3,138, 870 of 4,746,319 made available for sub-project implementation. This represents a disbursement/commitment rate of a little over 66%.

### **Similarities and Differences Between the Two Facilities**

48. The PFSDS facility has more narrowly focused objectives to support decentralization, local governance and service delivery reform. All PFSDS sub-projects reviewed were aligned with this theme, although they did address divergent aspects. The AASADPF covers five quite broad sub-topics, amongst which are decentralization, local governance and service delivery.
49. The design of both facilities lacked a clear facility wide results focus and targets. This was particularly pronounced in the case of the AASADPF because of the particularly broad scope of that facility.
50. Both facilities included initiatives to share development experiences with other regional economies. AusAID aims to learn from, and build-on, good practice in this regard to ensure a more systematic attempt to develop knowledge products in any future support.
51. The AASADPF financed larger sub-projects. Most were at, or close to, the maximum USD 500,000 allowed under the facility. There average PFSDS sub-project was only about USD 82,500, and there was greater variability between sub-projects in the budget of PFSDS sub-projects.
52. Both facilities included capacity building activities linked to the MFIs funding operations. Because the AASADPF sub-projects had mostly larger budgets, they were able to provide more sustained support for capacity building. Both MFIs were able to mobilize additional, or related, support to sustain institutional development initiatives (e.g. WB utilized the public service mapping capacity Bhutan to support joint public expenditure work and the design of other WB supported projects, while ADB built on lessons learned from small scale PPP experiences under local government strengthening to help institutionalize national PPP policy under an ADB financed project.
53. The two banks actively cooperate on issues addressed by the facility (e.g. urban and local development, and regional cooperation). There were, for example, reciprocal invitations to facility funded workshops, consultations, and other events. However, the team did not see evidence of direct formal cooperation between the banks in planning and utilizing facility resources, and/or in sharing lessons learned from facility activities.

54. The “just in time” option within the PFSDS facilitated more rapid response to requests for small-scale support for urgent reform opportunities.
55. The physical proximity of ADB offices and larger scale of most sub-projects provided relatively more opportunities for interaction between ADB and AusAID staff on substantive policy issues.
56. AusAID staff argued that more could be done to ensure that core AusAID crosscutting concerns (especially gender and disabilities) were more directly addressed in all relevant sub-projects.
57. Geographic spread of facilities varied. Much of PFSDS went to India but none to Maldives. More of the AASADPF resources were provided to the smaller South Asian countries (especially Bhutan). The AASADPF did not support activities in either Afghanistan or Pakistan.

## **Evaluation of Sub-projects Financed by the Two Facilities**

### **Overview**

58. This section includes analysis of the performance of the two facilities using AusAID’s standard evaluation criteria of relevance; effectiveness; efficiency; sustainability; gender; and monitoring, evaluation and knowledge sharing. A ranking (on a scale of 1-6) is assigned to each criterion for each facility. These rankings are then summarized in a table at the end of the section.

### **Relevance**

#### **AASADPF**

59. The sub-projects financed under the Facility are consistent with the focus of the ADB Strategy 2020 and ADB’s respective country strategy and priorities and country operations and business plans. ADB policies require that all sub-projects had to be consistent with country partnership strategies agreed between the MFI and partner countries. ADB has an efficient project selection processes in place (allowing for add-on TA investments that align with its relevant Country (and Regional) Partnership Strategies).
60. Linkages between individual country initiatives were not always immediately obvious to the evaluation team (not surprising given the broad AASADPF objectives). In the case of the city clusters support for rubber industry development in Sri Lanka, the team asked about the direct relevance of activities to stated sub-project priority objectives (i.e. urban development). ADB staff and Project Steering Committee members explained that the project showed demonstrated forward and backward linkages of the rubber industry from smaller-holders to industrial estates (emerging urban clusters) and impacts on water quality and supply for urban area.<sup>13</sup>
61. Sub-projects were generally consistent with the original (quite broad) AusAID regional strategy. The draft revised AusAID strategy for South Asia

<sup>13</sup> Sri Lankan officials highlighted the important linkages between the development of rubber industries and urban development and the backward linkages to both smallholder rubber producers and rubber plantations, noting that most of the expansion in rubber supply is coming from smallholders located in the most disadvantaged areas of Sri Lanka.

is more narrowly focused on trans-boundary issues. Adjustments will be needed to sub-project selection criteria in any follow-up programs.

62. Not surprisingly (given the objectives and design of the facilities) sub-projects were not directly aligned to AusAID country programs.
63. Rating: 5/6. Most sub-projects were relevant, but there were issues with some sub-projects that raised questions of Government commitment. A project from Pakistan that had to be cancelled and there were concerns about delays in the start-up of several sub-projects (e.g. in Nepal (gender) and Sri Lanka (displaced persons))<sup>14</sup>.

### **PFSDS**

64. The PFSDS is well integrated with the WB country partnership strategies agreed with partner country governments. This is a key focus of the quality assurance lens applied to activity selection. The facility has also been used in some areas (such as health and education) to provide additional incentives and means for the promotion of decentralised approaches. World Bank discussants rated the PFSDS as highly relevant, particularly as the designed flexibility in the facility aids ready alignment with other World Bank activities.
65. The objectives of PFSDS sub-projects are consistent with the facility level objectives on decentralisation and service delivery. However the outcomes achieved for some sub-projects demonstrated less alignment than originally anticipated. For example, the focus of the *effective nutrition policies* sub-project in Sri Lanka was pragmatically adjusted to address the urgent nutrition needs of internally displaced people as an appropriate response to a humanitarian crisis. There had also been difficulties in securing funding for the original objective of building the capacity of local governments in estate areas to tackle malnutrition. Although the World Bank discussants remain committed to the concept, it is still too early to assess whether it will be possible to extend this intervention to the original target group in the estate sector.
66. Several partner government discussants commented favourably on the role of that sub-projects had played in advancing key reforms. There were, however, mixed signals on the commitment of the Government of Sri Lanka to several sub-projects. For example, PFSDS reports note challenges in supporting decentralization in Sri Lanka, with bureaucratic procedures, including the need for cabinet clearance, leading to a delay of about 1.5 years in start-up of the northern provinces nutrition project. Political concerns also delayed broad dissemination of the results of sensitive political economy studies<sup>15</sup>.
67. PFSDS resources were used alongside those of a range of other donor partners to support priority interventions. The World Bank's ability to pool and coordinate resources delivered a degree of donor harmonisation.

<sup>14</sup> An ADB mid-term review of the AASADPF (para. 21) concluded that "*Implementation delays have been experienced in some cases due to delay in TA agreement signing, slow response of recipients, delay in consultant recruitment and start of work, change in the scope of subproject, weak performance of consultant, lack of resources for implementation follow up and monitoring and inadequate supervision*".

<sup>15</sup> AASADPF also faced major delays in securing government approvals in Sri Lanka.

68. PFSDS was clearly relevant to AusAID's earlier South Asia regional strategy. Relevance to AusAID bilateral programs in each of the South Asian countries is less easily assured given each outlines differing priorities relative to the individual country contexts. AusAID's proposed new regional strategy outlines a shift away from service delivery in favour of supporting work on transboundary issues. Given the decidedly local focus of PFSDS the facility did not, nor was it expected to, do much in the way of promoting regional cooperation.
69. Rating: 5/6. The Facility and most sub-projects were relevant although this is arguably relatively less so in Sri Lanka where there have been frequent delays in committing to decentralization reforms<sup>16</sup>.

## **Effectiveness**

### **AASADPF**

70. A Secretariat was established for the day-to-day management of the facility while an Advisory Committee set policy and reviewed sub-project proposals. This structure proved effective and efficient. An ADB review of the facility found that projects could be approved within 6 months, compared with the 9-12 months required for projects funded by ADB's own resources<sup>17</sup>.
71. Sub-projects were implemented by a mix of: (i) ADB headquarters staff; (ii) government executing or implementing agency; (iii) ADB resident mission staff; (iv) local NGOs; and (v) United Nation's specialized agencies.
72. While many sub-projects are still at too early a stage to assess whether planned outcomes will be achieved, most sub-projects reviewed delivered tangible outputs. Some have also helped ADB to move forward with other interventions that were better prepared than would have been the case without the AASADPF. Areas where tangible evidence of outputs have been identified in ADB monitoring reports include:
- a. Enhanced good governance, anti-corruption, public service delivery accountability and financial management systems (Bhutan, Maldives<sup>18</sup>, Nepal and Sri Lanka);
  - b. Improved capacity to address conflict sensitivity and governance to respond to needs of conflict-affected beneficiaries (Sri Lanka);
  - c. Improved enterprise registration, licensing and clearance for business start-ups are improving the prospects for business investment and trade, private investment in service delivery (Bhutan).
  - d. Sub-national pilot projects delivered tangible short-term outcomes (economic, health, environmental, community development). Pilot results (some very small-scale) are influencing central level policies covering decentralized financial management, accountability, public

<sup>16</sup> In addition to observations offered by the evaluation team, page 23 of the PFSDS Report for 2011 also notes lack of support for decentralisation reform in Sri Lanka.

<sup>17</sup> <http://www.adb.org/sites/default/files/AASADPF-Medium-Term-2010.pdf>

<sup>18</sup> An ADB completion report notes concerns about sustainability of the Maldives results.

private partnerships (PPPs), community participation in planning and accountability processes (Nepal)<sup>19</sup>.

- e. City Cluster initiatives helped build private-public cooperation to address practical barriers to development of industrial development in Sri Lanka (more explicit documentation of linkages to smallholder development might have helped in promoting pro-poor outcomes).
  - f. The potential effectiveness of several pilot projects has been enhanced via linkages to ADB investment programs<sup>20</sup>.
  - g. Environment sub-projects are contributing to increased investments in cleaner technologies and compost-based municipal solid waste management are expected in South Asia.
  - h. Gender focused projects are laying the foundations to empower women and increase women's participation in local government and business (e.g. in results being achieved with women entrepreneur initiative Bangladesh). While some outputs have been produced (people trained), it is still too early to assess likely results for the Nepal or the other Bangladesh gender project.
  - i. The capacity of policy makers to integrate more innovative approaches in policies, strategies, and long-term education planning has been enhanced, and increased investment in technical and higher education to better meet demands for skilled workers are anticipated.
  - j. A facility supported regional study promoted debate about options for increased inter and intraregional trade are expected to boost regional and sub-regional economic cooperation South Asia.
  - k. Other regional cooperation initiatives have increased the sharing of experiences and good practices on policies and strategies.
73. ADB argued that AusAID caps on financing of non-consulting sub-project costs undermine effectiveness (and efficiency). Increased budget flexibility is particularly important when financing innovative projects and to ensure that knowledge products are developed and disseminated.
74. Rating: 5/6. The project has generated substantial outputs and potential outcomes that are consistent with the broadly defined objectives of the facility to: (i) advance the reforms (focusing on end users participation in service delivery); (ii) promoting broad-based and inclusive economic growth; and (iii) addressing major development challenges faced by South Asia. This high rating would need to be confirmed as projects matured and there was more concrete evidence of outputs being translated to results.

<sup>19</sup> While the sustainability of pilot initiatives is not assured, there was local interest in building on and/or replicating pilot approaches.

<sup>20</sup> E.g., sub-project linked to the energy loan in Bangladesh; sub-project on local public service delivery linked to a related ADB loan financed national program in Nepal; linkages in Bhutan to MSME Sector Development Program, and; linkages to improving access of entrepreneurs to financial resources earmarked for women under the ADB funded SME Development Project in Bangladesh.



