

REVIEW OF THE ASIA DEVELOPMENT ASSISTANCE FACILITY – PARTNERSHIPS FOR SUSTAINABLE DEVELOPMENT

Commissioned by The New Zealand Agency for
International Development
Nga Hoe Tuputupu-mai-tawhiti

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EXECUTIVE SUMMARY

Background, methods and review overview

The Asia Development Assistance Facility – Partnerships for Sustainable Development (ADAF-PSD) is a \$3m/year programme of the New Zealand Agency for International Development (NZAID¹) focused on development assistance in Asia. Each project within the programme has a maximum funding limit of \$600,000 and can last up to 4 years. The projects are undertaken by NZ-based grantees who work with their in-country partners in Asia. The ADAF programme started in 1993 and the revised ADAF-PSD programme began in 2005.

This review of ADAF-PSD was commissioned by NZAID and undertaken by a consultant. NZAID staff assisted the consultant throughout the review. Ten ADAF-PSD projects were analysed for this review, consisting of 4 completed projects in Cambodia and Vietnam, and 6 on-going projects in Cambodia, Laos, Nepal, China, Indonesia and Timor Leste.

The review assessed the relevance, effectiveness, efficiency and sustainability of the ADAF-PSD programme, identified lessons and made recommendations for the future. The audience for this review is NZAID, Ministry of Foreign Affairs and Trade (MFAT), the current ADAF-PSD grantees and their in-country partners, former ADAF grantees and their in-country partners, and other stakeholders.

The review consisted of 6 stages: (a) preparation of the review plan, (b) interviews of key stakeholders in NZ (selected NZAID and MFAT staff, and grantee staff for all 10 ADAF-PSD projects), (c) review of NZAID and grantee-produced documents, (d) information gathering from NZAID managers and staff at the relevant posts, (e) fieldwork in Cambodia and Vietnam of 5 projects which included interviews of in-country partners and target beneficiaries, and (f) analysis of results and report writing.

Review findings

Objective 1 Extent of ADAF-PSD's relevance

The review found the ADAF-PSD programme to be highly relevant and strongly aligned with NZAID's mandate and policy settings. The programme is consistent with NZAID's mission statement of supporting sustainable development in developing countries in order to reduce poverty and contribute to a more secure, equitable, and prosperous world. Special features that make the programme valuable are in: (a) sourcing expertise from the NZ private sector, Crown research institutes, Government departments and universities to deliver aid to the 16 target countries in Asia, (b) filling a niche in NZAID's portfolio of aid modalities, (c) implementing innovative and flexible project designs, (d) adding value to NZAID's *Asia Strategy*, and (e) generating potential commercial opportunities for NZ firms.

Second, the review found the ADAF-PSD guidelines, which are used by grantees to develop and implement projects, to be comprehensive and strongly aligned with NZAID's priorities for development aid. The guidelines explain the poverty alleviation focus of NZAID's objectives in Asia and outline the themes of livelihood improvement and increased self-reliance. The guidelines are valuable in assisting NZ grantees produce appropriate project design and for engaging with in-country partners.

¹ NZAID is the New Zealand Government's international aid and development programme within the Ministry of Foreign Affairs and Trade.

Because of the very diverse nature of the projects undertaken by the programme, such as building roads, improving traffic safety for students, assisting land administration, and increasing farm incomes, the guidelines are generic with poverty alleviation as the central goal.

Third, the review found NZAID has high quality systems and processes in place to oversee efficient management of the ADAF-PSD programme and to support the implementation of projects by the grantees. The nature and level of management is consistent with the high standard required for the expenditure of public funds and for the high degree of monitoring, accountability and reporting needed to see that the programme operates efficiently.

Fourth, the review found the ADAF-PSD programme to be strongly aligned with NZAID's strategic objectives in Asia and with the *Asia Strategy*. The programme complements the key themes of the *Asia Strategy* such as supporting sustainable rural livelihoods and increasing self-reliance. All key stakeholders confirmed that the programme is very important for engaging with Asian countries and in serving the wider interests of NZAID and NZ.

The conclusion for Objective 1 is that the ADAF-PSD programme is highly relevant and is strongly aligned with NZAID's mandate, policy priorities and strategic objectives in Asia.

Objective 2 Extent of ADAF-PSD's effectiveness

The review found some project outcomes make an important contribution to the elimination of poverty in Asia in a way that supports the achievement of the Millennium Development Goals (MDG). Key achievements in several projects have been in poverty reduction, improving the environment, improving women's welfare, supporting children's education, reducing child and adult mortality, and building global partnerships for development.

Second, the review found that several projects have made a significant contribution to the creation of enabling social and economic environments for development to occur in some of the most poverty-stricken and depressed areas of Asia. The contributions have been through increased income generation of poor farmers in Nepal, China, and Laos, improved roads and increased traffic safety education for students in Cambodia, an improved tsunami early warning system and improved land administration services in Vietnam, improved eye health services in Timor Leste, support to de-mining of mine contaminated rural land in Cambodia, and demonstration of household biogas technology in Indonesia.

Third, the review found successful project outcomes can have secondary benefits for NZ companies and institutions to win potential commercial contracts through having demonstrated world-best technologies to in-country partners in key Ministries in Asia. The key to commercial success is to build trust, reliability and a brand name. In addition the review found strong professional and collegiate bonds have developed between grantees' staff and in-country partner staff in several institutions.

Fourth, the review found the extent to which NZAID's gender mainstreaming and equity themes are integrated into partner countries' development programmes is low because few opportunities exist for their integration, and because it is difficult to incorporate these themes through the ADAF-PSD programme. In addition there were few opportunities to incorporate environmental improvement, and no opportunities existed to integrate the other cross-cutting themes of human rights, conflict prevention and peace building, and HIV/AIDS.

The conclusion for Objective 2 is that the effectiveness of the ADAF-PSD programme is high in the areas of eliminating poverty and promoting self-reliance and economic growth, moderate in benefiting NZ companies and institutions, and low in the integration of NZAID's gender equity and environment themes.

Objective 3 Extent of ADAF-PSD's efficiency

The review found the ADAF-PSD programme to be generally cost-effective. Since ADAF-PSD began, NZAID has become relatively cost-efficient in managing the programme compared to previous ADAF programmes. Many of the efficiency gains are attributable to the clear, unambiguous and practical ADAF-PSD guidelines. In terms of value for money several NZAID staff believed that ADAF-PSD projects were as efficient as bilateral programmes. An analysis of the value of outcomes in components of 5 projects in Cambodia, Nepal and Laos showed that the successful outcomes are likely to make a substantial impact on the lives of target beneficiaries.

Second, the review found the ADAF-PSD programme serves NZAID's, NZ's, in-country partners' and other stakeholder interests to a high level. The ADAF-PSD projects, in a small but significant way, help NZAID deliver sharply focused and moderately good quality aid to Asian countries. The projects advance NZ's strategic and political interests in Asia and also create opportunities for high level policy dialogue between NZ and partner countries. The response to NZ aid was strongly positive as indicated by field interviews of several groups of target beneficiaries in Cambodia and Vietnam.

The conclusion for Objective 3 is that the ADAF-PSD programme is moderately cost-efficient and strong in serving NZAID's, NZ's, in-country partners' and other stakeholder interests.

Objective 4 Extent of sustainability of ADAF-PSD projects

The review found the extent to which the concept of sustainability is understood by the grantees in implementing their projects is generally low to moderate. Some of the problems included grantees not fully understanding the concept or applying its key principles in the implementation of their projects. Few grantees appreciated the importance of Operations & Maintenance (O&M) budgets and Recurrent Cost Financing (RCF) on project sustainability.

Second, the review found the extent to which the outcomes of projects are sustainable or likely to be sustainable for the target beneficiaries to be generally low to moderate. This low level of sustainability in ADAF-PSD projects is considered symptomatic of weakness in preparing appropriate designs to counteract perceived sustainability constraints and in some cases inappropriate selection of projects.

The review found that apart from poor sustainability expectations in some projects, the outcomes of most projects were highly successful. For example in Cambodia, the knowledge gained by the target beneficiaries, such as traffic safety education of school students or the principles in building a high quality rural road, are likely to endure long-term and create some development impact. The review has recommended how sustainability could be improved in future.

Third, the review found the extent to which networks/linkages between NZ and in-country stakeholders are being developed and maintained is high. Most grantees stated they had developed good working relationships with their in-country stakeholders. In some cases strong collegiate bonds between the grantee and in-

country partner staff, and scientific links between NZ and in-country partner institutions have developed and are likely to continue well after project completion.

The conclusion for Objective 4 is that the ADAF-PSD programme is weak in achieving sustainability and strong in developing and maintaining networks/linkages.

