



Australian Government  
AusAID

## Quality at Entry Report and Next Steps to Complete Design for South Asia Water and Sanitation – India

### A: AidWorks details

|                         |   |                      |              |
|-------------------------|---|----------------------|--------------|
| <b>Initiative Name:</b> | South Asia Water and Sanitation – India |                      |              |
| <b>AidWorks ID:</b>     | INJ 037                                 | <b>Total Amount:</b> | \$6,000,000  |
| <b>Start Date:</b>      | 1 July 2009                             | <b>End Date:</b>     | 30 June 2011 |

### B: Appraisal Peer Review meeting details

|   |  |
|---|--|
| <b>Initial ratings prepared by:</b>                           | Darryl Jackson, Anne Joselin, Sue-Ellen O'Farrell  |
| <b>Meeting date:</b>  | 31 March 2011  |
| <b>Chair:</b>   | Sun-Hee Lee, A/g ADG, North and South Asia Branch  |
| <b>Peer reviewers providing formal comment &amp; ratings:</b> | <ul style="list-style-type: none"> <li>– Sue-Ellen O'Farrell (Indonesia Section)</li> <li>– Anne Joselin (Infrastructure, Water &amp; Sanitation Section)</li> </ul>   |
| <b>Independent Appraiser:</b>                                 | – Darryl Jackson (MWH Global Australia Pty Ltd)  |
| <b>Other peer review participants:</b>                        | <ul style="list-style-type: none"> <li>– Benjamin Hirons (South Asia Section, Activity Manager)</li> <li>– Simon Buckley (South Asia Section)</li> <li>– Fiona Lord (South Asia Section)</li> <li>– Russell Rollason (South Asia Section, New Delhi Post, First Secretary)</li> <li>– Gopal Menon (South Asia Section, New Delhi Post, Country Manager)</li> <li>– Susan Ferguson (Gender Adviser – Gender Policy and Coordination Section)</li> <li>– Gina De Pretto (Performance and Quality Manager, South Asia Section)</li> <li>– Emma Hunt (Indonesia Section)</li> <li>– Kevin Playford (Development Banks Section)</li> <li>– Rachel Besley (UN, Climate Change and Environment Branch)</li> <li>– Mark Bailey (Regional Counsellor, South Asia)</li> <li>– William Kingdom (World Bank)</li> <li>– Tara Sharafudeen (World Bank)</li> <li>– Kathryn James (CBM-Nossal Institute Partnership for Disability-Inclusive Development)</li> <li>– Peter Dwan (WaterAid Australia, Head of International Programs)</li> </ul> |

### C: Safeguards and Commitments

|  |   |     |
|--|---|-----|
| <i>Answer the following questions relevant to potential impacts of the activity.</i> |   |     |
| <b>1. Environment</b>  | Have the environmental marker questions been answered and adequately addressed by the design document in line with legal requirements under the <i>Environmental Protection and Biodiversity Conservation Act</i> ? | Yes |
| <b>2. Child Protection</b>   | Does the design meet the requirements of AusAID's Child Protection Policy?  | Yes |

**C: Safeguards and Commitments**

|                           |  |    |
|---------------------------|--|----|
| <b>3. Imprest Account</b> | Does the business case and risk assessment support the use of an imprest account as the most efficient, effective and ethical use of Commonwealth funds in accordance with the Commonwealth Financial Framework and AusAID policy? | No |
|---------------------------|--|----|

**D: Initiative/Activity description**

|                              |   |
|------------------------------|---|
| <b>4. Description</b>        | <p>AusAID is proposing to contribute \$6.0 million as a one off payment in 2010-11 to the to a World Bank single donor trust fund to improve the quality of the World Bank's investment in urban and rural water and sanitation programs in India and in the National Ganga River Basin Authority.</p> <p>AusAID's support is to create demand for reforms in the urban and rural Water and Sanitation sector and support the detailed design and implementation of those reforms through World Bank financed projects. The project is expected to run for a period of three years.</p> |
| <b>5. Objectives Summary</b> | <p>AusAID's objective in this program is to improve the quality of the Bank's investment in Urban and Rural Water and Sanitation programs and in the National Ganga River Basin Authority.</p> <p>The broader program aims to create demand for reforms in urban and rural WSS sectors in India, and support the subsequent design and implementation of those reforms through World Bank financed projects.</p>  |