## PFSDS

75. The PFSDS has a clearly defined focus to promote decentralization and improved service delivery. This focus was evident in all the individual sub-projects reviewed. The facility operates in a targeted manner and is guided by a clear theory as to the importance of decentralization and service delivery to poverty alleviation in South Asia. However, the PFSDS goal statements are not readily measurable and are arguably mostly of an enabling nature. PFSDS does not have a monitoring and evaluation framework defining expected outputs, outcomes and indicators at the facility level. The World Bank has recently developed a results framework with key performance indicators. While an improvement, the information captured is generally at too low a level to guide an assessment against objectives.
76. The team only reviewed a small sample of PFSDS sub-projects. In several cases, interviews were only possible with World Bank staff or consultants.<sup>21</sup> Sub-projects reviewed included;
- a. Formulation of HR rules and regulations for urban local governments in Bhutan
  - b. Mainstreaming map portal for local development planning and service delivery – Bhutan
  - c. Supporting the government of Bhutan to develop a municipal finance policy – Bhutan
  - d. Strategy and business plan for restructuring the town development fund – Nepal
  - e. Urban and service delivery study – Nepal
  - f. Implementation of effective nutrition policies at the local level to address malnutrition in the estate sector and rural pockets of Sri Lanka; and
  - g. Political economy of decentralization in Sri Lanka.
77. While not all reviewed subprojects are expected to achieve all planned outcomes, most subprojects either successfully delivered, or are likely to deliver, beneficial outputs. Almost all sub-projects demonstrate obvious relevance and linkages to other work being undertaken by the World Bank, partner governments and/or other development partners.
78. Areas where tangible evidence of results have been identified in World Bank reporting include;
- a. A series of draft human resource rules and regulations were prepared to support local government reforms (Bhutan);
  - b. A draft municipal finance policy has also been prepared to support these reforms and is being reviewed by the Government (Bhutan);
  - c. Tools and indicators have been developed to support improved poverty targeting of block grants and service provision (Bhutan);

<sup>21</sup> Due to AusAID travel restrictions, the review team was unable to meet with either beneficiaries or government counterparts for the Sri Lankan sub-projects.

- d. The mechanisms for channelling grants and loans to municipalities has been rejuvenated with the strengthening of the Town Development Fund (Nepal);
  - e. Analysis undertaken on urban development which has helped influence the government's approach to policy and planning (Nepal);
  - f. A strategy for the decentralized nutrition service provision for estate and rural population has been completed (Sri Lanka); and
  - g. Analysis to support the World Bank's policy dialogue with government on decentralization (Sri Lanka).
79. As outlined above, the key outcomes for several sub-projects are analytical pieces and/or knowledge products. It is the use of this analysis in informing plans and policies that is the key determinant of the overall effectiveness of such sub-projects. Interviews with government officials in Nepal and Bhutan confirmed that this either was, or was highly likely to be, the case with 4 of the 5 sub-projects in question. However there appears to be some risk that the work on *HR rules and regulations* will go unutilized<sup>22</sup>.
80. Rating: 4/6. Most sub-projects reviewed are being implemented, with several yet to achieve the key milestones needed to demonstrate effectiveness (as outlined above). The team recognizes that the evaluation of a more representative sample of sub-projects (including more mature projects) could result in a different rating.

## **Efficiency**

### **AASADPF**

81. There were delays in start up of the facility, and several sub-projects experiences substantial delays between ADB approval, government approval, and initial disbursement<sup>23</sup>. The net result was low disbursements during the early stages of AASADPF operations. Low disbursement ratios undermine the efficiency of facility resources. While improvements in systems and better understanding of these systems have helped reduce delays in approval, recently approved sub-projects continued to experience delays between approval and implementation<sup>24</sup>.

<sup>22</sup> Although World Bank staff remain hopeful, proposed reforms have been rejected by Cabinet, and key Bhutanese government officers interviewed were doubtful as to whether this reform would proceed.

<sup>23</sup> ADB's mid-term review concluded (para. 23) "*Slow disbursement is due to start-up delays as the majority of projects requiring a 4-6 month "start-up" period and the need to provide sufficient time for the delivery of services against which payments are then made. A number of factors explain the relatively lengthy startup including: (i) a need to revise and fine-tune sub-project design after approval; (ii) time required to secure executing agency approval of proposed contract scope and consultant selection; (iii) changes in the political setting, executing agency staff and other minor changes in institutional arrangements; (iv) difficulties in identifying suitable consultants who could be available on short-notice; (v) the need to wait for complementary Programs to start; and (vi) slow responses by the Government to requests to select and field consulting teams.*"

<sup>24</sup> E.g., the gender responsiveness project in Nepal, and the city cluster initiative in Sri Lanka, the Fund Management Support for Infrastructure Finance sub-project in Bangladesh.

82. With a maturing sub-project portfolio, overall disbursement ratios have improved over the last two years, reaching 50 percent at the end of 2011 with expectation of a further increase in 2012. Options for improving disbursement efficiency should be explored in any follow-up programs.
83. Despite low disbursements, some sub-projects are generating good value for money. Relatively modest investments are changing the way the Bhutan government interacts with businesses and the population (e.g. anti-corruption, accountability, consultative processes). Small investments in community development initiatives in Nepal (in cooperation with a United Nations initiative) have the potential to generate substantial returns if local level outcomes are reflected in national policies and replicated in other areas. Modest investments in addressing political economy issues in Sri Lanka impacted on design and poverty focus of ADB and other government and donor projects. Strong project selection mechanism helped encourage innovative and effective designs. Innovative efforts to use limited resources to support initiatives that require inter-agency, private-public and/or regional cooperation have helped to ensure substantive outcomes with limited resources. ADB staff are often well placed to identify such opportunities, but several ADB staff noted that it is not easy to quickly mobilize internal (ADB) resources to fund innovative small-scale technical assistance activities where there is limited prospects of follow-up loan financing.
84. Rating: 4/6. While initial delays and low disbursement ratios undermined efficiency, relatively modest size projects are generating tangible outcomes and potentially high returns on investment in innovative approaches.<sup>25</sup> This rating might be increased at a later stage if there was tangible evidence of more widespread use of knowledge products to influence policy-making.

### **PFSDS**

85. Although the World Bank reports that PFSDS is disbursing well, the review team's analysis of financial reporting suggests that the facility is behind schedule. As of March 2012 approximately one third of all funds received are yet to be disbursed or committed. The PFSDS would almost certainly be underspent at completion if not for the recently agreed 12-month extension. It would appear this risk remains unless expenditure can be hastened. A sixth tranche was recently transferred to the World Bank even though the drawdown on the preceding tranche was less than 12%.
86. The Just in Time window was established to make funds available for urgent client requests as and when they arise. World Bank staff and government officials indicated that the quick response facility was highly appreciated. Expenditure from this window accounts for only 6% of the PFSDS expenditure but about 29% of all facility sub-projects. Further analysis would be justified in order to determine whether this approach entailing a large number of relatively small activities represents an efficient use of resources.

<sup>25</sup> The ADB mid-term review also concluded (para. 28) that, "while startup delays have lowered efficiency, these effects have been modest compared to the highly efficient use of small grants to develop innovative approaches and new knowledge in the region."

87. Activity selection and funding allocations are made just once a year. Given the above observations, a 6-monthly or quarterly process might help accelerate disbursement and implementation.
88. World Bank reports that approximately USD 4.4 million PFSDS funds have effectively leveraged USD 21.5 billion in lending and co-financing for a range of development interventions across the region. Whilst it is evident that the PFSDS has in many cases usefully supplemented other valuable work there is perhaps some risk that this 'leveraging' figure will be confused with the additionally generated. The actual figure for additional funding, which would not have otherwise have been secured were it not for the facility, is not known but is thought to be a much more modest amount<sup>26</sup>.
89. Whilst it is evident that the PFSDS is making valuable contributions an assessment of the value for money represented by the facility is difficult. Constraints in results reporting made it difficult to verify value for money of sub-project investments. PFSDS financial reporting indicates that an administration fee of approximately 5%<sup>27</sup> is withheld.
90. Rating: 4/6. PFSDS financial reporting suggests that the facility is considerably underspent and behind schedule. Whilst the facility has been able to contribute to, and build upon, other development programs the extent of additionality created could not be verified.

## **Sustainability**

### **AASADPF**

91. It is also too early to draw conclusions about the sustainability of many subprojects (especially those approved since mid 2010 (sub-projects 15-22), which are still at early stages of implementation). Nevertheless, the fact that all activities are jointly agreed priorities between host governments and ADB -- and mostly support longer-term national initiatives -- increases prospects for sustainability.
92. Initiatives visited by the team that seem to have sound prospects for sustainability include the anti-corruption and regulatory impact assessment initiatives in *Bhutan*<sup>28</sup>, the public accountability initiatives in *Bhutan* and *Nepal*, local governance/community development initiatives in *Nepal*<sup>29</sup>, and the strengthening of conflict sensitivity and governance initiative in *Sri Lanka*<sup>30</sup>. On the other hand, the sub-project completion report (PCR) for the study on inter-regional trade an investment highlighted the need for follow-up support to sustain interest. The PCR for the internal audit sub-project in

<sup>26</sup> In contrast the AASADPF reports relatively modest resource mobilization.

<sup>27</sup> PFSDS 2011 report indicates that from \$4.65 million, \$4.42 million was available after deduction of an administrative fee this fee is split between difference divisions of the World Bank.

<sup>28</sup> E.g., there have continued to be steady increase in staffing of the anti-corruption commission, and in the number of audits undertaken by the audit authority.

<sup>29</sup> While many of these initiatives are very modest, they are having valuable demonstration impacts on local communities and providing models for higher level reforms.

<sup>30</sup> This project is reported to be impacting on the design and implementation of both Government and donor financed projects.

the Maldives also highlighted concerns about the sustainability of the audit unit. Concerns about government commitment to the gender responsiveness work in Nepal raises some questions about the sustainability this initiative.

93. Rating: 4/6. The close alignment with national and ADB priorities as specified in agreed country partnership strategies, combined with efficient designs and tangible outcomes, provides a solid basis for expecting sustained outcomes from core sub-project activities. However, as noted above, there are concerns about the sustainability of two completed sub-projects, and the sustainability of several ongoing subprojects is not assured. This rating should be reviewed as more projects are completed.

### **PFSDS**

94. Very few, if any, of the PFSDS sub-projects are designed to deliver stand-alone development outcomes. As such, a sustainability assessment of PFSDS revolves primarily around the degree to which sub-projects have usefully contributed to other, larger development interventions. In this regard reference to two of the reviewed sub-projects suggests mixed results. Whilst the *municipal finance* work in Bhutan is likely to have a lasting impact on government policy it appears less likely that the work on *HR rules and regulations* will. In Nepal the *Town Development Fund* sub-project had succeeded in getting key approvals endorsed by cabinet in a highly fluid and challenging political environment which saw multiple changes in government during the implementation period. This situation underscores the complexity of supporting decentralization in South Asia; in reality some reforms will succeed whilst others will fail.
95. It is acknowledged that whilst at the heart of many sub-projects lie explicit sustainability objectives the reform process is often difficult. At times partner governments reject changes designed to deliver improved sustainability in favour of shorter-term imperatives. In this regard, the challenge is to identify and back those reforms that are most likely to succeed. The activity selection process employed by the World Bank places heavy emphasis on the need for sub-projects to be closely aligned with the priorities of partner governments. Sub-projects are also closely aligned with the other initiatives being implemented under each World Bank country program.
96. Rating: 4/6. PFSDS activities generally exhibit close alignment to government priorities and those of the World Bank and its development partners. This provides a firm footing for sustainability but could be further improved through the development of sustainability indicators as part of a facility monitoring and evaluation framework.

### **Gender Equality.**

#### **AASADPF**

97. ADB's guidelines for implementation of the facility specifically require that for all sub-projects: "*ADB's Policy on Gender and Development and safeguard policies, and policies relating to anticorruption and counterterrorism, and will give*

due attention to women, indigenous peoples, and other vulnerable groups".<sup>31</sup> All project proposals were required to review gender impacts of projects. Some sub-projects helped raise the profile of gender in development issues at the regional level<sup>32</sup>.