Objective 5 Lessons learnt

A number of lessons emerged from the review that need consideration by NZAID in improving the performance of the ADAF-PSD programme and for use in other country programmes where they may be generically applicable.

NZAID needs to communicate the lessons of experience in ADAF-PSD projects to potential grantees. NZAID does not communicate well with the grantees about the lessons of experience in ADAF-PSD project design and implementation. In the next round of ADAF-PSD projects, grantees preparing Detailed Project Proposal (DPP) should have the following lessons made available to them.

Appropriate choice of in-country partner. The grantees must identify the right in-country partner to work with. The in-country partner must have a mandate similar to that of the proposed project objectives, must be a credible agency or institution, and must have appropriate resources to sustain the aid activities.

Strengthen ties between ADAF-PSD and country bilateral programme. ADAF-PSD has synergies with some country bilateral programmes and regional and sectoral programmes that could be optimised in future projects.

Keep designs simple with clear objectives. Project designs must be clear to all key stakeholders and have objectives achievable during the life of the project. The target beneficiaries should be clearly identified. There must be a strong and identifiable link between the project objectives and expected poverty impact on the target beneficiaries. Weak designs lead to weak projects.

ADAF-PSD is the only form of aid modality that provides an opportunity for innovative designs to be developed by the implementer of a project. The uniqueness of ADAF-PSD is that it allows grantees to practise innovation in design. Such innovation within ADAF-PSD should be recognised as an important agency resource management support.

Bigger, deeper, fewer, longer aid interventions are not necessarily the better form of development assistance in all circumstances. Bigger and longer projects squeeze out smaller projects targeted at the "grassroots" level. For some situations, such as when dealing directly with abject poverty in Asia, this often requires a bottom-up approach targeting poor households, villages and communities directly.

Put project resources into estimating efficiency of projects. Wherever possible undertake cost-benefit analysis of projects, or even some components of projects, where the data are robust. NZAID needs to know the extent of efficiency or value for money being obtained in its aid interventions.

Understand the importance of sustainability in aid interventions and focus on sustainability throughout the project cycle. The understanding and practice of sustainability by current and future grantees needs to be improved significantly. Sustainability and development impact are interwoven. Sustainability is a key attribute of high quality aid.

Strong Monitoring & Evaluation (M&E) throughout the project cycle will increase the chances of project success. M&E should be built into the project design and there needs to be a clear and identifiable link between the M&E plan and the logframe.

Good logframes are a powerful tool for assisting M&E. Generally the larger companies and institutions with strong development assistance experience produced good quality logframes. Smaller, first time grantees generally produced convoluted logframes with weak indicators, targets and means of verification, and had problems handling assumptions and risks.

Integrating NZAID's mainstreaming and cross-cutting themes. Integrating gender equity into ADAF-PSD projects needs improvement. This could be done by strengthening the guidelines and linking these directly to: (a) NZAID Mainstreaming Gender Equality and Women's Empowerment Action Plan 2007-12, and (b) Screening Guide for Mainstreamed and Other Cross-Cutting Issues in NZAID Programmes and Activities. Environment improvement should also be integrated into ADAF-PSD projects wherever possible with climate change becoming an emerging issue for aid donors. Greater efforts are required in integrating the other cross-cutting themes of human rights, conflict prevention and peace building, and HIV/AIDS.

Rural development projects can have a direct and far-reaching impact on improving the welfare of women. The Nepal project has demonstrated that well-designed rural development projects can have a major impact on gender equity. The impact has been at the household and village level.

There needs to be greater efforts in dissemination and replication of proven technologies. Greater efforts are required in the dissemination and replication of proven technologies in rural development projects targeting crop, fodder or animal production. Replication works well if the farmers are convinced that the demonstrated technology is simple, beneficial and adaptable to their farms.

Recurrent cost financing and maintenance of assets. Asset maintenance is of critical importance in aid interventions in Asia where Governments have difficulty providing O&M budgets and RCF. Maintenance must be ongoing and preventative; without it the development impact of aid interventions is severely restricted.

Good internal quality assurance of the progress of a project leads to good reporting. Grantees need to do internal quality assurance of their reports prior to submitting them to NZAID. Two grantees stated that they have an internal quality assurance mechanism and use this consistently for reviewing draft reports.

Networks/linkages between in-country stakeholders and NZ are strongly developed in ADAF-PSD projects. ADAF-PSD project characteristics promote strong interaction between professional staff of the in-country partner and that of the NZ institution. Such networks/linkages are important for building trust, collegiate bonds and long-term professional and scientific cooperation.

Objective 6 Recommendations

Based on the review a number of recommendations are made that would enhance the value of the ADAF-PSD programme within NZAID.

Recommendation 1. NZAID should continue with the ADAF-PSD programme as an aid modality.

Recommendation 2. NZAID should make some changes to the ADAF-PSD guidelines for future rounds, including incorporating a standalone module on sustainability.

Recommendation 3. NZAID should use more expert and independent reviewers to assist in the selection of ADAF-PSD proposals, and to provide expert comment on the project progress reports throughout the life of the project.

Recommendation 4. NZAID should be more rigorous and comprehensive in its assessment of the likely sustainability of project proposals.

Recommendation 5. NZAID should focus more on gender mainstreaming and equity outcomes in ADAF-PSD projects.

Recommendation 6. NZAID should strengthen its assessment of the M&E reports produced by grantees during the life of the project.

Recommendation 7. NZAID should undertake rigorous assessment of the Project Completion Report (PCR) focusing on relevance, effectiveness, efficiency, sustainability and lessons learnt.

Recommendation 8. NZAID should incorporate an annual workshop of the grantees in Wellington with participation by selected NZAID staff.

Recommendation 9. NZAID should undertake ex-post evaluations of selected ADAF-PSD projects.

Recommendation 10. NZAID should undertake regular project monitoring visits of ADAF-PSD projects.

Recommendation 11. NZAID should use successful project outcomes of ADAF-PSD projects to co-join with existing projects or complement new bilateral projects.

Recommendation 12. NZAID should recognise the importance of RCF and the need to maintain critical assets funded through the ADAF-PSD programme to the extent of making this issue an important part of all future DPP.

Recommendation 13. NZAID should summarise the lessons learnt from the ADAF-PSD projects for application in future proposals.

The overall conclusion of the review is that the ADAF-PSD programme is highly relevant, moderately to highly effective, moderately cost-efficient but poor in achieving sustainability. NZAID needs to concentrate on improving sustainability in future projects through focusing on the lessons learnt and adopting the recommendations outlined in this report.

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Acronyms

ADAF-PSD	Asia Development Assistance Facility – Partnerships for Sustainable Development
ADB	Asian Development Bank
AusAID	Australian Agency for International Development
AR	Annual Report
CMAC	Cambodian Mine Action Centre
DAC	Development Assistance Committee (of OECD)
DLS	Department of Livestock Services (Nepal)
DPM	Development Programme Manager
DPO	Development Programme Officer
DPP	Detailed Project Proposal
EOI	Expression of Interest
ERC	Evaluation and Research Committee (of NZAID)
FAO	Food and Agriculture Organisation (of UNDP)
GDLA	General Department of Land Administration (Vietnam)
GNS	Geological and Nuclear Sciences
HDNRE	Hanoi Department of Natural Resources and Environment (Vietnam)
HIB	Handicap International Belgium
IGP	Institute of Geophysics (Vietnam)
IR	Inception Report
LURC	Land Use Right Certificate (Vietnam)
MAG	Mines Advisory Group
MDG	Millennium Development Goals
M&E	Monitoring and Evaluation
MFAT	Ministry of Foreign Affairs and Trade
MOEYS	Ministry of Education, Youth and Sport (Cambodia)
MONRE	Ministry of Natural Resources and Environment (Vietnam)
MRD	Ministry of Rural Development (Cambodia)
NARC	National Agricultural Research Council (Nepal)
NGO	Non-Government Organisation
NZ	New Zealand
NZAID	New Zealand Agency for International Development
NZD	New Zealand Dollar
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
O&M	Operations and Maintenance
PCR	Project Completion Report
PDP	Project Design Plan
PDR	Project Design Report
PDRD	Provincial Department of Rural Development (Cambodia)
RMR	Project Monitoring Report
PPR	Project Progress Report
RCE	Recurrent Cost Financing
RP	Review Plan
SAEG	Strategy, Advisory and Evaluation Group (of NZAID)
SED	Sustainable Economic Development (of NZAID)
TL	Team Leader
TOR	Terms of Reference
UN	United Nations
UNDP	United Nations Development Programme
WB	World Bank

Currency

All values are in NZD unless otherwise stated

1. BACKGROUND, RATIONALE, OBJECTIVES

1.1 Background to the Review

1. The Asia Development Assistance Facility - Partnerships for Sustainable Development is a redesigned aid facility beginning in 2005. ADAF had several predecessors; it was first established in 1993. Since then ADAF has undergone several reviews, the last in 2004.