**E: Quality Assessment and Rating**

| Criteria                        | Assessment   | Rating (1-6) *          | Required Action (if needed)  |
|---------------------------------|--|-------------------------|--|
| <b>6. Relevance</b>             | <p>The need for water supply and sanitation (WSS) support in India is well understood and expressed in both the PDD and the DSID. Whilst AusAID is currently developing a country strategy for the India program, this activity aligns with direction of the strategy and builds on past AusAID experience in this field in India. This new activity would be funded primarily from the third, and final, year of the AusAID WASH budget measure.</p> <p>The activity will also link into, compliment, and fill identified gaps in the AusAID's current water-related assistance to India, namely the World Bank Water and Sanitation Program (WSP) and AusAID's South Asia Water Initiative (SAWI). The activity is also strongly aligned to Government of India's (Gol) priorities in the WSS.</p> | 5<br>(revised from 4-5) | <ul style="list-style-type: none"> <li>Clarify the activity budget and duration (WB PDD &amp; DSID), plus the outline the possibility for additional AusAID funding (DSID);</li> <li>Provide stronger information on the poverty implications of the activity, and particular how it relates to achieving the MDGs (WB PDD);</li> <li>Provide further information on how the activity aligns with Gol priorities (WB PDD); and</li> <li>Better explain synergise between the activity, the WSP, SAWI and other relevant activities in the WSS sector (WB PDD and DSID).</li> </ul> |
| <b>7. Analysis and Learning</b> | <p>In the PDD it was not clear why the World Bank believes India is now at a critical point in WSS reform. Examples where the 'demand' for reform was growing (pilots in the State of Karnataka to provide a permanent ['24/7'] water service; demonstrations in Nagpur and Maharashtra that show Private-Public Partnerships can be successful etc.) and cited experiences with the Public Health Engineering Department (PHED) that suggest resistance to reform is declining.</p> <p>The PDD should articulate how it would successful create 'demand for reform' in the WSS sector against the backdrop of potential 'winners' and 'losers' of the reform process.</p>   | 4<br>(revised from 3-4) | <ul style="list-style-type: none"> <li>Provide evidence and arguments to support the case that 'the time is ripe' for the reforms the activity plans to encourage and support (WB PDD);</li> <li>Explain how this activity will build on, and learn from, the outcomes of previous WSS reform efforts – both in India and elsewhere (WB PDD); and</li> <li>Analyse the potential 'winners and losers' of WSS reform in India, and explain how the activity will position itself in this reform climate (WB PDD).</li> </ul>  |