98. A regional sub-project "*Enhanced Gender Capacity of Executing and Implementing Agencies in South Asia*" facilitated sharing of experiences and good practise to sustain actions to ensure gender considerations are better addressed in donor financed projects. ADB staff noted that the South Asia Department had exceeded ADB targets for gender mainstreaming in ADB's loan and grant financed projects, and argued that facility supported capacity building activities had "*largely contributed to the significant increase in projects with gender mainstreaming from 38% in 2010 to 58% by end 2011*"<sup>33</sup>. On the other hand ADB reports recognizes that many factors<sup>34</sup> are contributing to this remarkable increase<sup>35</sup>.
99. Grass-roots initiatives in the local governance sub-project in Nepal have had a strong and practical focus on gender issues that have generated tangible changes in attitudes and practices. Central level efforts in *Nepal* focused on gender mainstreaming (as part of an ADB financed regional initiative) have resulted in recommendations but limited tangible outcomes yet. Because planned evaluation team meetings with Government and other national stakeholders did not eventuate, the team is not in a position to assess the prospects of tangible outcomes from this support.
100. While there was little evidence of specific gender targeted outcomes in the AASADPF supported activities in *Bhutan*, improved governance initiatives (e.g., anti-corruption and accountability mechanisms) should benefit less politically connected groups (including women).
101. Other governance/anti-corruption initiative (e.g. in Sri Lanka) and sub-projects such as "*Strengthening of Conflict Sensitivity and Governance in Sri Lanka*" also include activities that should provide long-term benefits to less politically connected groups.
102. The "*Promoting Women Entrepreneurship in Bangladesh*" helped support capacity development, institutional reforms, and related activities aimed at maximizing returns from a large ADB investment project.

<sup>31</sup> <http://www2.adb.org/Documents/TARs/REG/40124-REG-TAR.pdf> (para 4).

<sup>32</sup> <http://www.adb.org/news/sri-lanka/adb-ausaid-holds-south-asia-gender-and-urban-poverty-workshop>

<sup>33</sup> Written comments supplied to the Evaluation Team on 29 March 2012. From a ADB wide perspective, the 2011 ADB annual report (p. 38) states "*Gender mainstreaming targets attained in 51% of ADB's public sector projects and 67% of ADF projects.*

<sup>34</sup> An ADB South Asia gender specialist summarizes the range of gender initiatives in: [www.gratis-boeken.eu/doc/613834/dialogue-with-south-asia-region-department-sard](http://www.gratis-boeken.eu/doc/613834/dialogue-with-south-asia-region-department-sard).

<sup>35</sup> ADB also funds a USD 1.5 million project Enhancing Gender Equality Results in South Asia Developing Member Countries (Phase 2). A sub-project design notes that "*The gender mainstreaming mechanisms introduced under ADB's GAD Policy have contributed substantially to SARD's progress in addressing gender concerns in its Country Partnership Strategies (CPSs), loans, TAs, and capacity development activities. In 2008, South Asia had the highest percentage of ADB projects (33%) and those with ADF funding (50%) with significant gender mainstreaming*". <http://pid.adb.org/pid/TaView.htm?projNo=44098&seqNo=02&typeCd=2>

103. Rating: 4/6. Some sub-projects specifically targeted gender concerns, and other others were particularly beneficial to groups that were less well connected to political power (including women). All sub-projects were required to include analysis of potential gender impacts. While some sub-projects warranted a rating higher than 4/6, the overall score was held back by limited attention to targeting and/or reporting gender outcomes across all relevant sub-projects.

### **PFSDS**

104. Although several PFSDS sub-projects are clearly designed to deliver benefits to women there is<sup>36</sup> little evidence of an overall facility wide gender strategy being in place. Neither the PFSDS proposal template, nor the reporting template, make reference to gender and there is little to indicate that gender considerations have been mainstreamed into facility operations or that they are routinely addressed by each and every sub-project.
105. A review of the 2011 PFSDS progress report, and supplementary information<sup>37</sup> provided by the World Bank, reveals that a small number of important sub-projects are actively addressing gender issues. These include social audits in Bangladesh and development of social accountability frameworks in Sri Lanka<sup>38</sup>.
106. Rating: 4/6. Some sub-projects have clearly considered gender issues. However evidence of a practical gender strategy and gender analysis in reporting, including reference to sex disaggregated data is required in order to justify a higher rating.

### **Monitoring & Evaluation and Analysis & Learning**

#### **AASADPF**

107. The facility design did not include key results targets and/or benchmark data against which to assess overall facility performance.
108. An AASADPF monitoring and evaluation (M&E) system was established by the facility secretariat to assess sub-project implementation progress, through semi-annual reporting, financial monitoring and back-to-office reporting and submission of other project documentation. The facility secretariat works with task managers to address bottlenecks.
109. Initially, there has been no systematic monitoring and evaluation of results targets and limited benchmark data against which to evaluate the effectiveness. While ADB sub-projects designs included results based monitoring frameworks<sup>39</sup>, reporting against agreed indicators was patchy.

<sup>36</sup> Such as the *effective nutrition policies* sub-project in Sri Lanka.

<sup>37</sup> In its supplementary information the World Bank provided extensive examples of its gender related work in South Asia but much of this did not appear to be under the auspices of PFSDS.

<sup>38</sup> The review team did not have the opportunity to examine these sub-projects.

<sup>39</sup> An ADB mid-term review concluded that: "*The sub-project design and monitoring frameworks provide clear results-chain from impacts, outcomes, outputs, to project activities, and these provide a clear structure for monitoring and evaluating sub-project performance.*"  
[www.adb.org/sites/default/files/AASADPF-Medium-Term-2010.pdf](http://www.adb.org/sites/default/files/AASADPF-Medium-Term-2010.pdf)

This was partly due to limited M&E budget, but also due to the relatively high fixed costs involved in monitoring the impacts of large numbers of relatively small projects<sup>40</sup>. Following AusAID requests during annual consultations, ADB instructed sub-project task managers to include a greater focus on results indicators in their periodic monitoring.

110. Subsequently, ADB strengthened quarterly performance-monitoring reports to include assessments of progress at each major milestone, and available information on outcomes and impact. While all sub-projects are required to provide specific budget for M&E activities, ADB staff recognized that inadequate baseline data and beneficiary surveys limit the ability of the sub-project leaders to capture progress towards outcome and impact. Instead, ADB relies on review missions and feedback from stakeholders on project impacts to evaluate selected sub-project activities.
111. A limited focus on outcomes means that some projects are underselling actual achievements (e.g. the local governance partnership in Nepal). Knowledge products for other sub-projects have attracted considerable attention (e.g., the interregional trade and investment study<sup>41</sup> and the municipal waste management study).
112. The level of analysis and learning is mixed. Initial sub-project designs lacked specific activities and/or budget for knowledge sharing. More recently, ADB has pro-actively attempted to incorporate regional learning opportunities into projects designs<sup>42</sup>. The recent appointment of a principal knowledge management specialist to the head the facility secretariat should facilitate improvements in efforts to produce and disseminate knowledge products.
113. Value for money considerations require careful planning to design M&E systems appropriate for small-scale projects. Regular international travel for review missions is unlikely to be economic for small-scale projects.
114. Rating: 4/6. AusAID and ADB worked together to address deficiencies identified in the original program design, with marked improvements in results reporting and knowledge sharing in recent years.

### **PFSDS**

115. M&E arrangements for PFSDS revolve around annual reporting on facility progress including that of individual sub-projects. Whilst a results framework for PFSDS has been developed, it does not appear to be fully operationalized or provide useful facility level data to aid any assessment of achievements against the PFSDS objective.
116. Performance reporting on sub-projects is generally captured by a 1 – 2 page summary report (including outcomes achieved) prepared by Task Team Leaders. Given the relatively small size of sub-projects many of the reported outcomes are enabling rather than developmental.

<sup>40</sup> By way of comparison AusAID generally only monitors initiatives with a value in excess of AUD 3 million.

<sup>41</sup> However, ADB staff had concerns about the lack of follow-up on study recommendations.

<sup>42</sup> Ongoing sub-projects share information via the South Asia Seminar Series presentation.



117. PFSDS lacks a facility level monitoring and evaluation framework, and hence performance reporting tends to focus upon the selection of a few achievements from a number of individual sub-projects. The lack of targeted results in the original design has limited the ability of the World Bank to report upon aggregated, facility level outcomes.
118. The World Bank has indicated that it plans to undertake a review of the performance of PFSDS. A separate evaluation may be desirable as travel logistics, scheduling, sampling factors, combined with delays in receiving progress reports, limited the scope and effectiveness of this evaluation.
119. The PFSDS has included deliberate priority to and budget for knowledge management and dissemination activities. Knowledge dissemination has included a large number of national, regional and South-South workshops<sup>43</sup> and a Washington based seminar series on decentralization. A number of PFSDS sub-projects have been highlighted through this series. Once such example relates to the *Bhutan poverty mapping* presentation that provided the task team leader with useful input on how to further improve this sub-project. This same presentation also generated interest from Bank staff responsible for related programs in Bangladesh, the Philippines and Kenya who are now considering adopting such an approach.
120. Rating: 3/6. As outlined above, there is considerable scope to strengthen the PFSDS M&E systems. This would aid improvements to facility management and strengthen accountability arrangements. On the other hand, knowledge dissemination and learning outcomes has been a PFSDS strength.

<sup>43</sup> The evaluation team leader participated in a regional workshop on urban development held in Sri Lanka that coincided with the team's visit.

## Summary Ratings of the Two Facilities

**Table 3: Summary of Criteria Ratings**

Evaluation Criteria	Facility Funded Sub-Projects	
	ADB (1-6)	WB (1-6)
Relevance	5	5
Effectiveness	5	4
Efficiency	4	4
Sustainability	4	4
Gender Equality	4	4
Monitoring & Evaluation, Analysis & Learning	4	3

*Rating: (a) Satisfactory: 6 = Very high quality; 5 = Good quality; 4 = Adequate quality. (b) Less than satisfactory: 3 = Less than adequate quality; 2 = Poor quality; 1 = Very poor quality*

## Partnerships

### Overview

121. The facilities provide a capacity to fund relatively risky projects (with potentially high returns) that might not otherwise have been funded from traditional project resources. This contrasts with some other funding sources that prioritize project preparatory work and tend to discourage potentially rewarding risk-taking.
122. The facilities also allow AusAID to support important reforms in the region that it may not be able to do directly as a bilateral donor given political sensitivities.
123. Both facilities have helped build partnerships as evidenced by:
  - Growing trust that AusAID could rely on the MFIs to deliver relevant support in targeted areas with low AusAID transaction-costs (human resource inputs). Better results reporting could help build confidence about the impact of this support.
  - Improvements in the level of communications and engagement between AusAID and the MFIs on facility activities and issues in recent years.
  - Improvement in AusAID visibility and profile in recent years.
  - Recognition – by a broad range of stakeholders – of the development outcomes from sub-project interventions.
124. Partner countries stand to benefit from such partnerships through:
  - More effective delivery of development assistance in line with the Paris Declaration of Aid Effectiveness;
  - Enhanced regional sharing of development experiences, lessons learned and good practices;
  - Increased opportunities to fund innovative, riskier and potentially rewarding initiatives that would be difficult to fund from other sources.
125. Australia stands to benefit from these partnerships in several ways, including:

- Delivering relevant and results oriented development support to South Asia in a cost-effective and sustainable manner that has the potential to provide good money for money.
  - Increase the share of Australian development assistance support delivered in accordance with Paris declaration principles.
  - Increase the visibility of Australia involvement in supporting high priority national and regional priorities in South Asia.
  - Opportunities to engage with, and learn from, national, regional and international development experts on key issues affecting the region.
126. MFIs benefit from the additional resources provided to fund innovative projects that are not easily funded from their own resources. Lessons learned from these projects can be applied to more mainstream MFI operations.
127. Challenges faced by AusAID with respect to both partnerships included:
- AusAID country and regional staff often lack the time to participate in core sub-project events and activities. There is also limited technical expertise within AusAID to engage in key technical areas targeted by the facilities.
  - Communication within AusAID (e.g. between Canberra, regional to country offices) was at times less than optimal<sup>44</sup>. The recent initiation of regular schedules telephone calls between Canberra and the regional offices helped improve communications.
  - The lack of clearly defined communications protocols between AusAID and the MFIs at times undermined systematic sharing of information, experiences, and concerns.