2. NZAID's purposes for this review are: (a) to determine whether ADAF-PSD is an appropriate modality to deliver aid, and (b) to determine whether ADAF-PSD is effectively and efficiently addressing development needs and producing desired outcomes. The Terms of Reference (TOR) for the review are in Appendix 1.

3. The review was timed to inform the *Asia Strategy* review and guide decision-making on ADAF-PSD's future. The review was also timely given NZAID's new mandate and policy settings following the election of the current Government. The review was undertaken between August and December 2009.

4. The results of the review will be reported to NZAID's Evaluation and Research Committee (ERC) and, if appropriate, made publicly available. Decisions on the future of ADAF-PSD will be communicated where possible to current and former grantees and on the NZAID website.

1.2 Main Users of the Review Report

5. The main users of this review will be NZAID, MFAT, the current ADAF-PSD grantees and their in-country partners, former ADAF grantees and their in-country partners, and other stakeholders.

1.3 Review Objectives

6. There are 6 high-level objectives/questions to be answered by this review. These are (including a subset of specific questions):

(1) What is the extent of ADAF-PSD's **relevance** as a modality for delivering Official Development Assistance (ODA)?

- (a) Does ADAF-PSD reflect NZAID's policy priorities?
- (b) Does ADAF-PSD align with NZAID's strategic objectives in Asia?

(2) What is the extent of ADAF-PSD's **effectiveness** as a modality for delivering ODA?

- (a) To what extent is ADAF-PSD leading to outcomes that are consistent with its goal of "contributing to the elimination of poverty in Asia in a way that supports achievement of the MDG"?
- (b) Which groups are benefiting and to what extent?
- (c) To what extent is ADAF-PSD meeting its objectives of "contributing to a reduction in poverty through projects between NZ organisations and their partners in Asia that:
 - (i) respond to development priorities,
 - (ii) build capability and self-reliance, and
 - (iii) enhance the impact of in-country strategic initiatives in targeted countries."?
- (d) To what extent is ADAF-PSD operating in accordance with its stated principles as set out on page C3 of the ADAF-PSD guidelines?

- (e) To what extent are NZAID's cross-cutting and mainstreamed issues:
- (i) integrated into all aspects of ADAF-PSD, and
 - (ii) contributed to by ADAF-PSD?
- (f) To what extent is ADAF-PSD resulting in unintended positive or negative outcomes for the intended beneficiaries?

(3) What is the extent of the **efficiency** of ADAF-PSD as a modality for delivering ODA?

(a) To what extent is ADAF-PSD a cost-effective means of delivering ODA that is achieving value for money in both a financial and a societal sense?

(b) To what extent are ADAF-PSD's application, selection, management, and monitoring processes serving the needs of NZAID, NZ, in-country partners and other stakeholders?

(4) What is the extent of the **sustainability** of ADAF-PSD project outcomes?

(a) To what extent are the outcomes of ADAF-PSD projects being, or likely to be, sustained?

(b) To what extent are networks and linkages between NZ and in-country stakeholders being developed, maintained, or built upon?

(5) What **lessons** can be learnt to date?

(6) What **recommendations** can be made?

1.4 Projects Reviewed

7. Annex 3 of the TOR (Appendix 1) shows the details of the 10 projects assessed in this review. Two projects (Cambodia – Local Resources for Local Roads, and Cambodia – Traffic Safety Training in Schools) were completed in 2008. Two projects (Vietnam – Tsunami Risk and Hazard Assessment, and Vietnam – Capacity Building for Land Administration Programme) were completed in 2009. The other 6 projects are on-going with 4 projects (Eye Health for Timor Leste, Laos – Developing New Opportunities for Coffee Farmers, Cambodia – Training and Quality Management at the Mine Action Centre, and China – Livestock Improvement in the Karst Mountain Communities, Guizhou) due for completion in 2010, and 2 projects (Nepal – Developing Sustainable Cereal and Legume Fodder Systems, and Indonesia – Bio-gas for Sustainable Rural Livelihoods) due for completion in 2011.

8. The TOR states that, "in setting out the purposes of the review, it is recognised that most ADAF-PSD projects are either ongoing or very recently completed, hence the review will need to proceed on the basis that it is a work in progress".

1.5 Review Approach and Methods

9. A Review Plan (RP, Appendix 2) was developed outlining: (a) the objectives of the review, (b) the risks, constraints and the approach to handling the quality of information, (c) the consideration of a template for assessing evidence for the review, (d) the approach to verification and cross-checking of the data, (e) the high-level objectives/questions, the information needs, the information sources and the Reviewer's analytical approach and methods (Table 1, Appendix 2), (f) the approach and method to information gathering, (g) the implementation process for data

gathering, (h) the focus on the robustness of evidence in the report Findings, (i) the review report outline, and (j) the timeline.

10. The central generic problem for this review (as for other reviews and evaluations in NZAID) was considered to be in the quality of information, in particular the robustness of information. To overcome this risk the RP concentrated on ways to minimise and mitigate the information source risks and quality of data risks. These approaches and methods are described below.

11. To mitigate against sourcing data from one source and to enable cross-checking (triangulation) of information, the data was collected from multiple sources: documentary, interview and fieldwork. No one source was considered enough or adequate to answer all the review questions to a high-level of accuracy validity and reliability.

12. Information was collected from 4 groups of respondents: NZAID, grantees, in-country partners and the target beneficiaries (for the 5 projects for which fieldwork was undertaken). With NZAID, grantees and in-country partners, information was gathered from their documents and through interviews of their staff. The main documentary sources were NZAID documents, reports and files, and grantee-produced documents and their file information. The list of people and organisations consulted for the review are in Appendix 3. The list of reports and documents reviewed are in Appendix 4.

13. To give a greater rigour and clarity to the assessment of relevance, effectiveness, efficiency and sustainability, specific questions based around the Development Assistance Committee of the Organisation for Economic Cooperation and Development (DAC/OECD) criteria were used to assess documents or conduct interviews with the stakeholders. These and other key terms used in this review are defined in Appendix 5.

14. Interview information was collected through key stakeholder face-to-face interviews with NZAID Wellington staff, grantee staff, in-country partner staff and selected target beneficiaries. For the first 3 groups the interview questions were sent to the target interviewees several days or in some cases up to 2 months before the interview. This was to enable the interviewees time to prepare for the interview and have ready both qualitative and quantitative data.

15. Within NZAID interviews were conducted with those staff who had a reasonable involvement in and knowledge of the ADAF-PSD programme. With grantees, interviews were conducted with project managers/directors or their nominees in all the 10 ADAF-PSD projects assessed for this review. Grantee interviews were conducted at their grantee headquarters in NZ to enable a strong and collegiate interaction during the interview process and to facilitate gathering of information from their project files.

16. Information from in-country partners was obtained through fieldwork. Information from the selected target beneficiaries was collected during the fieldwork. NZAID managers and staff based at all the relevant posts in Asia were invited to make submissions based on the RP questions. The Hanoi, Jakarta and Dili posts provided written comments.

17. Throughout the review process attempts were made to: (a) develop a partnership with the respondents, (b) create participation in the data collection and review process, (c) build evaluative capacity of the interviewees, and (d) ensure

transparency and independence thereby reducing any potential adverse problems with the Findings. Experience has shown good aid reviews that help improve the quality of aid programmes almost invariably involve the full participation of all key stakeholders.

18. Verification and cross-checking of data was carried out throughout the review process, with fieldwork carried out in 5 of the 10 projects reviewed. The fieldwork included all 4 completed projects (2 in Cambodia and 2 in Vietnam).

19. Fieldwork was found to be essential for the triangulation of information gathered from project documents (which are all produced by the grantees) and grantee interviews. It was considered highly risky for accuracy, validity and reliability if the grantee-sourced information was relied on totally without cross-checks in the field. Fieldwork also enabled the Reviewer to interact with the in-country partners and the selected target beneficiaries in many useful and productive ways which would not have been possible if the review was entirely desk-based.

20. During the review process an assessment of the data and some interview responses were made on a 3 point scale of low, moderate and high validity/reliability/usefulness. This scale also enabled the Reviewer to test and verify the validity, reliability, accuracy, completeness and usefulness of the information for the review and in writing the Findings.