| <b>E: Quality Assessment and Rating</b> |  |                         |  |
|---|--|-------------------------|--|
| 8. Effectiveness                        | <p>'Effectiveness' was flagged by all Peer Reviewers as an area of acute concern. Concerns centred around the linkage between: the identified needs; activity objectives; proposed actions; and, desired outcomes. There was agreement that the activity logic as described in the PDD and DSID was currently weak and would need improvement.</p> <p>The Peer Reviewers, and other meeting participants, considered the risks associated with these linkages had not been adequately documented. A risk management framework of how to deal with these issues was missing from the activity design.</p>   | 4<br>(revised from 3-4) | <ul style="list-style-type: none"> <li>Clearly explain the link between identified needs, proposed actions and desired objectives with reference to issues raised under 'Analysis and Learning' (WB PDD)               <ul style="list-style-type: none"> <li>This would link to an improved M&amp;E approach (see 'M&amp;E' section below)</li> </ul> </li> <li>Coming out of an improved articulation of project logic, an identification of activity risks and a mitigation strategy should be included (WB PDD).</li> </ul>  |
| 9. Efficiency                           | The meeting discussed concerns about the creating a new Trust Fund for the activity. The World Bank (Sharafudeen) and AusAID (Rollason) outlined why a new Trust Fund was needed and the meeting agreed with this.   | 4<br>(revised from 3-4) | <ul style="list-style-type: none"> <li>An explanation of why the SAR IFGI Trust Fund could not be used to support the activity should be given (WB PDD and DSID).</li> </ul>   |
| 10. Monitoring and Evaluation           | <p>Monitoring and evaluation (M&amp;E) was identified as a concern for all Peer Reviewers and meeting participants. The difficulties in measuring the outcomes of this type of activity were acknowledged. Preliminary changes to the PDD, in response to the initial QAE of Darryl Jackson (especially Annex 5), were an improvement. However, there was agreement that changes should be made to the activity design to improve its M&amp;E approach. Key observations on the current M&amp;E approach were that is primarily focused on outputs rather than outcomes/impacts; many indicators that are not meaningful; case studies and indicators that consider vulnerable groups (e.g. for disability and gender) should be included.</p> <p>The meeting agreed that much of the M&amp;E framework will be developed at implementation and would be heavily scrutinized at the first Quality at Implementation.</p> | 4<br>(revised from 3-4) | <ul style="list-style-type: none"> <li>During the inception phase of the activity, the revise and strengthen the M&amp;E approach to deal with the issues raised above. This should include:               <ul style="list-style-type: none"> <li>indicators that are clearly related to, and able to demonstrate progress towards, set objectives;</li> <li>component objectives and indicators that specifically include vulnerable groups, such as women, and persons with disabilities;</li> <li>appropriate use of qualitative indicators;</li> <li>consider the role of case studies as a method of M&amp;E; and</li> <li>ensure that all included indicators are meaningful.</li> </ul> </li> </ul> |
| 11. Sustainability                      | The Peer Reviewers and meeting participants were satisfied that the benefits of this activity were likely to be long lasting. However, there were concerns that the environmental management considerations were not incorporated into the design. In order to meet AusAID's environmental management requirements, the design needs to demonstrate that risks and opportunities will be identified and managed, for example through a program-level environmental management system.  | 5 (revised from 4-5)    | <ul style="list-style-type: none"> <li>The activity design should include a section that explicitly deals with environmental management and climate change risks (WB PDD &amp; DSID);               <ul style="list-style-type: none"> <li>This section should be informed by the World Bank's own approach, and particularly relevant World Bank Safeguards.</li> </ul> </li> </ul>   |

| <b>E: Quality Assessment and Rating</b> |   |                         |   |
|---|---|-------------------------|---|
| 12. Gender Equality                     | <p>Concerns regarding gender issues were raised in written appraisals by Peer Reviewers and AusAID's gender specialists, and in discussions. There was a discussion surrounding the benefits that involving women in activities can have upon improving outcomes. While the World Bank understands the importance of gender and how the activity could improve the gender performance of the Indian WSS sector the PDD and the DSID do not provide sufficient detail on: gender issues, how these will be addressed through implementation, and how gender issues will be monitored and evaluated.</p> <p>In a similar manner to the issues surrounding gender, there was an agreement at the meeting that disability has not been sufficiently considered in the activity design. Persons with disabilities are likely to have greater needs than the wider population and will likely face greater barriers.</p> <p>The reference to the importance of 'least cost solutions' in the development of WSS infrastructure was discussed. Specifically, it was noted that least cost solutions should not be desired at the expense of accessibility for all, including minority groups such as people with disabilities.</p> | 4<br>(revised from 3-4) | <ul style="list-style-type: none"> <li>An analysis of the gender issues is necessary in the activity design. This analysis will have a knock-on effect to other areas of the activity (WB PDD);</li> <li>At inception, one of the first actions should be to establish a 'Gender and Social Inclusion Action Plan' for the activity. Project funds could be used for this purpose, and the AusAID Gender Policy Unit are keen to assist in the efforts to draft the Plan. <ul style="list-style-type: none"> <li>The Plan's focus on 'social inclusion' would allow the activity to respond to issues associated with disability (raised at the meeting by James) and the serious issues of ethnicity and caste present in India society.</li> </ul> </li> <li>WB PDD to include analysis of how persons with disabilities face significant and specific challenges regarding Water and Sanitation in India.</li> <li>Inclusion of disability and access to Water and Sanitation for persons with disabilities should be explicitly included in the M&amp;E framework.</li> </ul> |