### **ADB-AusAID Partnership**

128. Specific observations on the ADB-AusAID partnership include:
- The AASADPF benefited from ADB's commitment to, and established track record, and credibility in supporting regional cooperation in Asia (notably the Greater Mekong Subregion program) and South Asia.
  - ADB was also able to deliver on its strong, pragmatic relations with government officials to address difficult issues<sup>45</sup>.
  - Many facility sub-projects are being implemented in cooperation with multiple government agencies, different levels of government, NGOs, the private sector and/or donor partners. This allowed sub-projects to address cross-sectoral issues that often receive inadequate attention in traditional donor financed projects.
  - ADB was responsive and open to discussions with AusAID on changes in policy direction and to focus on results.

<sup>44</sup> E.g., Australian High Commission in Sri Lanka was not advised on potential to participate in urban development conference opened by the Secretary of the Ministry for Defence and Urban Development.

<sup>45</sup> E.g., support to the Royal Government of Bhutan for putting in place anti corruption and good governance systems, regulatory impact assessment capacity; and capacity building of the Bribery Commission, Public Service Commission, Finance Commission and the Ministry of Justice in Sri Lanka.

- The partnership contributed to increased high-level dialogue between AusAID and ADB leaders on strategic high level concerns and growing interaction with AusAID regional staff. Contact between ADB sub-project team leaders and AusAID staff, however, remains somewhat ad hoc.
- Initially, there has been no consistent approach to documenting and disseminating experiences and lessons learned to others. This issue has received greater attention in more recently approved sub-projects.
- AusAID and ADB staff turnover limited the potential benefits of effective partnerships<sup>46</sup>.

### **World Bank-AusAID Partnerships**

129. Specific observations on the World Bank-AusAID partnership include:
- PFSDS sub-projects are well integrated into the operations of the World Bank in each country and are frequently linked to the activities of numerous development partners
  - The World Bank has been effective in drawing together leading international and regional technical experts for PFSDS sub-projects to discuss and share experiences on priority development issues.
  - Performance management and reporting is seen as an area requiring improvement, this includes a greater commitment to accountability;
  - The facility provides a good mechanism for public diplomacy and responds well to opportunities for change through strategic initiatives;
  - The physical distance between Washington, Canberra, and South Asia presents a challenge to strengthening the relationship between the two parties. This however is being consciously addressed with several visits over the past year and openness to the idea of establishing a regular calendar of meetings in the region. This deeper engagement is essential if each of the parties are to better understand the other's expectations; and
  - The recent umbrella funding agreement between AusAID and the World Bank reduces transactions costs for both parties and better captures the full extent of collaboration between the two agencies in the region.

### **AusAID Visibility**

#### **ADB**

130. Visibility of AusAID was given via the Facility website<sup>47</sup>, ADB Today, sub-project communications, and significant sub-project activities. The track record with respect to visibility has been mixed, but improving.
131. Australia has got good mileage out of recent sub-project activities (e.g. the anti-corruption work in Bhutan, the local governance work in Nepal, and city clusters, urban planning and justice sector initiatives in Sri Lanka).

<sup>46</sup> At ADB there have been 4 different ADB Chairs of the Facility Advisory Council: (from August 2006 to February 2008; June 2008 to June 2010; July-October 2010, and October 2010 to March 2012). There have also been 4 different heads of the facility secretariat. Having only two different program managers provided relative continuity.

<sup>47</sup> The information provided about the facility on the ADB website was substantially reduced in April 2012 as part of a restructuring of the ADB website.

132. Greater participation of country based and regional (Canberra and Delhi based) AusAID/ Australian Embassy officials in key events could help in raising visibility. This has not always been possible due to:
- Human resources constraints within AusAID
  - Problems in communications (e.g. between AusAID Canberra and country office), and
  - The short-notice provided to AusAID country offices about opportunities to participate in some events (especially during the early stages of implementation).
133. ADB and AusAID signed a Joint Communications Plan at 2<sup>nd</sup> Australia-ADB High Level Consultation in Canberra, (10 September 2010) The Joint Communications Plan aims to highlight joint activities and promote visibility and recognition of activities partially or wholly financed by AusAID<sup>48</sup>. The partners agreed that visibility could be strengthened through:
- Increased Australian participation in sub-project related events like project kick-off, steering committee meetings, workshops and book/report launching;
  - Publication of quality reports showcasing the tangible and replicable development results from the various sub-projects'
  - Publication and distribution of program/sub-project brochures;
  - Hosting brown-bag seminars and other outreach events to discuss sub-project findings; and
  - The participation of AusAID official in ADB sub-project review missions.
134. There is also potential for AusAID to enhance visibility by more actively identifying opportunities to build linkages between facility activities and Australian centres of excellence (e.g., ACIAR, CSIRO, Productivity Commission<sup>49</sup>, ANU) in relevant subject areas.

### **World Bank**

135. PFSDS supported a wide range of knowledge dissemination activities. AusAID's contribution was recognized at these events, and in papers and publications.
136. PFSDS sub-project task team leaders are specifically briefed on the need to ensure Australia's contribution is disclosed and provided with practical suggestions as to how this can be achieved.
137. Government officials encountered throughout the review mission were well aware of Australia's support to the facility, and by extension the individual sub-projects. However it is unknown whether the same awareness exists in those countries and regions that were not visited by the review team.
138. The World Bank also reported difficulty in their efforts to engage AusAID posts in South Asian countries on public relations opportunities. As noted

<sup>48</sup> The aim is to assist the partnership gain greater public support by demonstrating to the Australian public and the international community that Australia's support to the ADB is reducing poverty and achieving sustainable development in the Asia and Pacific region.

<sup>49</sup> Bhutan officials visited the Productivity Commission as part of the ADB sub-project to introduce regulatory impact assessment in Bhutan.

earlier, Australian support to the facility would almost certainly get more recognition if embassy staff could attend high profile functions.

139. Scope exists for the development of a communication strategy including an upcoming events calendar. With better planning and earlier notice increased engagement by AusAID or other Australian embassy staff is likely and hence visibility will increase. This will also allow better prioritization around attendance at events.

## **Conclusions, Lessons Learned and Recommendations**

### **Sub-project Outcomes**

#### **Conclusions**

140. Both facilities were used to fund sub-projects that have resulted in tangible outcomes, provided good value for money, and generated valuable experiences and lessons that are transferable throughout the region. There are good prospects that many outputs will generate sustainable outcomes.
141. Many sub-projects would not have been readily financed from internal ADB or World Bank resources because of their small size, risk, and/or because they would not necessarily directly support lending operations.
142. Slow disbursements undermined the efficiency of both facilities. There were delays between approval and initial disbursement in several sub-projects (under both facilities). Sufficient resources need to be made available to ensure adequate follow-up at this critical time.
143. The geographic distribution of projects was not uniform. Some relatively poor areas of South Asia received relatively limited allocations (e.g. Afghanistan and Pakistan in the case of the AASADPF<sup>50</sup>).
144. The two facilities were given similar ratings for relevance, sustainability, efficiency, and gender. The AASADPF was rated higher in terms of effectiveness and monitoring and evaluation. All ratings -- except the M&E rating for the PFSDS -- were satisfactory or better. Logistical considerations limited evaluation team opportunities to: (i) visit and meet with stakeholders from PFSDS sub-projects, and; (ii) meet with key World Bank staff involved with the facility. The sample of PFSDS sub-projects visited by the team was small and unrepresentative. This may have negatively impacted on evaluation findings for the PFSDS.

#### **Lessons Learned**

145. A combination of demand driven sub-projects with effective and efficient quality control at project approval stage is critical to the effectiveness and efficiency of sub-projects.
146. Supporting innovation and reform can generate high returns but requires knowledge transfer to change mindsets. Some failures and delays are to be

<sup>50</sup> The countries are not included in the South Asia Department of ADB.

expected in funding risky projects: this needs to be reflected in project designs, monitoring and evaluation.

147. There is a considerable unmet demand for financing relatively modest investments in innovative regional and national projects to help share development experiences. ADB and WB staff are uniquely well-positioned to identify and respond to such opportunities.
148. Flexibility is a key feature of both facilities that is highly valued by the banks. However this inevitably leads to less focus and significantly complicates the process of both reporting and managing for results. The following table provides an overview of some of the costs and benefits of each approach.

**Table: Flexibility versus Focus: Some Costs and Benefits.**

	Benefits	Costs
<b>More focussed agenda</b>	<ul style="list-style-type: none"> <li>• Easier to monitor and assess results and evaluate performance</li> <li>• Easier to ensure links to AusAID priorities</li> <li>• Easier for AusAID to mobilise expertise and include technical dialogue within the partnership.</li> </ul>	<ul style="list-style-type: none"> <li>• Banks have less flexibility to respond to emerging opportunities.</li> <li>• Potential for less innovation and more risk aversion.</li> <li>• Potentially less demand for resources.</li> </ul>
<b>More flexible agenda</b>	<ul style="list-style-type: none"> <li>• Banks are able to respond quickly to emerging opportunities.</li> <li>• Less conditionality around financing strengthens incentives for banks (and recipient government) to engage with AusAID</li> <li>• Complements rather than just supplements existing bank resources</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of control over use of resources</li> <li>• May be more difficult to demonstrate results.</li> <li>• Maybe used to fund overly risky projects that would not otherwise be funded.</li> </ul>

### Recommendations

149. AusAID should review options to ensure that adequate shares of resources are allocated to the poorer regions and countries in the region.
150. AusAID should increase the cap on sub-projects budgets to allow more substantive, and longer-term support to better address core cross-sector constraints, and to facilitate piloting of institutional development initiatives.
151. AusAID should consider providing more flexibility in financing guidelines to allow the financing of priority needs, rather than primarily focusing on financing consultant costs.

## **Monitoring, Evaluation and Knowledge Management**

### Conclusions

152. The design of both facilities lacked clear facility wide results frameworks. This made it difficult for the development partners to have a shared vision of how to assess program success. Sub-project level results frameworks were better developed, but reporting against results needs to be strengthened.

153. AASADPF staff responded to AusAID requests for improved facility level results monitoring and an increased focus on knowledge management<sup>51</sup>.
154. The PFSDS include a strong focus on knowledge sharing, but M&E reporting to AusAID lacked as focus on results reporting at sub-project and facility level results. This was partly due to weaknesses in the original design.

### **Recommendations**

155. Partners need to agree, from the beginning, on shared performance management and results framework for each facility with clear, targeted, phased outcomes<sup>52</sup> to effectively assess performance and the effectiveness of investments, and ensure accountability for shared (AusAID/MFI) results targets. Linkages between targeted outcomes and impacts on poverty alleviation should be clearly and concisely articulated. Include a concise narrative on the additionality provided by AusAID resources. Some flexibility will need to be retained (e.g. via annual (or biennial) joint reviews to adjust targeted outcomes in response to emerging opportunities and challenges).
156. Partners should jointly agree on strategies and actions for reporting and communicating results in accordance with jointly agreed results reporting framework (linked to agreed regional development goals and targeted outcomes). Require the use of results based monitoring system at facility, thematic and sub-project levels. Where feasible, (expected) impacts on the poor, disadvantaged groups and women should be reported and communicated.
157. Sub-project monitoring systems should be designed to quickly identify and address delays between project approval and start-up.
158. Organize annual regional workshops in regional centres (with the participation of AusAID, MFI and regional countries) to report on facility results and disseminate and share key results and success stories of each facility. Annual workshop could also be a forum for reviewing and revising program priorities and indicators as appropriate.
159. Other recommendations on knowledge management are:
  - Require that sub-projects include strategies for communicating results in the program designs.
  - Include results/good practice communications indicators as key performance indicators (e.g. number of visits to blogs on facility supported project outcomes, case studies, lessons learned, etc.).
  - Include facility wide resources to package and communicate results and knowledge products that are of particular regional interest.