21. The TOR require a measure or an estimation of the extent to which ADAF-PSD, as a modality for delivering ODA, is relevant, effective and efficient, and the likelihood of its outcomes being sustainable. The term "to what extent" in the TOR requires a value judgement to be made i.e. some quantification of the degree of relevance, effectiveness, efficiency and the likely sustainability of outcomes. Appendix 6 describes an assessment rating scale that was developed to make a quantitative judgement about "the extent to which" ADAF-PSD is relevant, effective and efficient, and the likelihood of its outcomes being sustainable. The ratings are used in the Findings.

22. NZAID arranged that the Development Programme Officer (DPO) for ADAF-PSD accompany the Reviewer for all grantee interviews as well as for the fieldwork. This provided a unique opportunity for NZAID's programme staff in capacity building and gaining experience in conducting such reviews in the field. The Reviewer believes there was no perceived or actual conflict of interest during the review with the DPO being present during the interviews with the grantees or in accompanying the Reviewer during the fieldwork. For grantee interview question (p) in section 6.2 of the RP (Appendix 2) the DPO offered to leave the interview room each time. Almost always (8 of 10 interviews) the grantee interviewees did not want this but instead encouraged her to stay as they felt they could answer the questions freely and openly.

23. The reports and documents reviewed were provided by NZAID staff during the period of research/information mapping exercise in Wellington (24-26 August) and during the period of desk study in Wellington (10-28 September). All NZAID and grantee interviews were conducted during the desk study. Throughout the review period and at all other times the NZAID staff were extremely motivated and helpful, and gave full support and total commitment to the review.

1.5 Robustness of Evidence and Quality of Information

24. As outlined in the RP (Appendix 2) robustness of evidence was considered critical for the acceptance of the information for analysis and writing the Findings. Therefore at the beginning of each main section in the Findings there is a brief presentation on: (a) the key focus of the analysis, (b) who provided the information or where it was sourced from to answer the high-level objective/question, and (c) the Reviewer's view about the importance of the source and its relative weighting from which the conclusion is drawn.

25. Generally the evidence from NZAID's published documentary sources on key policies, guidelines and reports can reasonably be expected to be of high quality because of the agency's inbuilt checks and balances in their preparation or development.

26. The grantee-produced documents were of variable quality, in particular the 4 PCR assessed for this review. Only 2 PCR could be regarded as of acceptable quality; one should have been returned to the grantee for complete re-writing. Other grantee-produced documents such as Annual Report (AR), Project Progress Report (PPR) and Project Monitoring Report (PMR) were also of variable quality. Logframes ranged from good quality to weak. The nature and the extent of M&E undertaken by the grantees was generally average to weak. In some cases there were no M&E links with the logframes.

27. Information sourced from the interviews of grantees was of variable quality, completeness and usefulness requiring careful cross-checks in the field. This was possible in the case of the 5 projects for which fieldwork was undertaken. Cross-checks were made with the in-country partners and the target beneficiaries.

28. Field observation of the extent and usefulness of project outcomes was also useful in determining the likely extent of the flow of benefits to the target beneficiaries. Overall the fieldwork was found to be essential for making conclusive statements about ADAF-PSD's relevance, effectiveness, efficiency and likely sustainability.

1.7 Timetable

29. The timetable as proposed in the RP (Appendix 2) was followed.

2. ADAF-PSD DESCRIPTION

2.1 Goal and Objectives

30. ADAF-PSD is an aid modality for delivering non-bilateral ODA to targeted countries in Asia. It focuses on a concept of partnerships for sustainable development through local ownership and integration with regional processes. ADAF-PSD is targeted at the NZ private sector, Crown research institutes and universities and Government departments. NZAID recognises that the private sector, research institutes, universities and Government departments have the networks, knowledge and expertise to effectively undertake development assistance.

31. ADAF-PSD's goal is to contribute to the elimination of poverty in Asia in a way that supports the achievement of the MDG. The objectives of ADAF-PSD are to: (a) respond to development priorities, (b) build in-country partner capability and self-reliance, and (c) enhance the impact of in-country strategic initiatives in targeted countries (there are no specific thematic or sectoral foci).

2.2 Eligibility and Funding

32. ADAF-PSD guidelines are very detailed covering over 82 pages. Applicants are NZ-based and should have an established partnership with an organisation, such as a Non-Government Organisation (NGO) or a government department from any of the 16 eligible Asian countries.

33. NZAID manages an annual allocation of \$3m for ADAF-PSD. The maximum funding available for any single project is \$600,000 (excluding goods and services tax). The duration of each project is up to 4 years. Originally it was planned to have a new round each fiscal year but the number of projects approved in the 2006 application round precluded having any future rounds for some years.

2.3 NZAID's Approval Processes

34. NZAID seeks an Expression of Interest (EOI) from a NZ organisation for ADAF-PSD support. The EOI includes a completed application form, a concept note and a Project Design Plan (PDP). An NZAID panel appraises and shortlists the EOI. NZAID selects those EOI that are: (a) consistent with the goal, objective and eligibility requirements of ADAF-PSD, and (b) likely to satisfactorily meet ADAF-PSD criteria once a DPP is developed.

35. Applicants with selected EOI are then invited into a contractual agreement with NZAID to develop a DPP in association with their in-country partner and in line with an agreed PDP. NZAID may agree to support the development of the DPP to up to \$40,000 for a single project. The DPP must include: (a) a partner agreement and an official letter of endorsement, and (b) a Project Design Report (PDR). An NZAID panel then appraises the DPP and makes funding recommendation. The selected DPP proceeds to project implementation via a contractual agreement with NZAID. A selected number of worthy DPP not approved the first time are given another chance to revise and resubmit. They may be approved the second time or be rejected.

3. FINDINGS

3.1 Objective 1 – Extent of ADAF-PSD's relevance

36. In assessing the relevance of ADAF-PSD as an ODA delivery mechanism, the review has focused on NZAID's mandate, policies, guidelines, *Asia Strategy*, and senior staff interviews; on ADAF-PSD's management processes (management staff and consultant interviews, and file data); and on information from grantees, in-country partners, and target beneficiaries. NZAID sources are given greater weight because of the nature of the assessment.

3.1.1 Alignment with NZAID's mandate and policies

37. **Strength of alignment:** The review found the ADAF-PSD programme is strongly aligned with NZAID's mandate and policy settings.

38. The key document setting out *NZAID's Mandate and Policy Settings of 20 April 2009* has the mission statement as: "The mission for New Zealand's ODA programme is to: Support sustainable development in developing countries, in order to reduce poverty and contribute to a more secure, equitable, and prosperous world".

39. In delivering on that mission NZAID is expected to focus on 3 elements:

- “(a) Sustainable development – is about working with partner countries to help them meet communities’ social, economic and environmental needs today without compromising the ability of future generations to meet their own needs. It is about giving greater priority to development that has self-sustaining measurable benefits.
(b) Reducing poverty – this continues to be central to NZ’s ODA programme.
(c) Sustainable economic development – as a core focus recognising that reducing poverty is inherently linked to economic growth and trade and vice versa”.

40. The review found ADAF-PSD aligns strongly with the mission statement and its 3 elements. Sustainable development, reducing poverty and Sustainable Economic Development (SED) is central to ADAF-PSD. All 10 projects analysed have their high-order objectives as reducing poverty, promoting sustainable development or improving health.

41. In addition the current Government has placed greater emphasis on private sector in stimulating economic growth in partner countries. ADAF-PSD focuses on the NZ private sector (as well as on other groups) to assist in poverty reduction and the SED of partner countries in Asia. The key documents setting out NZAID’s policies and objectives in Asia are: (a) *NZAID’s Asia Strategy*, and (b) *NZAID’s Sustainable Economic Development Mission Statement*.

42. An NZAID official with expertise in policy coherence confirmed the very high degree of alignment between ADAF-PSD guidelines and the current NZAID mandate and policies. The official also confirmed that no major policy change occurred from the old mandate after April 2009 except that the new mandate had an additional emphasis on linking with the private sector. In ADAF-PSD guidelines the link with private sector was already established and therefore no adjustment to policy approach was required.

43. **Case for retention of ADAF-PSD:** The review found NZAID senior staff and a consultant, who had direct experience and knowledge of ADAF-PSD, considered the goals and objectives were being achieved at a very high level, and that the programme had unique and valuable characteristics that made its retention essential.

44. The strength of ADAF-PSD was in: (a) sourcing expertise from the NZ private sector, the Crown research institutes, Government departments and universities, (b) providing a form of aid that filled a niche in development assistance vis-à-vis other aid modalities, (c) nicely complementing the bilateral form of ODA to Asia, (d) adding value to the wider Asia engagement, (e) outcomes feeding into the *Asia Strategy*, (f) deriving secondary benefits such as potential downstream commercial opportunities for NZ firms, (g) implementing innovative designs compared with the more traditional aid designs, and (h) having the potential to engage at a high level on the emerging issues in Asia such as climate change (see Lessons).