**\* Definitions of the Rating Scale:**

| <b>Satisfactory (4, 5 and 6)</b> |   | <b>Less than satisfactory (1, 2 and 3)</b> |  |
|----------------------------------|---|--|--|
| 6                                | Very high quality; needs ongoing management & monitoring only | 3  | Less than adequate quality; needs to be improved in core areas |
| 5                                | Good quality; needs minor work to improve in some areas       | 2  | Poor quality; needs major work to improve                      |
| 4                                | Adequate quality; needs some work to improve                  | 1  | Very poor quality; needs major overhaul                        |

| <b>E: Next Steps</b>   |  |                 |
|--|--|-----------------|
| Provide information on all steps required to finalise the design based on <i>Required Actions</i> in "C" above, and additional actions identified in the peer review meeting | Who is responsible                     | Date to be done |
| 1. Ensure minutes, and action points, from the this QAE Peer Review Meeting are circulated to all meeting participants.  | Benjamin Hirons                        | 4 April, 2011   |
| 2. Revise the PDD to ensure that the action points from the meeting are incorporated.  | William Kingdom and Tara Sharafudeen   | 11 April, 2011  |
| 3. Revise the DSID to ensure that the action points from the meeting are incorporated.   | Russell Rollanson and Gopal Menon      | 11 April, 2011  |
| 4. Review the revised PDD and DSID to ensure they meet minimum AusAID standards and the action points as outlined in the meeting minutes.                                    | Sue-Ellen O'Farrell and Darryl Jackson | 14 April, 2011  |

| <b>F: Other comments or issues</b>   |
|--|
| Following the QAE Peer Review meeting on 31 March 2011, the DSID and PDD were revised in accordance with the actions agreed at the meeting and in the meeting minutes. The revised DSID and PDD were then re-evaluated by Darryl Jackson (DJ) and Sue-Ellen O'Farrell (SEO) (Anne Joselin was unavailable) against the AusAID QAE quality criteria. Both reviewers |

**F: Other comments or issues**

agreed the revisions were satisfactory for them to support the program. A summary of the significant revisions and reviewers comments is provided below (DJ and SEO's revised comments are also attached for reference).

- **Relevance**
  - DJ and SEO agreed there was now clarity surrounding the budget and duration of the activity.
  - A stronger MDG linkage was made, although the poverty implications still are not perfectly clear.
  - Further information has been provided on how the activity aligns with GoI of WSS and decentralisations.
  - There is a better explanation of synergise between the activity, the WSP, SAWI and other relevant activities in the WSS sector.
- **Analysis and Learning**
  - There is clear description and summary of how 'the time is ripe' for the reforms the activity plans to encourage and support.
  - DJ suggested there was a good overview of the way in which the lessons learnt has influenced the design.
  - DJ also acknowledged that the PDD highlight some key potential losers and the communication strategies that will help in addressing these issues.
- **Effectiveness**
  - SEO suggested that the link between identified needs, proposed actions and desired objectives was better and clearer, but it is still a little underdone. DJ suggested that the PDD gives a good overview of the activities and logic, however the activities leading to objective 2 (to improve the designs and implementation of subsequent WB financed projects to implement the reforms) could be stronger.
  - DJ highlighted that the risk management Annex addresses the key issues with sensible and practical mitigation steps.
- **Efficiency**
  - DJ suggested that AusAID separately review the adequacy of the explanation of why the SAR IFGI Trust Fund could not be used to support the activity with its own expertise. The revised PDD and DSIS provide and explanation of this reasoning.
- **Monitoring and Evaluation**
  - SEO suggested that the M&E Annex looks better, but the indicators are still very quantitative and there is still a minimum focus on quality of these outputs.
  - DJ suggested that it would be useful to consider tracking the risks (esp. mobility of champions) and reporting on this. Further there should be consideration to incorporating feedback from participants of trainings into monitoring indicators, which this may provide some qualitative data and help on checking on relevance, and to incorporating implementation reviews.
  - The M&E will be revised and strengthened at the inception phase of the activity.
- **Sustainability**
  - DJ suggested that this had been adequately covered.
- **Gender equity**
  - SEO and DJ approved of the changed made relating to gender and believed they addressed the required action points in the QAE minutes.
  - The World Bank has been informed that AusAID believes that gender should be explicitly included in the M&E framework at inception. Further, AusAID believes one of the first actions of the activity should be to establish a 'Gender and Social Inclusion Action Plan'.

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

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

- ☒ **QAE REPORT IS APPROVED**, and authorization given to proceed to:
- ☒ **FINALISE** the design incorporating actions above, and proceed to implementation
- or: ☐ **REDESIGN** and resubmit for appraisal peer review

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

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\_\_\_\_\_

Sun-Hee Lee, Chairperson  
and A/g ADG, North and  
South Asia Branch

Signed:



19/4/2011