<sup>51</sup> E.g. ADB now requires presentations on project experience and outcomes to the South Asia Seminar Series presentation.

<sup>52</sup> Potential targets for regional economic integration results include: (i) growth in interregional trade, investment, tourism; (ii) reduction in disparities in growth rates in the region, and (iv) relative economic performance of lagging regions. It is also important to consider including results indicators for the partnership itself.



- Strengthen communication protocols to ensure that AusAID regional and country officers have sufficient notice of high profile events.
- AusAID could more actively explore opportunities to build linkages between facility activities and Australian centres of excellence (e.g., the Australian Centre for International Agriculture Research, CSIRO, Productivity Commission<sup>53</sup>, and the Australian National University) in relevant subject areas.

## Partnerships

### Conclusions

160. Both facilities served to help build substantive partnerships between AusAID and the respective implementing agencies. However, AusAID human resource constraints and weaknesses in communications and reporting meant the full potential benefits of the partnership were not realized.
161. The partnerships have the potential to provide substantive benefits to target countries, AusAID and the MFIs. Joint engagement on crosscutting issues such as governance, regional cooperation, gender, results monitoring and knowledge management was beneficial to all parties.
162. There are substantive fixed costs associated with establishing and sustaining each partnership, and substantive investments are needed to ensure AusAID leverage in influencing MFI operations in target areas.

### Lessons Learned

163. Building partnerships (and facilities) takes time. It takes time to build the systems, confidence, knowledge and trust needed to effectively utilize available resources. It is important to take a medium-term view to partnership building and realizing tangible outcomes from partnerships.
164. Regular communications is critical to development of effective partnerships. Scheduled periodic communications can help in this regard.

### Recommendations

165. AusAID should build on the achievements, networks, and experiences gained under the two facilities. Looking forward AusAID should explore with partners all options to help strengthen partnership structures, including:
  - Commit to participate in quarterly video discussions on progress and implementation issues. Country offices of both partners should be encouraged to participate in these meetings.
  - Formal performance assessment processes and indicators should be outlined in agreements with MFI partners. Review options for linking annual funding levels to performance (e.g., commitments and

<sup>53</sup> Bhutan officials visited the Productivity Commission as part of the ADB sub-project to introduce regulatory impact assessment in Bhutan.

disbursement) and giving AusAID some flexibility to adjust funding allocations on an annual basis if desirable<sup>54</sup>.

- Prepare detailed action plans (with clear time-tables and action and reporting responsibilities) to follow-up on agreements reached during periodic consultations between partners.
166. AusAID should consider designating technical experts (e.g. in regional economic integration, and gender in development) to engage in technical aspects of the facilities supported activities. Consider outsourcing additional technical expertise where needed.
  167. AusAID needs to ensure that results and knowledge management, and priority crosscutting concerns (e.g. gender and disability) are specifically addressed in future program designs.
  168. The high fixed costs of maintaining partnerships raises questions about whether AusAID would be better off: (i) continuing to broaden potential opportunities and spread risks by supporting both partnerships; or (ii) focussing on supporting a single more substantive partnership where AusAID is likely to have greater leverage. This is a decision for AusAID management.

## **Regional cooperation**

### **Conclusions**

169. Regional cooperation activities mostly involved sharing of knowledge and experiences. Some of these activities have had particularly high visibility. Relatively few activities addressed trans-boundary issues.
170. While there is interest and awareness about the potential benefits from regional and sub-regional cooperation in South Asia, there has only been limited progress with formal agreements on regional economic integration in South Asia.

### **Lessons learned**

171. Politics have a major impact on opportunities to support action on formal regional cooperation. The enormous disparity in economic power of countries in South Asia increases political sensitivities in promoting regional economic cooperation. Support needs to include opportunities to engage all stakeholders on potential impacts of regional cooperation.
172. More substantive progress has been made with economic cooperation at the sub-regional level and with attempts to address specific bottlenecks associated with specific development issues (e.g. resource management, cross-border trade facilitation, economic corridor development).
173. Flexibility is needed to respond quickly to emerging demand for support to address practical issues related to regional cooperation.

<sup>54</sup> Whilst funding should be performance linked, caution needs to be taken in designing competitive arrangements between the MFIs, as this could have some undesirable consequences.

### **Recommendations**

174. Adopt a pragmatic approach to supporting regional integration that recognizes the critical role of central and sub-national governance and service delivery to boosting regional integration and to ensure that poor households and lagging regions benefit from regional integration.
175. Target some activities aimed at achieving quick results (especially in reducing poverty) to help build community support for regional cooperation (e.g., trade related infrastructure and institutions in border towns), reducing barriers to re-establishment of traditional trade linkages (e.g. in northern Sri Lanka), tourism facilitation, and supporting practical SASEC endorsed initiatives to help the lagging (poorer) north-east sub-region of South Asia).
176. Explore opportunities to directly support ADB's strategy to support trade facilitation in South Asia.
177. In planning and developing support for regional cooperation, it is important to draw on the experiences and lessons learned from multilateral support for the Greater Mekong Subregion initiative.

## ***Appendix A: List of Persons Met***

### **Bhutan**

#### Ministry of Finance

Mr. Nim Dorji, Director, Department Of Public Accounts

Mr. Tshewang Norbu

Mr. Yeshi Lhendup, Asst. Program Officer

Mr. Dhenden Dhondup. CPO, Public Procurement Policy

Ms. Yangzom, Deputy EE, Public Procurement Policy

Mr. Lekzang Dorji, Chief Planning Officer, Public Procurement Policy

Mr. Wangchuk Loday, PO, Public Procurement Policy

#### Ministry of Economic Affairs

Mr. Karma Tsering, SIO, Department of Cottage & Small Industry

Mr. Richen Dorji, CIO, Department of Cottage & Small Industry

#### Ministry of Information & Communication

Mr. Kinley Dorji, Secretary

Mr. Sonam Dendup, Sr. Planning Officer

Ms. Dorji Wangmo, Sr. Planning Officer

#### Ministry of Works and Human Settlements

Dr. Sonam Tenzin, Secretary

Mr. Pema Lhaden, Chief Planning Officer

Mr. Karma Pempa, Deputy Chief Transport officer-RSTA

Ms Pema Lhahden

#### Ministry of Health

Kado Zangpo, Chief Planning Officer

Kamalini De Silva, Secretary

Tshering Jamtsho, Reasearch Officer (Demographer), Health Management Information Systems

#### National Bureau of Statistics

Mr. Pema Namgay, Head of GIS Department

Nisha Pradhan, GIS Officer

Tenzin Wangchuk, GIS Officer

Pema Nemgyal, Statistics Officer

#### Thimpu Municipality, Bhutan

Minjur Dorji, Executive Secretary

#### Anti Corruption Commission

Ms. Neten Zhangmo, Chairperson

#### Royal Audit Authority

Mr. Jamtsho, Deputy Auditor General

Royal Institute of Management

Mr. Karma Pema Loday, Sr. Lecturer

World Bank

Mark La Prairie, Representative to Bhutan

**Nepal**

Ministry of Finance

Mr. Kailash Pokharel, Under Secretary

Ministry of Local Development

Mr. Reshmi Raj Pandey, Joint Secretary, Municipal Management Division

Department of Urban Development and Building Construction

Mahendra Subba, Joint Secretary

Town Development Fund

Sushil Gyewali, Executive Director

CA Uttar Kumar Shrestha, Director

Harka B Chhetri, Director

Maniram Singh Mahat, Director

Tanka Prasad Archarya Memorial Foundation

Dr Meena Acharya, General Secretary

United Nations Development Programme

Mr. Robert Piper, Country Director

Mr. Jorn Sorensen, Deputy Country Director (Programme)

Ms. Lazima Onta-Bhatta, Asst. Country Director, Poverty and Inclusion Unit

Ms. Jung Yuen Park, Associate Programme Officer, United Nations Volunteers

Ms. Nabina Shrestha, Private Sector Analyst, Pro-Poor and Sustainable Livelihood Unit

Mr. Purusottam Man Shrestha, National Project Manager, PPP for Urban Environment

Ms. Pratiba Upadya (Neupane), Legal Officer, PPP for Urban Environment

Mr. Lal Manandhar, Senior Project Officer

World Bank, Nepal

Silva Shrestha, Research Analyst

Somil Nagpal, Health Specialist

Dharan

Mr. Rajendra Poudel, Dharan Municipality Executive Officer

Mr. Shankar Ghimire, Dharan Member-PPPUE

Mr. C.P Dutta, Dharan Member-PPPUE

Mr. Khagendra P Khatiwada, Dharan Municipality Tax Officer

Mr. Sunil Nepal, Dharan Municipality Social Development Officer

Mr. Tika Rai, Dharan Social worker

Mr. Sarbajit Rai, Dharan Social worker

Mr. Bhaktiraj Sharma, Dharan Municipality Communication officer  
Mr. Ramkumar Rai, Dharan Municipality Legal Assistant  
Mr. Shiv Chamling, Dharan Municipality Info.Asst  
Mr. Dambar, Dharan Municipality Store chief  
Mr. Kishore Dhakal, Dharan Member-PPP  
Mr. Ramesh Kr. Shah, Dharan Municipality Internal Auditor  
Ms. Krishnamaya Karki, Butwal Municipality UNV  
Ms. Sulekha Karna, Siraha Municipality, UNV  
Ms. Sarita Singha, Lahan Municipality UNV  
Ms. Prija Shrestha, Rajbiraj Municipality UNV  
Mr. Bhesh Raj Adhikari, Dharan Municipality Focal Person  
Ms. Neeta Shrestha, Dharan Municipality UNV  
Mr. Raju Pokharel, Dharan Municipality Engineer  
Mr. Hari Bahadur Karki, Dharan Municipality Mapping section  
Mr. Purna Kala Rai, Dharan Municipality LGCDP  
Mr. Ganesh Prasad Khatiwada, Dharan Municipality Administration Chief

Khatri dhara Cremation Center and Dharan CCI

Mr. Naresh Kumar Agrawal, Jhigu Samaj President  
Mr. Naresh Kr Shakya, Dharan CCI President  
Mr. Hare ram Karmacharya, Dharan CCI Vice-President  
Mr. Love Joshi, Dharan CCI Secretary  
Mr. Surendra Man Sthapit, Dharan CCI Treasurer  
Mr. Amrit Shakya, Dharan CCI Vice Secretary  
Mr. Samir Tamrakar, Dharan CCI Member  
Mr. Chandra Halwai, Dharan CCI Member  
Mr. Mamta Tamot, Dharan CCI Member  
Mr. Madhu Sthapit, Dharan CCI Member  
Mr. Prem Bdr. Tuladhar, Dharan CCI Member  
Mr. Suresh Kr Shrestha, Dharan CCI Member  
Mr. Dev Raj Shrestha, Dharan CCI Member  
Mr. Bijay Shrestha, Member  
Mr. Kaji Man Rai, Member  
Mr. Gopal Psd Pokharel, Advisor  
Mr. Bheshraj Adhikari, Dharan Municipality AC Officer  
Mr. Sapana Pariyar, Field Monitor  
Ms. Samjhana Kafle, Triyuga UNV  
Ms. Desh Kumar Rai, Dharan UNV

Biogas Field Visit

Mr. Dilip Chamling Sardu Biogas President  
Ms. Pushpa Sahi Secretary  
Mr. Surya Sherpa Treasurer  
Mr. Yogesh Tamang Joint-Secretary  
Ms. Ishori Shrestha Member

Chamber of Commerce and Industry (Sunsari)