45. The review tested the question of how the ADAF-PSD aid modality compares with other aid modalities in terms of the desired scope it brings to development assistance, and the nature and capacity of the partner in the aid relationship. NZAID has identified 10 broad aid modalities clustered according to whether they are high order, contestable or project modalities (*NZAID Guideline on Aid Modalities, 17 July 2008*). By NZAID’s classification ADAF-PSD is a contestable fund modality, like scholarships and training.

46. The review raised the following question with NZAID senior staff: Could an ADAF-PSD type of programme be managed by consultants, NGO, other Government departments or by other donors with funds pooled into a trust fund? All agreed that

the unique nature of ADAF-PSD, with its implementation by competitively selected NZ grantees and their appropriately selected in-country partners, leads to its high standard of public accountability, the depth of outreach to the poor in Asia, and the leverage it creates for NZ that other aid modalities may not focus on. The consensus was that ADAF-PSD, given its size and uniqueness, is a useful addition to the other 9 types of aid modality in NZAID.

47. NZAID senior and mid-level staff had strong views about ADAF-PSD's relevance and why it should be retained. One officer pointed out that although NZAID is moving towards bigger, deeper, fewer and longer projects this should not mean that the small ADAF-PSD programme should be abolished. This officer stated that "ADAF-PSD is one way to get a balance in the NZAID programme" and that "it allows getting into different areas which may not be reached by the bilateral ODA". Another officer on the same point added that the "big global agendas squeeze out smaller innovative and very pragmatic programmes". A third officer stated that by also having ADAF-PSD in NZAID's portfolio of aid modality it "helps to minimise risks by not having all your eggs in one basket". A fourth view was that "NZAID may have a tendency to think that NGO may be the bastion of development but we need others to deliver aid and ADAF-PSD fulfils this need in a very good way". A fifth view was that ADAF-PSD may be the only modality of a non-NGO nature that targets poverty so directly (see Lessons and Recommendations).

48. A consultant to the ADAF-PSD programme stated that ADAF-PSD "enables NZAID presence in Asia that it wouldn't otherwise have" and that "NZAID gets flexibility to undertake work that complements the country strategy and the *Asia Strategy*". A second point was ADAF-PSD has strong alignment with bilateral ODA poverty reduction theme in Asia, especially with the sustainable livelihoods theme. The consultant recommended NZAID hold an annual workshop of grantees to discuss the problems and lessons in undertaking ADAF-PSD projects (see Lessons and Recommendations).

49. One NZAID officer indicated ADAF-PSD is "tied-aid" and therefore could be abolished since NZAID is now a signatory to the declaration on untying aid. This officer, however, indicated the view was based on previous Government's mandate and that the current Government may wish to retain ADAF-PSD because it allows for engagement with the NZ private sector in the delivery of aid to Asia in a much more significant way.

50. Five senior NZAID interviewees had no problem with ADAF-PSD being perceived as "tied aid". Four interviewees suggested it was very likely that the current Government would want to continue with ADAF-PSD because of its direct link with the NZ private sector and because of the business opportunities it opens up with Asia.

51. **Assessment.** The review found there is a very strong degree of alignment between ADAF-PSD and NZAID's mandate and policy settings. Using the assessment rating scale 1-5 outlined in Appendix 6 (for this and for all other assessments that follow), the extent of that alignment is rated 5. This is the first element of testing for the extent of ADAF-PSD's relevance as a modality for delivering ODA.

3.1.2 Alignment with NZAID's ADAF-PSD guidelines

52. **Strength of alignment:** The review found the ADAF-PSD guidelines to be comprehensive and strongly aligned with NZAID's poverty reduction, sustainable livelihoods and other objectives in Asia.

53. The ADAF-PSD guidelines *NZAID - Asia Development Assistance Facility - Partnerships for Sustainable Development ADAF-PSD Guidelines, February 2006* are comprehensive covering over 82 pages clearly detailing NZAID's: (a) policy approach in Asia, (b) five year strategy, 2004/05-2009/2010, (c) engagement objectives with partner countries, (d) expectations about integrating NZAID's cross-cutting themes, (e) goal, objective and operating principles, (f) eligibility requirements, (g) criteria for selection of proposals, (h) funding available to grantees, (i) EOI and DPP processes, and (j) project-end requirements with a stakeholder assessment workshop and final report to NZAID.

54. The guidelines strongly reflect NZAID's policy priorities and overall objectives in Asia. There is a strong focus on poverty reduction and livelihoods improvement. ADAF-PSD projects are expected to directly alleviate poverty - whether it is people's income poverty, livelihood poverty or poverty of opportunity. The focus of projects' poverty reduction strategy is generally at the household or community level i.e. at "grassroots" level.

55. The selection criteria of ADAF-PSD project proposals have 4 questions (out of 12) that seek information on project's relevance - How will it reduce poverty? How does it fit in with the country's development priorities? How will it enhance capability? How will it impact on gender equity? Each question has a maximum score of 10 so relevance accounts for 33.3 per cent of approval weighting - a high weighting given that other important criteria for selection such as feasibility and management ability are also assessed.

56. The review found the expert panels' assessment notes on project proposals to be comprehensive with written comments provided prior to meeting to approve/reject EOI and DPP. The panel members are generally NZAID staff. In some cases consultants were engaged who provided very detailed and useful comments to judge relevance, feasibility and management ability (see Recommendations). In some cases, NZAID panel members should have provided more information about the justification for the scores. In one case (a current on-going project) the project DPP was approved with a total score of 70.5 from a maximum score of 120. This Reviewer considers this a relatively low score to gain project approval for aid funds that are competitively sought by a large number of applicants in NZ (see Lessons).

57. **Strength of guidelines:** The review found NZAID staff and grantees considered the current guidelines a major improvement on previous ADAF guidelines.

58. The review found the current guidelines encouraged innovative designs for a very diverse group of projects. This was recognised as important by 4 grantees. In addition, ADAF-PSD utilises only half as much staff and consultant input compared with the predecessor programmes, despite expending a similar amount of aid.

59. The ADAF-PSD management staff believed the new guidelines have a strong poverty reduction focus and a theme of empowering those in poverty to improve their livelihoods through increased self-reliance, a good correlation with the objectives of the *Asia Strategy*, a complementary focus with bilateral ODA to Asia although there are some exceptions, and a strong focus on integrating NZAID's mainstreaming and cross-cutting themes.

60. These mainstreaming and cross-cutting themes are gender equity and empowering women, improving environment, protecting human rights, conflict prevention and peace building, and reducing the incidence of HIV/AIDS in partner countries. It was recognised that NZAID needed to do more in integrating its mainstreaming and cross-cutting themes through ADAF-PSD projects (discussed further in section 3.2.5).

61. **Assessment.** The review found there is a very strong degree of alignment between ADAF-PSD guidelines and NZAID's policy priorities. The extent of that alignment is rated 5. This is the second element of testing for the extent of ADAF-PSD's relevance as a modality for delivering ODA.

3.1.3 Alignment with NZAID's management processes and requirements

62. **Strength of alignment and quality:** The review found the ADAF-PSD programme to be strongly aligned with NZAID's management processes and requirements, and that the quality of management is high.

63. Once a project is approved, the ADAF-PSD manager's role includes: (a) providing advice to the grantees on implementation guidelines, requirements and expectations, (b) resolving issues of project implementation and unforeseen changes in timelines, (c) commenting on various project reports such as Inception Report (IR), AR, PMR and PCR, (d) checking expenditures and initiating payment to grantees after various milestones are achieved, and (e) providing Team Leader (TL) Asia with updates on progress of ADAF-PSD projects. There is considerable evidence that the standard of NZAID's management of ADAF-PSD since 2006 has been very high.

64. The grantees' view of NZAID management is high. All mentioned the very high standard of management being practised by the current DPO ADAF-PSD. Grantees used phrases such as "excellent work being done by the manager", "excellent relationship and good support", "the relationship has been very effective", "good working relationship", "great relationship and good mutual respect with NZAID", etc. This indicates the strength of partnership ADAF-PSD management has built with grantees to achieve successful implementation.

65. **Quality of grantee processes:** The review found that generally the grantee processes met the requirements of ADAF-PSD guidelines but the quality of documents produced was variable.

66. The grantees had good understanding of the likely impact of project outcomes on poverty reduction, partner capacity building and training, and on livelihood improvement of target beneficiaries. The grantee-produced documents such as DRP, IR and AR were generally satisfactory and useful for NZAID's management and accountability purposes for the ADAF-PSD programme.