Mr. Mohan Kaji Shakya, President

Mr. Saroj Shrestha, CCI First Vice President  
Mr. Rohit PD Tamrakar, Member  
Mr. Lalit man Shreshta, Dharan  
Mr. Shiv Raj Shrestha, CCI Board Member  
Mr. Mahendra Pradhan, CCI Board Member  
Mr. Bijaya Shrestha, CCI

#### Dhangadhi

Mr. Narayan Prasad Pandey, Municipal Executive Officer, Dhangadhi  
Mr. Dij Raj Bhatta, Municipal Engineer, Dhangadhi  
Mr. Dilli Raj Ojha, Account Officer, Dhangadhi  
Mr. Rishikesh Shrestha, Private Operator, Dasharath Vim Garden  
Mr. Raj Kumar Nepal, Private Operator, Solid Waste Management  
Mr. Tank Bahadur Bista, PPP Focal Person, Dhangadhi  
Ms. Kalawoti Chand, UN volunteer (Dhangadhi Municipality)  
Ms. Sabitri Orh, UN volunteer (Dasharathchand Municipality)  
Ms. Shova Dhami, UN volunteer (Bhimdatta Municipality)

#### Kailali Chamber of Commerce and Industry

Mr. Dinesh R. Bhandari, President  
Mr. Mohan Raj Sharma, General Secretary  
Mr. Dilli Raj Sharma, Executive Director  
Mr. Narayan Lamsal, Secretary

#### Sahavagi

Dr. Meena Acharya, General Secretary

#### ADB: Nepal Resident Mission

Mr. Paolo Spantigati, OIC  
Ms. Rachana Shrestha, Public Management Officer

#### AusAID, Nepal

Benjamin Reese, First Secretary, Development Cooperation  
Tara Gurung, Country Manager

#### **Sri Lanka**

##### Australian High Commission

Ms. Robyn Mudie, High Commissioner  
Sally Mackay, First Secretary, Development Cooperation  
Simon Buckely, Counsellor

##### Ministry of Finance and Planning

Mr. Priyantha Ratnayake, Director (ADB Desk), Department of External Resources  
Mr. Chandana Bandara, Assistant Director, Department of External Resources

##### Ministry of Plantation Industry

Mr. P.L.U. Dissanayake, Additional Secretary (Development)

Ministry of Agriculture

Mr. D.B.T. Wijaratne, Additional Secretary  
Mr. L.K. Haltrunusinghu, Director (Projects)  
Mr. K.M.A. Sukoon, Deputy Director  
Mr. S.L.G. Banduisin, Chief Agriculturist  
Mr. S. Sivakumar, Provincial Director of Agriculture  
Mr. J.A. Sarath Raveendrah, General Administrator, Provincial  
Mr. U.L.M. Haldeen, Agriculturist, Provincial

Ministry of Justice

Kamalini De Silva, Secretary

Sri Lanka Society of Rubber Industry

Mr. W.T. Ellawala, Chairperson

Rubber Research Board of Sri Lanka

Mr. Justin Seneviratne, Director

Seethawake Export Processing Zone

Mr. A.K. Jayasinghe, Director, Board of Investment  
Ms. S.N. Fernando, Deputy Director

Commission to Investigate Allegations of Bribery or Corruption

Justice D. J. De S. Balapatabendi, Chairman  
Mrs. L. Jayawickrama, Director General  
Dr. J. Wickramarathna, Commissioner  
Justice L.K. Wimalachandra, Commissioner

Supreme Court

Honorable Dr. Shirani Bandaranayake, Chief Justice

Ministry of Justice

Ms. Kamalini de Silva, Secretary

Office of the Attorney-General

Ms. Shanthi Eva Wanasundera, Attorney General

Central Provincial Council

Mr. Saliya Dharmawardana, Director Internal Audit

The World Bank

Mr. Patrick Vandenbrouaene, Senior Coordination Officer  
Ms Kumari Navaratne, Task Team Leader (Framework for tackling Malnutrition at the Local Level),  
Ms Angela de Silva, (Framework for Tackling Malnutrition at the Local Level)  
Mr Manoharan, Task Team Leader (Political Economy of Decentralization (NELSIP)  
Ms Susan Razzaz, Country Economist

ADB: Sri Lanka Resident Mission



Ms. Rita O'Sullivan, Country Director  
Mr. Lakna Paranawithana, Team Leader/Consultant, Sub-project 16  
Ms. Thusitha Molligoda, Senior Finance and Administrative Officer  
Ms. Nelun Gunasekera, Senior Social Development Officer (Gender)  
Mr. Harsha Fernando, Governance Expert/Consultant  
Ms. Hasitha Wickremasinghe, Senior Economics Officer

### **Workshop to Launch the Rubber Secretariat, Colombo, 19 March 2012**

Ms. Sudharma Karunarathne, Secretary, Ministry of Plantation Industries and Chairperson Technical Assistance Steering Committee (TASC)  
Mr. Upali Dissanayake, Additional Secretary (Development) Ministry of Plantation Industries, CCED Phase III Project Coordinating Officer and TASC member,  
Mr. Asitha Seneviratne, Additional Secretary (Development) Ministry of Industries & Commerce, TASC member  
Mr. Epa Dayaratne – Director, Ministry of Industries & Commerce, TASC member  
Mr. Janaka Kurukulasuriya – Additional Secretary, Ministry of Defence & Urban Development, TASC member  
Mr. Priyantha Rathnayake – Director ADB Division, External Resources Department, Ministry of Finance and Planning, TASC member  
Mr. L. K. S. U. Dharmakeerthi, Director Natural Resources, Ministry of Environment, TASC member  
Ms. K. D. Anoja Munasinghe – Director, Department of National Planning, Ministry of Finance and Planning, TASC member  
Mr. W. T. Ellawala, Chairman Sri Lanka Society of Rubber Industry, member TASC  
Mr. Kulatunga Rajapaksa, Executive Board member, Sri Lanka Society of Rubber Industry, TASC member  
Dr. Tissa Jinasena, Executive Board member, Sri Lanka Society of Rubber Industry  
Mr. Lalith Hapangama, Chairman and Managing Director, Lalan Rubbers Limited, Executive Board member, Sri Lanka Society of Rubber Industry  
Mr. Justin Seneviratne, Director, Lalans Rubber Limited, Chairman Technical Working Committee (TWC)  
Mr. Lalith Jayawardena, Director, DSI Group, member, TWC  
Mr. Bhatthiya Amarakoon, Director, Loadstar Pvt Ltd, member TWC  
Mr. Ranjit C. Peries, CEO, Lankem Plantations Limited, Executive Board member, Sri Lanka Society of Rubber Industry, member TWC  
Mr. Ananda Caldera, Director Global Rubber Limited, Executive Board member, Sri Lanka Society of Rubber Industry, member TWC  
Mr. K. J. Wanasinghe, President, Plastics and Rubber Institute of Sri Lanka (PRISL), Executive Board member, Sri Lanka Society of Rubber Industry, member TWC  
Mr. Saifuddin Jafferjee, President, Sri Lanka Association of Manufacturers and Exporters of Rubber Products (SLAMERP) and Executive Board member, Sri Lanka Society of Rubber Industry, member TWC  
Mr. R. B. Premadasa, Director General, Rubber Development Department, member TWC  
Mr. Dhammika Ranatunga, Assistant Director, Ministry of Plantation Industries  
Dr. Gamini Seneviratne, Director, Rubber Research Institute of Sri Lanka  
Ms. Malini Dharmatilleka, Director, Rubber Products Development and Services Center of Industrial Development Board of Sri Lanka, member TWC  
Mr. J. T. Lal Motha, Senior Scientist and head of rubber division, Industrial Technology Institute, member TWC

Mr. Shantha Fernando, Director, Export Development Board of Sri Lanka  
 Eng. Athula Jayasinghe, Director Seethawaka IPZ, Board of Investment Sri Lanka  
 Mr. A. Raheem, Chairman, Colombo Rubber Traders Association (CRTA), Executive Board member, Sri Lanka Society of Rubber Industry  
 Mr. Dhamitha Dharmasena, MAS Holdings Limited, Executive Board member, Sri Lanka Society of Rubber Industry  
 Mr. Roy Abeygunawardena, Consultant D Samson Industries Limited  
 Mr. K. A. Jayaratne, President, SEVANATHA Urban Resource Centre, CCED Phase I and II national consultancy firm  
 Mr. Wasantha Warakagoda, Director Lalan Eco plantations  
 Mr. Victor Perera, Lalan Eco Plantations Limited  
 Mr. Alwis, Director, Lalan Plantations Limited  
 Ms. Priyadarshani Gunasena, Company Secretary, The Sri Lanka Society of Rubber Industry  
 Mr. Lakna Paranawithana, Project Team, Chief Advisor and Team Leader CCED Sri Lanka  
 Dr. L. M. K. Tillekeratne, Project Team, Rubber Cluster Program Coordinator  
 Mr. Ranjith Gurugamage, Project Team, Administrative Assistant CCED Phase III  
 Mr. Harsha Kaluarachi, Project Team, Technical Assistant CCED Phase III  
 Dr. N. Yogaratnam, Consultant RDC (National Consultant Firm)  
 Dr. W. M. G. Seneviratne, Consultant RDC (National Consultant Firm)  
 Dr. W. S. E. Fernando, Consultant RDC (National Consultant Firm)  
 Dr. Wasana Wijesuriya, Consultant RDC (National Consultant Firm)  
 Dr. Anura Dissanayake, Consultant RDC (National Consultant Firm)  
 Dr. S. M. F. Marikar, Consultant RDC (National Consultant Firm)  
 Mr. S. W. Karunaratne, Consultant RDC (National Consultant Firm)  
 Mr. W. C. Dheeresekera, Consultant RDC (National Consultant Firm)  
 Mr. P. Perera, Consultant RDC (National Consultant Firm)  
 Mr. Chula Weerasuriya, Consultant RDC (National Consultant Firm)  
 Mr. L. H. K. Sathyadasa, Consultant RDC (National Consultant Firm)  
 Mr. A. H. C. de Silva, Consultant RDC (National Consultant Firm)  
 Mr. N. S. Jayasundera, Consultant RDC (National Consultant Firm)  
 Mr. Jayatileka, Managing Director, Resources Development Consultants Limited  
 Ms. Tania Weerasuriya, Director Resources Development Consultants Limited

## **Manila, Philippines**

### Asian Development Bank

Sekhar Bonu, Director, Regional Cooperation and Operations Coordination Division (SARC)  
 Mr. Bruno Carrasco, Director, Public Management, Financial Sector, & Trade Division (SAPF)  
 Mr. Sungsup Ra, Director, Human and Social Development Division (SAHS)  
 Mr. Takashi Matsuo, Director, Natural Resources & Agriculture Division (SAER)  
 Mr. Sangay Penjor, Officer-In-Charge, Urban Development and Water Division (SAUW)  
 Mr. Hideaki Iwasaki, Officer-In-Charge, Transport and Communications Division (SATC)  
 Mr. Herath Gunatilake, Officer-In-Charge, Energy Division (SAEN)  
 Mr. Brajesh Panth, Lead Education Specialist, SAHS  
 Mr. AKM Mahfuzuddin Ahmed, Principal Operations Coordination Specialist, SARC  
 Mr. Emil Bolongaita, Public Management Specialist, SAPF  
 Mr. Cuong Minh Nguyen, Senior Economist (Regional Cooperation), SARC  
 Ms. Tasneem Mirza, Economist, SARC

## **Washington, USA and Bangladesh (teleconference and videoconference)**

### World Bank

Bala Menon, Nepal

Mihaly Kopyani, Task Team Leader (Town Development Fund), Nepal

Elisa Muzzini (Nepal Urban Growth and Competitiveness Study), Nepal

Zahed Khan, Task Team Leader (HR Rules and Municipal Finance Law), Bhutan

Andy Kotikula, Task Team Leader (Map Portal), Bhutan

## **Canberra, Australia**

### AusAID

Mr. Andrew Adzic, Director, Multilateral Aid Effectiveness

Ms Violet Rish, Graduate, South Asia Regional

Ms Sun-Hee Lee, Director, South Asia Regional

Mr Graham Rady, Director, Mekong, Philippines, Burma and Regional

Mr Brek Batley, Director, South Asia Regional

Ms Sabrina Varma, Director, South Asia Regional

## ***Appendix B: Selected References Consulted***

### **AusAID Documents**

- Development Partnership Program for South Asia (DPPSA) for Australia-ADB South Asia Development Partnership Facility, summary document
- AusAID ICR/ICR format
- AusAID, Australian Multilateral Assessment (AMA) Methodology, 2011?
- South Asia Multi-Country and Regional Framework 2010 - 2015
- QAI for Policy Advocacy & Service Delivery Decentralisation Component of AusAID-WB Service Delivery Improvement Facility for South Asia, February 2012
- QAI for Policy Advocacy & Service Delivery Decentralisation Component of AusAID-WB Service Delivery Improvement Facility for South Asia, January 2011
- QAI for AusAID\_ADB Development Partnership Facility for South Asia, February 2012
- QAI for AusAID\_ADB Development Partnership Facility for South Asia, January 2011
- An Alternative Approach to Partnerships: AusAID-World Bank Partnership for South Asia
- Design Summary and Implementation Document South Asia Water Initiative
- Australian Multilateral Assessment (AMA) Methodology
- South Asia Multi-country and Regional Framework, 2008 - 2013

### **ADB (ADB/AusAID) Documents**

- ADB, Mid-Term Review of the Australia-ADB South Asia Development Partnership Facility and RETA 6337: Development Partnership Program for South Asia, February 2010
- ADB, TAR Proposed Technical Assistance for the Development Partnership Program for South Asia, July 2006
- ADB, Annual Progress Report on the Australia-ADB South Asia Development Partnership Facility, January - December 2010
- AusAID-ADB Development Partnership Facility Overview
- Minute: Aid-Regional - Regional Sth Asia - AusAID - ADB Development Partnership Facility for South Asia, 28 April 2006
- Australia-ADB Development Partnership Facility, Guiding Principles, 5 April 2006
- ADB, Partnership Brief: Co-financing with Australia.
- ADB/AusAID, Partnership Framework on Development Between ADB and AusAID, 2009.
- ADB-AusAID Joint Communications Plan, 2011?

### **WB (WB/AusAID) Documents**

- AusAID-SAR Policy Facility for Decentralisation, Local Governance and Service Delivery, (WB), Annual Progress Report, October 2010
- Administration Agreement for the Australian Trust Fund for Policy Facility for Decentralisation and Service Delivery in South Asia (TF #070649)
- First Amendment to the Administration Agreement between the GOA and IBRD and IDA on TF#070649
- Administration Agreement for the AusAID-World Bank Partnership for South Asia, TF#071677
- First Amendment to the Administration Agreement between the GOA and IBRD and IDA on TF#071677, 24 May 2011
- Second Amendment to the Administration Agreement between the GOA and IBRD and IDA on TF#071677, 24 May 2011
- Third Amendment to the Administration Agreement between the GOA and IBRD and IDA on TF#071677, 27 Oct. 2011
- Minute: Aid-Regional - Regional Sth Asia - AusAID - World Bank Service Delivery Improvement Facility for South Asia, August 2006
- WB Annual Progress Report to AusAID, September 2008
- WB, Summary of Selected Proposals-Round 2, June 2008
- WB, Cover Note to Summary of Selected Proposals, June 2008
- WB, An Evaluation of the WB's Trust Fund Portfolio, 2011
- WB/AusAID, Partnership Framework Between AusAID and WB Group, 23 Sept 2011.

## ***Appendix C: Cluster Evaluation Terms of Reference***

### **Terms of Reference**

#### **Cluster Evaluation of ING 236**

#### **World Bank Service Delivery Improvement Facility**

#### **AusAID ADB South Asia Development Partnership Facility**

### **1. Purpose of the evaluation**

1.1 The evaluation will assess and compare the performance of trust funds under the South Asia Regional program, under ING 236. The evaluation will focus on:

- (i) comparing the performance of the two funds to their objectives (i.e. how well have these been met);
- (ii) identifying what has worked well and what hasn't in the two programs to date;
- (iii) assess how AusAID might improve engagement with these partners and trust funds
- (iv) draw forward-looking lessons and recommendations to provide guidance on the next phase of AusAID engagement with the multilateral development banks.

1.2 The evaluation will focus on the effectiveness of these partnership facilities in South Asia; and guide AusAID's evaluation of these partners, including:

- How effective are these multilateral partners on governance and policy reform in the region?
- How effective are the AusAID-WB and AusAID-ADB partnership facility arrangements? Is there a better way to structure our partnerships?

### **2. Context**

2.1 AusAID's South Asia regional program is expected to grow as Australia's aid program scales up to meet its 2015 targets. Under Australia's new aid policy [An Effective Aid Program](#), Australia's aid programs in South Asia will be predominantly partner-led. The multilateral development institutions (WB and the ADB) are expected to remain key aid delivery partners for AusAID in the region.

2.2 Funding for two multilateral facilities in the regional program will conclude this financial year (2011/12) under initiative ING 236: the *AusAID-ADB Development Partnership Facility for South Asia* and the *AusAID-World Bank Service Delivery and Improvement Facility for South Asia*. A cluster evaluation of these programs will enable a comparison of performance.

- 2.3 Both facilities finance a program of projects of \$200,000-\$500,000 each, including technical assistance operations, components of investment projects and stand-alone grant financed activities. The countries covered in both initiatives are Afghanistan, Bangladesh, Nepal, Sri Lanka, Bhutan, Maldives, Pakistan and India (see Attachment A for further detail).
- 2.4 The ADB facility (\$11 million over 7 years (2006-12)) focuses five key areas of cooperation: (i) enhanced governance particularly at the local level; (ii) urban development including mega cities and secondary cities and towns, and associated issues such as municipal financing of infrastructure and public-private partnerships; (iii) promotion of inclusive growth; (iv) human resource development particularly in improving service delivery in education, health, water and sanitation and other such social services; and (v) regional cooperation and integration.
- 2.5 The World Bank facility (\$5.7 million over 7 years (2006-12)) is focused on facilitating efforts of clients to develop and implement the institutional and policy reforms needed for efficient and accountable service delivery at the local level. The sectors covered are health, education, water and sanitation, economic governance and infrastructure.
- 2.6 The proposed evaluation will inform AusAID's planning for its future portfolio of initiatives with these key agencies. It will therefore be both retrospective and prospective.

### **3. Objectives**

- 3.1 To compare the performance of the two programs against their objectives. Standard OECD evaluation and AusAID criteria may assist in this regard: see Section 4;
- 3.2 Reporting of the key program outcomes and achievements;
- 3.3 Drawing out lessons learned through each program; and
- 3.4 Providing recommendations for AusAID's future partnership programs with the ADB and the World Bank in South Asia, in relation to AusAID's future program strategy for the South Asia Regional Program.

### **4. Criteria**

- 4.1 The evaluation criteria below (drawn from OECD DAC criteria) may be used to assess and compare the performance of the trust funds. Reviewers may also to draw on AusAID's Activity Completion Report / Independent Completion Report format (See 9.5 below), which suggests potential lines of enquiry under these criteria and AusAID policy guidance (which can be found on the AusAID website: <http://www.usaid.gov.au/keyaid/default.cfm>).
- *Relevance*: to assess whether the activities in the trust funds contribute to higher level objectives of the Australia's aid program in South Asia.

- *Effectiveness*: to assess whether the trust funds have achieved their stated objectives.
- *Efficiency*: to assess whether the trust funds are achieving value for money from inputs of funds, staff and other resources, and how risks are being managed.
- *Impact (where feasible)*: to assess whether the trust fund activities produce positive or negative changes (directly or indirectly, intended or unintended). The degree to which the various aspects of impact can be assessed will vary according to the nature and duration of each trust fund. Whether impact can be assessed, or the way impact can be assessed will need to be determined by the Independent Evaluation Team. As such, impact will not be rated.
- *Sustainability*: to assess whether the trust funds appropriately address sustainability so that the benefits of the activity will continue after funding has ceased, with due account of partner government systems, stakeholder ownership and the phase-out strategy.
- *Monitoring & Evaluation*: to assess whether the monitoring and evaluation framework effectively measures progress towards meeting objectives.
- *Gender Equality*: to assess whether the activity advances gender equality and promotes women (considering the four dimensions of gender equality: access, decision-making, women's rights, capacity-building).
- *Analysis & Learning*: to assess whether the activity is based on sound technical analysis and continuous learning.
- *AusAID's engagement*: to assess AusAID's engagement in the management of the trust funds and to identify what improvements can be made to improve the level of engagement both from the perspective of AusAID and trust fund managers.
- *Forward looking*: Consult with AusAID and partners to identify and consider how these trust funds align with AusAID's draft strategic goals in the South Asia Regional program detailed in Attachment A.

## 5. Review requirements and scope

- 5.1 The evaluation will include the **two partnership facilities** in ING 236.
- 5.2 The review will be **led by a consultant with relevant subject matter expertise and experience**, including with multilateral development banks and on governance, economic and policy reforms and technical assistance. The lead consultant will be **supported by a monitoring and evaluation specialist** (possibly from within AusAID).
- 5.3 A **limited focus and timely report** is expected, relying heavily on secondary data, existing reports from the implementing agencies, and interviews with key informants. It is **not expected to be evaluation research** for which there is neither time, nor resources. However, this evaluation will include field visits to evaluate project sites in Sri Lanka, Nepal and Bhutan (depending on approval(s) from the respective Governments), and may include visits to the headquarters of the MDBs (in Washington and Manila).



- 5.4 **High quality**, as demonstrated by usability of the report as an Activity Completion Report and for input to design of the next phase of the partnerships, is expected.
- 5.5 A **brief and results oriented report** is expected. The AusAID Guidelines specify 25 pages plus annexes as needed. Experience suggests that a major difficulty with evaluations is in using their outputs for improving future program impact arising because of
- a lack of prioritisation of effort,
  - stakeholder comments neutralising each other; and
  - reviewers hiding behind lots of meaningless data, which often is caused by the valid requirement that evaluation should be evidence based.
- 5.6 It is expected that the reviewers will exercise and make **professional independent judgments** which will be brought out in the report, including opportunities of one program to learn from the other.
- 5.7 It is expected that the following issues will be analysed and reviewed:
- Activity Selection Process
- Have the Activity selection criteria and review processes been consistent with the program strategy and have they been effective in selecting relevant activities?
  - What are the key lessons learned in the Activity selection process?
- Progress towards Development Outcomes
- What development outputs have been produced to date and are they progressing satisfactorily toward the planned development outcomes of the two programs? What are the lessons for the design of future programs with ADB and the World Bank?
- Progress toward Partnership Outcomes
- What partnerships outputs have been produced to date and what are the lessons learned for future partnerships with the World Bank and ADB?
- Progress toward Policy Options and Discussions
- To what extent have the current and planned activities contributed to policy discussions with country governments and regional bodies? Identify any barriers to and further opportunities for policy level discussions and outcomes that can be used in the next phase of the partnership, proposing measures necessary to enhance policy level engagement in the next phase.

## 6. Evaluation method

- 6.1 Document review, field visits and stakeholder consultation in countries in South Asia. A methodology (no more than 4 pages) should be approved by AusAID prior to departure.
- 6.2 AusAID is joining the ADB-led evaluation mission of the ADB facility (see draft outline of program at Attachment B) for the AusAID's independent evaluation. World Bank field sites will be evaluated at these same locations in parallel. If required, the consultants will also visit the headquarters of these multilateral agencies (e.g. if required to draw forward-looking lessons and recommendations).

6.3 The Consultant will report to Fiona Lord, South Asia Section, AusAID, Canberra. Gopal Menon, Country Manager, India and South Asia regional programs, AusAID, New Delhi, will be the primary contact point for the field visits and consultations with stakeholders.