67. The standard of M&E undertaken by grantees in 50 per cent of cases was weak to moderate. Part of the problem (discussed fully in section 3.4.1) has been the generally weak link between M&E and logframe. In 20 per cent of cases the standard of logframe was considered weak.

68. The grantee interviews were valuable in eliciting evidence of the extent of alignment of ADAF-PSD management processes and requirements with NZAID's policy priorities. In all cases grantees of on-going projects were positive about their implementation obligations to NZAID. The grantees believed they had qualified staff

and appropriate systems and processes to support project implementation to a high standard.

69. **Assessment.** The degree of alignment between ADAF-PSD management processes and requirements with NZAID's policy priorities is rated 5. This is the third element of testing for the extent of ADAF-PSD's relevance as a modality for delivering ODA.

3.1.4 Alignment with NZAID's strategic objectives in Asia

70. **Strength of alignment:** The review found the ADAF-PSD programme is strongly aligned with NZAID's strategic objectives in Asia and with the *Asia Strategy*, especially with poverty alleviation, sustainable rural livelihoods and increased self-reliance themes.

71. The 2 main NZAID source documents used in the following analysis are the: (a) ADAF-PSD guidelines: *NZAID - Asia Development Assistance Facility – Partnerships for Sustainable Development ADAF-PSD Guidelines, February 2006*, and (b) *NZAID Asia Strategy, 2004*. Both documents focus on poverty alleviation and increased self-reliance in Asia. For example the goal of the *Asia Strategy* is "To pursue NZAID's mission of eliminating poverty in Asia, reflecting our values and commitment to achieving Millennium Development Goals". Both documents also have similar guiding principles with a focus on achieving sustainable development impact.

72. The focus of the *Asia Strategy* is on sustainable rural livelihoods. The key themes and sectors for intervention are rural development, education and health. The geographic focus is on 6 countries: Cambodia, Laos, Vietnam, Indonesia, Philippines and Timor Leste. Special attention is given to development of the Greater Mekong Subregion. Key target beneficiaries are expected to be women and children. There is also a strong focus on achieving gender mainstreaming and equity outcomes, and the integration of the other cross-cutting themes of environment improvement and human rights, conflict prevention and peace building, and HIV/AIDS prevention. The ADAF-PSD programme is strongly aligned with the above objectives and themes of the *Asia Strategy*.

73. The review found ADAF-PSD projects have to be well targeted to achieve successful results. A critical issue for NZAID in achieving its strategic objectives in Asia is to receive high quality EOI that focus on poverty reduction in a clear and achievable way. Later in the approval process NZAID expects to receive well-designed DPP with a clear outline of how the expected poverty alleviation will be achieved during implementation. The evidence is that both NZAID documents (*Guidelines* and *Asia Strategy*) fulfil their poverty themes and requirements for aid support to a very high extent and are critical thematic documents for achieving NZAID's strategic objectives in Asia (see Lessons).

74. The approval panels for EOI and DPP have NZAID's strategic objectives for Asia as part of their approval brief. For example the panels have to consider – What expertise would be developed? Who is expected to benefit? How would good partnerships be developed? How people-centred would the intervention be? These questions are all linked to long-term sustainable development in Asia.

75. **Poverty alleviation strength:** The review found NZAID staff were in unanimous agreement about the strength of ADAF-PSD in targeting poverty alleviation, livelihoods improvement and self-reliance in Asia.

76. All 16 NZAID staff who were interviewed for this aspect of relevance or who provided comments considered ADAF-PSD very valuable in engaging with Asia and in serving NZAID's and NZ's interests more widely. This is a powerful endorsement of ADAF-PSD's value and strong evidence of the extent of alignment of ADAF-PSD with NZAID's strategic objectives in Asia. Some staff noted about the Vietnam projects that: "Both projects reflect the NZAID policy priorities. They contributed to poverty elimination in Viet Nam through interventions that built capacity and changed the mindset of policy makers and researchers who participate in the decision making processes. The projects' thematic topics of natural disaster mitigation and land information/administration are in line with the Vietnamese government's strategy and policy" and "The projects were aligned with the NZAID strategic objectives in Asia".

78. Two NZAID staff considered ADAF-PSD does not align completely with the *Asia Strategy* which focuses on countries where NZAID has a bilateral programme. Certainly having the 2 programmes working conjointly in a country would be helpful from NZAID's resource management perspectives.

79. However this Reviewer believes that the ability of ADAF-PSD to reach out to the poor in 16 countries is better than restricting ADAF-PSD to only 6 countries in Asia. Poverty knows no international boundaries. It is better for NZ's strategic and political interests to be perceived by United Nations (UN) and other key international institutions to be engaging in poverty reduction widely in Asia. This gives NZ a better leveraging position in international forums to speak about global poverty reduction issues. It also sends a powerful statement of intent to the 10 non-*Asia Strategy* countries that, despite NZAID not having a bilateral programme with them, NZ is still very much concerned about their poverty alleviation needs and is willing to assist. Given NZAID's key mission statement is to reduce poverty it is likely that from NZ's public policy perspectives proceeding with the status quo i.e. ADAF-PSD targeting 16 countries in Asia rather than 6 only is likely to be the more acceptable position.

80. **Grantees' understanding of poverty issues:** The review found the grantees had a good understanding of poverty issues in Asia, and that the key focus of ADAF-PSD projects was on poverty alleviation, livelihoods improvement, increased self-reliance, capacity building, saving lives and improving health.

81. Most DPP (8 of 10) and PCR (3 of 4) had an acceptable coverage of the extent of poverty in the partner country and the extent to which it could be alleviated through the ADAF-PSD project. One PCR in particular links strongly the poverty alleviation needs of target beneficiaries with NZAID's strategic objectives in Asia. For example: "Poverty in the target area in the remote lowland rural areas in Banteay Meanchey Province epitomises the overall pattern of poverty in Cambodia. The incidence and depth of poverty, already relatively high in Cambodia, is increasingly a rural development problem" and "This completion report confirms how good roads, built to last and sustain their running surface will bring quick, and quite spectacular reduction in poverty along with increased access to markets and services".

82. This project prepared a comprehensive social, gender and poverty position paper (using baseline information collected by other donors such as the United Nations Development Programme, UNDP) early in project implementation (reported in the first PPR of 20 April, 2007) allowing constant reference to these baseline data from which progress could be measured. In stating that, "91% of people living below the poverty line are in rural Cambodia" the grantee undertook its own poverty incidence surveys (3) during project implementation to compare the impact of the

project on reducing poverty. This was a particularly credible way of estimating poverty reduction through the project.

83. In another on-going project in Cambodia the grantee established a strong, clear and verifiable link between clearing mines and: (a) saving lives so that people could go on to have natural and productive lives, (b) assisting local area economic growth through greater flow of household cash incomes from people who did not die or through reduced household cash expenditure requirements for people who could have potentially lost limbs and therefore could have had high on-going maintenance costs, and (c) nutritional improvement of households as after clearing the mines people were better placed to utilise their land resources to generate diverse food production. The greatest beneficiaries of the project were identified as the rural poor.

84. The review found the ADAP-PSD programme also aligns with NZAID's strategic objectives in Asia through linking with NZAID's country strategies. For example the Vietnam – Capacity Building for Land Administration Programme had a strong alignment with the *Vietnam Country Strategy 2007-2016* – “to support poverty elimination through improving rural livelihoods and basic education opportunities, especially for the poor and marginalised people”

85. Interestingly, despite ADAP-PSD being a contestable fund, no grantee tried to claim more than what could reasonably be expected in poverty alleviation in the relatively short time horizon of the project. This indicates to this Reviewer that the nature and extent of poverty in partner countries are reasonably well understood by grantees and the enormity of the problem appreciated. It also indicates the high professional integrity of grantees.

86. **Alignment with in-country partners' needs:** The review found the ADAP-PSD programme aligns well with in-country partners' needs, and that they have a reasonable understanding of NZAID's strategic objectives in Asia.

87. The in-country partners of all 5 projects reviewed in the field had a reasonable appreciation of NZAID's strategic objectives in their country. They also considered the projects were focused on long-term poverty alleviation, social and economic improvement and/or saving lives of the target beneficiaries through demonstration of world-best technologies, capacity building of key institutions and staff training.

88. All in-country partners interviewed in the field: in Cambodia - Cambodian Mine Action Centre (CMAC), Handicap International Belgium (HIB), Ministry of Rural Development (MRD) and the Banteay Meanchey Provincial Department of Rural Development (PDRD), and in Vietnam - Institute of Geophysics (IGP), Ministry of Natural Resources and Environment (MONRE), Hanoi Department of Natural Resources and Environment (HDNRE), and General Department of Land Administration (GDVA) - believed the creation of a strong and well-functioning partnership between an in-country partner and grantee was critical for successful project outcomes and impact on target beneficiaries. In addition in-country partners who were mature and had clear mandates were considered generally successful in working with NZ grantees (see Lessons).