## **7. Indicative timeframe**

7.1 Contract for 19-22 days for the person leading the review, including travel, including:

- 7.1.1 3 days to review the documents and develop the methodology (in early Feb. 12)
- 7.1.2 1 day to revise methodology based on AusAID comments
- 7.1.3 9-12 days field visit between 12 and 21 March 2012
- 7.1.4 4 days to draft the report to be submitted by 28 March 2012
- 7.1.5 2 days to make any final revisions to the report based on AusAID comments.

7.2 Contract for 18-21 days for the Monitoring and Evaluation specialist supporting the review, including travel:

- 7.2.1 3 days to review the documents and help develop the methodology
- 7.2.2 9-12 days field visit between 12 and 21 March 2012
- 7.2.3 4 days to contribute to the report drafting to be submitted by 28 March 2012
- 7.2.4 2 days to make any final revisions to the report based on AusAID comments.

7.3 Final report to be submitted by around 4 April 2012.

## **8. Reporting**

8.1 The consultant will provide the following outputs (all documents to be supplied in MS Word format) with the following dates:

- 8.1.1 Methodology: not more than 4 pages excluding appendices – **due Feb 2011.**
- 8.1.2 The draft review report – not more than 25 pages plus appendices for AusAID comment, due 28 March 2011.
- 8.1.3 Final review report – incorporating AusAID's comments, due 4 April 2011.

## **9. Documents**

9.1 Project Design Documents

9.2 AusAID Quality At Implementation (QAI) reports

9.3 ADB and WB Mid-Term Review reports

9.4 ADB and WB Annual Reports

9.5 AusAID ICR/ICR format

**Attachment 1: AusAID-ADB South Asia Development Partnership Facility: Approved Sub-projects (as of February 2012)**

SP No	Project Title	Country	Key Prioritized Area	Key Output Type	Approved	Complete	Amount (\$ '000)	Summary of Key Results and any Follow-up and/or Linkages with Other Projects
1	Support for Anticorruption and Good Governance at the Local level	Bhutan	Enhanced governance	Innovative	5 Dec 06	12 Sep 10	500	Targeting both prevention and prosecution through capacity building. Twelve manuals developed with project support are helping financial staff ensure greater accountability at national and local levels. State-of-the-art data analysis software and related hardware has strengthened the day-to-day operations of the Royal Audit Authority. Governance and anticorruption tools are being used to calculate cost of service delivery. A Corruption Risk Management tool is being used. Integrity Pacts are now included in standard bidding documents. Irregularities reported in RAA audits declined from 33.85% in 2006 to 13.48% in 2009.
2	Study on Intraregional Trade and Investment in South Asia	Regional	Reg. cooperation Inclusive Growth	Regional cooperation Information	17 Nov 96	30 Mar 09	320	Despite delays and implementation issues, the study enhanced the understanding of SAARC policy makers and technical staff of the potential benefits and policies options for boosting trade and investment in South Asia. The study included: (i) country-specific policy recommendations to boost trade and promote investments; (ii) a framework for exploring potential of trade in services under SAFTA, and for addressing its constraints; and (iii) trade policies for specific key industries.
3	Rural Development Projects Review	Pakistan			20 Jul 07	6 Nov 08 (Cancelled)		Cancelled because of delayed start-up and overlap with other initiatives and studies that started after approval.

SP No	Project Title	Country	Key Prioritized Area	Key Output Type	Approved	Complete	Amount (\$ '000)	Summary of Key Results and any Follow-up and/or Linkages with Other Projects
4	Enhancing Internal Audit	Maldives	Enhanced Governance	Innovative	20 Jul 07	31 Aug 10	500	Strategic management plan for internal audit function within Ministry of Finance and Treasury targets more accurate, reliable, and timely financial reporting and monitoring. The unit will also provide an independent and objective opinion to the Financial Controller, Accounting Officers, and Cabinet members of the Government on risk management, control and governance.
5	Capacity Building for Introducing Regulatory Impact Assessment in Bhutan	Bhutan	Enhanced governance, Inclusive growth	Innovative	20 Jul 07	30 Jun 12	400	Contributing to (i) improved enterprise registration, licensing and clearance for business start up; (ii) increased investments in micro, small, and medium-sized enterprises; and (iii) increased income and employment. Guidelines and manuals produced should help ensure sustainability. Additional resource being sought to print and distribute documentation.
6	Strengthening of Conflict Sensitivity and Governance in Sri Lanka <sup>55</sup>	Sri Lanka	Enhanced governance		29 Nov 07	30 Jun 12	500	Helped: (i) mainstream work of the Bribery Commission; (ii) streamline Public Service Commission information management; and (iii) mainstream conflict sensitivity in ADB and other donor-funded project designs. Two concrete results have been (i) decentralization of procurement and implementation authority is reducing delays and improving impact; and (ii) the use of Mediation Boards to deal with road related disputes is reducing lead time and bringing forward economic impact of roads. Ongoing collaboration with the Asia

<sup>55</sup> Total sub-project cost is \$1,088,000 which includes additional grants from the governments of Norway (\$300,000) and Sweden (\$288,000).

SP No	Project Title	Country	Key Prioritized Area	Key Output Type	Approved	Complete	Amount (\$ '000)	Summary of Key Results and any Follow-up and/or Linkages with Other Projects
								Foundation to prepare a road map for justice sector development. A South Asia Seminar Series presentation, scheduled on 26 August 2012, aims to share experiences from this project.
7	Clustered Cities Economic Development (CCED): Innovative Interventions in South Asia	Regional	Urban Infrastructure and Service Delivery	Innovative	29 Apr 09	29 Oct 09		Bangladesh, India and Sri Lanka case studies were published by ADB and the national partner research institutions, contributing to ongoing discussions on how ADB could best leverage its investments in the urban sector. The National Capital Region Planning Board of India and the Board of Investment of Sri Lanka have used the CCED approach in their urban infrastructure planning. Follow-up support was provided to Sri Lanka to apply the CCED approach.
8	Gender-Responsive Decentralized Governance in Nepal	Nepal <sup>56</sup>	Governance, Inclusive growth	Innovative Information	2 Oct 08	28 Feb 12	500	Aims for more transparent, gender-equitable and socially-inclusive governance at decentralized level by introducing gender responsive budgeting (GRB), ensuring budget submissions include adequate gender analysis, and identifying actions and resources to respond to critical gender concerns. Final draft of consultant's report is being reviewed within RSDD. Tangible outcomes yet to be realized, but awareness raised and officials can access relevant lessons and good practices from the region. A South Asia Seminar Series presentation is scheduled on 23 August 2012.

<sup>56</sup> DPPSA co-financed TA REG 6493: Gender-Responsive Decentralized Governance in Asia under the ADB TA Funding Program to expand the geographic focus which was originally limited to Cambodia and Indonesia, to Nepal. Co-financing will be used for Nepal activities only.

SP No	Project Title	Country	Key Prioritized Area	Key Output Type	Approved	Complete	Amount (\$ '000)	Summary of Key Results and any Follow-up and/or Linkages with Other Projects
9	Best Practices for Municipal Solid Waste Management in South Asia: A New Knowledge Product	Regional (BAN, IND, NEP, SRI)	Urban Infrastructure and Service Delivery	Information	29 Apr 2009	15 Sep 11	300	Resulted in ADB 's first publication addressing solid waste management in South Asia. The regional scope of this comprehensive assessment of locally developed, successful solid waste management practices in South Asia (and relevant international practices), will help transfer knowledge and techniques throughout the region.
10	Regional Economics of Climate Change Part I – Cleaner Technologies and Options <sup>57</sup>	Regional (BAN, BHU, MLD, NEP, SRI)	Regional Cooperation	Regional Cooperation	29 Apr 2009	29 Feb 12	500	a South Asia Seminar Series presentation is scheduled on 30 August 2012.
11	Innovative Strategies in Technical and Higher Education for Human Resource Development in South Asia <sup>58</sup>	Regional (BAN, BHU, MLD, NEP, SRI)	Human Resource Development	Innovative Information	29 Apr 2009	30 Apr 12	500	Country (BAN, NEP, SRI) and regional reports are being finalized for publication. additional ADB financing mobilized to: (i) identify good practices, opportunities, and mechanisms to pursue public-private partnerships in TVET and higher education; (ii) identify opportunities for ICT in education and training; and (iii) identify options for linking higher education institutions to enhance school education capacity. A South Asia Seminar Series presentation is scheduled on 9 August 2012.

<sup>57</sup> The United Kingdom Department for International Development (DFID) provided \$700,000 (equivalent to 480,000 pounds sterling) to support continuation of this sub-project under RETA 7423: Regional Economics of Climate Change in South Asia Part II: Adaptation and Impact Assessment.

<sup>58</sup> A supplementary financing of \$1 million from Technical Assistance Special Fund- other sources was approved on 16 December 2010. Total sub-project cost is \$1.5 million.

SP No	Project Title	Country	Key Prioritized Area	Key Output Type	Approved	Complete	Amount (\$ '000)	Summary of Key Results and any Follow-up and/or Linkages with Other Projects
12	Promoting Women Entrepreneurship in Bangladesh	Bangladesh	Inclusive Growth	Innovative	13 Aug 2009	30 Jul 12	500	Support for capacity development, institutional reforms, and related activities aimed at maximizing returns from ADB investment project. A SA Seminar Series presentation is scheduled on 10 Sept. 2012.
13	Enhancing Local Governance	Nepal	Governance HRD	Innovative	1 Sep 2009	31 Dec 11	450	
14	Bhutan Transport 2040 Integrated Strategic Vision	Bhutan	Governance Inclusive Growth	Innovative Information	21 May 2010	15 Mar 12	500	Study brought together range of agencies to develop a holistic vision for transport development that included regional and national economic integration issues as well as equity and environmental considerations. Draft Vision Paper expected to be published online. A South Asia Seminar Series presentation is scheduled on 5 July 2012.
15	Enhanced Gender Capacity of Executing and Implementing Agencies in South Asia	Regional (BAN, BHU, IND, MLD, NEP, SRI)	HRD Inclusive Growth		1 Jun 2010	30 Jul 12	500	Asia Seminar Series presentation is scheduled on 28 June 2012.
16	Operationalizing City Cluster Economic Development in Sri Lanka	Sri Lanka	Urban Infra. and Service Delivery		16 Sep 10	30 Mar 13	500	Slow start-up. Work just commencing.
17	Bhutan Country Diagnostics Study	Bhutan	Inclusive Growth		16 Sep 2010	30 Sep 12	275	The study will be presented to stakeholders in high-level consultations to be led by Ministry of Economy is on 20 April 2012. A South Asia Seminar Series

SP No	Project Title	Country	Key Prioritized Area	Key Output Type	Approved	Complete	Amount (\$ '000)	Summary of Key Results and any Follow-up and/or Linkages with Other Projects
								presentation is scheduled on 7 June 2012.
18	Providing Livelihood Support for Food Security for Returning Internally Displaced Persons in Mannar District	Sri Lanka	Inclusive Growth, HRD		17 Sep 2010	30 Sep 12	500	Government approval delayed by one year. Substantive SLRM input needed prior to request for first advance (January 2012), raising questions about Government commitment to initiative.
19	Enabling Poor Women's Participation in Renewable Energy Sector	Bangladesh			16 Jun 11	30 Jan 13	350	Government approved project on 21 December 2011. Engagement of consultants yet to start.
20	Fund Management Support for Infrastructure Finance	Bangladesh			16 Jun 11	30 Jan 13	500	Delay in Government approval and implementation until Chief Executive Officer recruited for the fund holding company. CEO has been appointed. Implementation should soon start.
21	Maritime Transport Master Plan	Maldives			25 Aug 11	30 Nov 12	450	Government approved in January 2012. Consultants about to be recruited.
22	Strengthening the Anti-Corruption Commission	Bhutan	Governance		25 Aug 11	30 Dec 12	300	Consultants about to be recruited.

Source: AASADPF Secretariat.