89. **Aligning with target beneficiaries' needs:** The review found the target beneficiaries generally had a reasonable understanding of the intention of ADAP-PSD projects, and were extremely grateful for NZAID's support.

90. Target beneficiaries were interviewed in relation to the Cambodia roads and traffic safety projects, and the Vietnam land administration project. The 5 village women interviewed about the Cambodia roads project were very happy with the new road as it enabled them to access markets for the sale/purchase of goods and visits to the health centre located in the adjoining village. Additional benefits were the reduced travel times to market and reduced dust pollution in the village. Before the new road was built it took the villagers 4 hours to walk to the nearest market in Chob town 10km away. Now they can do the journey in half an hour by motorbike. Access to nearby schools has also improved. The second group of benefits identified was the more frequent visits to the village by NGO and other community groups working on village livelihood improvement. An example was the building of a new village meeting hall by an NGO (which was used to conduct the interview). Third, the perception of the interviewees was that the road would improve their long-term social and economic lives.

91. In the Cambodia traffic safety project the school teachers and principals interviewed considered the project very useful for the traffic safety training of their students. The training manual was considered appropriate as it had clear, coloured pictures representing various road user signs which the students could easily understand. From observations of the road safety curriculum training session for teachers in Kratie province, the interactive training format used (think, pair, share) seemed particularly useful as it enabled group discussions and learning from various traffic scenarios constructed during the training. The evidence from all institutions involved in the project indicates the project was very useful for the long-term traffic safety education needs of Cambodia.

92. In the Vietnam land administration project a man interviewed at the Hanoi Land Titling Office indicated he was happy acquiring his Land Use Right Certificate (LURC) within 2 weeks of lodging an application. Observations indicated considerable flow of people using the titling services.

93. **Assessment.** The review found there is a very strong degree of alignment between ADAF-PSD programme and NZAID's strategic objectives in Asia. The extent of that alignment is rated 5. This is the fourth element of testing for the extent of ADAF-PSD's relevance as a modality for delivering ODA.

3.1.5 Conclusion on Objective 1

94. All 4 elements of testing for the extent of ADAF-PSD's relevance as a modality for delivering ODA – alignment of ADAF-PSD with NZAID's mandate and policy settings, alignment of ADAF-PSD guidelines with NZAID's policy priorities, alignment of ADAF-PSD management processes and requirements with NZAID's policy priorities, and alignment of ADAF-PSD with NZAID's strategic objectives in Asia – have been rated 5. The conclusion is that ADAF-PSD, as a modality for delivering ODA, is very highly relevant and very strongly aligned with NZAID's mandate, policy priorities and strategic objectives in Asia.

3.2 Objective 2 – Extent of ADAF-PSD's effectiveness

95. In assessing the effectiveness of ADAF-PSD as an ODA delivery mechanism, the review has focused on outputs, outcomes, and results of projects, and factors influencing achievement of project objectives. The findings are based on information from NZAID and grantee produced documents, and interviews with NZAID staff, grantees, in-country partners, stakeholders, and target beneficiaries. All sources are given the same weight.

3.2.1 Extent outcomes contribute to elimination of poverty in Asia

96. **MDG:** There are 8 MDG: (a) eradicate extreme poverty and hunger, (b) achieve universal primary education, (c) promote gender equality and empower women, (d) reduce child mortality, (e) improve maternal health, (f) combat HIV/AIDS, malaria and other diseases, (g) ensure environmental sustainability, and (h) develop a global partnership for development.

97. **Framework for assessment:** The following framework was used for assessment of this section: (a) to confirm and summarise the intended outcomes of the ADAF-PSD projects, (b) to determine to what extent these outcomes are being achieved, (c) to assess to what extent these outcome levels will contribute to eliminating poverty, and (d) to assess to what extent the outcomes linked to eliminating poverty are associated with achieving MDG. Appendix 7 presents a summary of the intended beneficiaries, intended outcomes, likely achievements (from project sources) and the extent outcomes are linked to achieving MDG (this Reviewer's assessment).

98. **Analysis and results:** The review found 6 projects have poverty reduction outcomes linked with achieving MDG of "eradicate extreme poverty and hunger" (4 at high level, 2 at moderate level) - (note there is no direct representation of MDG categories in project documents e.g. "poverty reduction" is considered a proxy for MDG of "eradicate extreme poverty and hunger"). Improving environment was second most common outcome linked to achieving MDG (3 projects), followed by improving health, improving women's welfare, reducing child (and adult) mortality, and developing global partnership for development (2 projects each), and improving education (1 project). Several illustrations follow showing project outcomes linking with MDG.

99. There is strong evidence of outcomes impacting on poverty in Asia in a way that supports the achievement of MDG in several projects. The PCR of Cambodia - Local Resources for Local Roads project claims the project reduced the incidence of poverty (i.e. percentage of households below the poverty line) from 80 per cent of households in each surveyed village in February/March 2007 to 50 per cent of households in the same village in December 2007. The survey of March 2008 showed the reduction in the incidence of poverty was continuing. Although on further questioning the grantee staff indicated part of the large drop in the incidence of poverty was also due to the seasonality factor (i.e. the household surveys were done at different times of the year and the food and cash needs of the households varied with the seasonality of food production), it is likely that the project outcomes were responsible for a significant share of the drop in the incidence of household poverty in the villages adjacent to the new road.

100. Other outcomes from the Cambodia roads project that improved the livelihoods of target beneficiaries (local suppliers, village producers, traders, labourers, contractors, PDRD/MRD and wider populace) consistent with achievement of aspects of MDG are: (a) reduced travel times to the markets and elsewhere, in some cases by over 4 hours, (b) large increases in land values adjacent to the road which improves the potential for longer-term poverty reduction in the area, and (c) reduced dust pollution believed to improve people's health.

101. The PCR of the other 3 projects also claim outcomes achieving aspects of MDG. The outcomes of the Vietnam - Tsunami Risk and Hazard Assessment project (target beneficiaries were IGP, other scientists, and wider populace) have the

potential to save a large number of lives, especially along the central eastern coast that is most vulnerable to tsunamis originating near western Philippines. The key outcomes contributing to this are project-developed knowledge such as tsunami modelling, improved work systems and processes, and capacity building and training at the IGP by the Geological and Nuclear Sciences (GNS) staff. An early warning system for tsunami hazard has been developed but not yet tested in a simulated situation. However during project implementation IGP and GNS completed a pilot tsunami risk assessment of Nha Trang City, a coastal tourist destination that is vulnerable to tsunamis.

102. During fieldwork IGP staff claimed the tsunami early warning system had been integrated with other natural disaster warning systems such as for typhoons and floods. Tsunami early warning begins at the IGP headquarters in Hanoi with information passed to the various media and disaster management agencies, who pass the information to the provincial, district and commune-level groups, who are then supposed to inform the people likely to be affected. This Reviewer believes this is a long-winded process for public disaster warning when time is critical – mid central coast residents would have maximum of 2 hours to take life-saving measures if a significant tsunami originates near western Philippines. The evidence from the fieldwork is that the likely development impact of the project (i.e. its likely impact on people's lives) is somewhat unclear. GNS staff indicated that public awareness education is the best form of facing the risk of tsunamis and this is the nationally promoted technique in NZ.

103. The Cambodia – Traffic Safety Training in Schools project had elements of MDG, in particular as it related to the achievement of universal primary education. The project targeted teaching of traffic safety to grades 7-9 in 4 provinces (target beneficiaries were students, teachers, police, HIB, and Ministry of Education, Youth and Sport, MOEYS). Feedback from a senior staffer in the Ministry of Public Works and Transport indicated the project was highly successful in integrating traffic safety information into school curricula. Observations of classroom teaching confirmed that assessment. The successful implementation of the project may enable MOEYS to source funds from the Asian Development Bank (ADB) for teaching traffic safety to grades 10-12. In Cambodia motorbikes account for 80 per cent of road crashes and 15-20 per cent of the crashes involve high school students. Wearing of helmets by motorbike drivers was made law in 2007 and has significantly reduced accident injuries.

104. The Vietnam – Capacity Building for Land Administration Programme has helped improve land administration systems and processes (target beneficiaries were MONRE, HDNRE, GDLA and general populace) through training of technical and senior/middle management staff (including 2 study tours to NZ). A downstream outcome has been an improvement to the functioning of the Hanoi Land Titling Office, which issues LURC. At the household level the cost of LURC is VND25,000 (around NZD1.90 at time of writing). LURC are a secure and transparent form of land tenure and essential for land transactions. Since 1993 when the first land law was introduced the Hanoi office has issued around 600,000 LURC. The current rate of issuance in Hanoi is around 50,000 per year, giving some indication of the large potential impact of land titling on MDG and its contribution to the long-term social and economic development of Vietnam.

105. The Developing Sustainable Cereal and Legume Fodder Systems, Nepal project is generating outcomes that are eliminating poverty at the village and household level in a substantial way and are likely to have a significant impact on achieving aspects of MDG. For the farmer beneficiaries involved, the cereal and

legume fodder technologies have helped increase milk production by 2l/milking cow/day (surplus milk is marketed for cash), winter fodder yield has increased from around 14 to 48/t/ha, and soil fertility is improving as a result of legume production, in particular the nitrogen content of the soil.

106. The Nepal project, through demonstrating and adapting simple, uncomplicated technologies on farmers' fields, has the potential to make a substantial impact on poverty in the poor, rural areas of Nepal. The poverty reduction link is as follows: once a fodder production technology is adopted, animal health improves, milk production increases, surplus milk marketed, and household incomes rise. The major beneficiaries are women, who comprise the majority of farmers who do such work. They save labour through having winter fodder available adjacent to their houses, whereas previously they had to collect fodder from common lands (see Lessons).

107. The Livestock Improvement in the Karst Mountain Communities, Guizhou, China project is addressing poverty through the demonstration and adoption of animal nutrition technologies on farmers' fields. So far the project has trained over 300 animal husbandry technicians who are active in their communities. Although the Nepal and China projects are very similar in approach and method in terms of developing simple technologies and promoting their transfer, it seems the China project encountered some problems of commitment to the in-country partners (Animal Husbandry Bureau and the Poverty Alleviation Office) by other agencies such as the Department of Agriculture. Part of the problem is due to working in China where problems arise in sharing of information and cooperation between various agencies engaged in rural development, and partly through low levels of literacy and numeracy of target groups (farmers and animal husbandry technicians) which makes communication between the grantee and in-country partner with the target groups difficult (see Lessons).

108. In the Cambodia - Training and Quality Management at the Mine Action Centre project the grantee identified 3 types of evidence that are helping to eliminate poverty and support the achievement of some aspects of MDG (target beneficiaries are CMAC and general populace). These are: (a) reduction in mine accidents thereby saving lives or limbs whereby people can continue with their natural lives, (b) continued release of land after de-mining so productive enterprise such food production or infrastructure construction can take place safely, and (c) improved knowledge and capacity building of CMAC staff. Taken together these are powerful, quantifiable evidence of the impact of the project on long-term poverty alleviation and on other aspects of MDG.

109. The grantee of the Eye Health for Timor-Leste project stated the project has the potential to impact on 10,000 people with cataract problems in 13 districts (target beneficiaries are eye health unit staff, health workers, NGO, and general populace). In the Bio-gas for Sustainable Rural Livelihoods, Indonesia project the grantee stated the main direct benefit was reduced household fuel costs but other potential related benefits included health impacts and improved cash crop productivity from use of digester slurry (target beneficiaries are villagers and local government staff). In the Lao - Developing New Opportunities for Coffee Farmers project the grantee used the UNDP baseline poverty data to estimate the impact of the project on the target area poverty reduction (target beneficiaries are coffee farmers' cooperative, smallholders and Ministry of Agriculture and Forestry staff). The outcomes of these 3 projects are also consistent with supporting aspects of MDG.

110. The review found in-country partners and target beneficiaries generally supported claims made by grantees in most of the projects reviewed in the field. All in-country partners interviewed understood the high-order goal of their projects was to contribute to poverty alleviation, save lives or improve livelihoods. This was particularly strongly demonstrated in the interviews with CMAC and HIB staff who had a good knowledge of MDG, elements of which they had also incorporated into their own vision statements.

111. CMAC's mission statement, for example, is "Saving lives and supporting development for Cambodia". Socio-economic surveys reported in CMAC documents show the most commonly reported restrictions to economic growth in rural areas is lack of access to agricultural land – 85.7 per cent of the survey households reported this as their main constraint. When cleared of mines 68 per cent of the land is used for agriculture, the remainder for community/other use (12 per cent), infrastructure (11 per cent) and for residential purposes (9 per cent). All these land use categories are important generators of local area economic growth and development and closely aligned with aspects of MDG.

112. For example, in the Battambang territory and administration area consisting of 11,803 km² with 1.1m people, the total mine contaminated area is 10 per cent or 1,180 km². Between 1994 and 2008 51.5km² of contaminated land was cleared releasing 5,150ha (during that time 73 persons had mine accidents with 14 killed). Calculation based on the rate of allocation (land certificates are issued as a proof of ownership) of 2ha per family indicates that the released land would be able to meet the needs of 2,575 farm families.

113. At the national level in the last 15 years 458km² of land has been de-mined with over 1.7m mines destroyed. This land will make a significant contribution to the development of Cambodia in a way that supports the achievement of MDG. However the problem of de-mining is vast – even if the rate of de-mining was increased by 300 per cent it will still take over 100 years to clear all land mines from Cambodia. Therefore whilst the problem of de-mining is vast the expected impact on MDG would also be large. The ADAF-PSD project is making a small but important contribution to realising this benefit.

114. ~~Assessment:~~ The review found the extent outcomes contribute to the elimination of poverty in Asia in a way that supports the achievement of the MDG is high. The level of that extent is rated 4. This is the first element of testing for the extent of ADAF-PSD's effectiveness as a modality for delivering ODA.

3.2.2 Extent outcomes promote self-reliance and economic growth

115. **Impact on targets:** The review found the ADAF-PSD programme promotes self-reliance and economic growth in partner countries, and that some outcomes are likely to create significant development impact for target beneficiaries.

116. The outcomes of 2 completed projects and 5 on-going projects promoted self-reliance and economic growth. The completed projects are the Cambodia – Local Resources for Local Roads project and the Vietnam – Capacity Building for Land Administration Programme. In the Cambodia project, building the demonstration road enabled considerable economic activity to occur through use of local labour and purchase of road building material. Since road construction economic activity in the area has increased through: (a) the availability of the all-weather road that enables higher volume traffic and quicker access to markets and other services, (b) the increase in land values and greater accessibility to land holdings enabling

landowners to develop their land and build income-generating infrastructure such as shops and irrigation channels, and (c) reduction in dust pollution for road users and nearby households. The road has also enabled the Cambodian Government to observe a suitable road construction option for the North-Western Rural Development area, which has the most fertile land in the country. The Vietnam land administration project has shown how issuing LURC on a wide scale promotes self-reliance and economic growth. LURC are used as collateral to secure loans for agricultural and urban infrastructure development, and provides an enabling environment for economic growth through more transparent land transactions.

117. Building self-reliance is the key objective of 3 on-going rural development projects: Developing Sustainable Cereal and Legume-Fodder Systems, Nepal; Developing New Opportunities for Coffee Farmers, Laos; and Livestock Improvement in the Karst Mountain Communities, Guizhou, China. In all projects technical expertise and demonstration of simple technologies to targeted households and villages to improve crop and livestock production techniques are being provided. The objective is to increase household incomes and the high-order goal is to build self-reliance and promote economic growth in the local area.

118. In the Nepal project, household incomes are rising through increased milk production (2l/milking cow/day) and the cereal and legume fodder technology is likely to be sustainable if farmers can manage production and storing of sufficient seeds for the following planting season. The grantee believed the likelihood of the latter happening is high; that view being confirmed by an independent consultant who monitors this project for NZAID. The conclusion is that self-reliance is occurring and that the increasing household incomes are likely to promote economic growth in the area.

119. In the Laos project, the income of the smallholder *Robusta* coffee farmers is increasing through improved coffee bean washing and drying technologies. The project has targeted around 540 smallholders on the Bolovens Plateau. Results indicate the technologies are being accepted and adopted, and farmers are obtaining around NZD1.2 more per kg of coffee bean than previously. The coffee bean is marketed as organic coffee that has a large potential worldwide. In the Livestock Improvement in the Karst Mountain Communities, Guizhou, China project, targeted villages are slow in the uptake of livestock nutrition technologies. The likely impact of this project on promoting self-reliance and economic growth is currently inconclusive.

120. In the Cambodia – Training and Quality Management at the Mine Action Centre project, clearing landmines promotes self-reliance with farmers able to use their land without having to face day-to-day safety risks. De-mining is concentrated in the north-west which has the heaviest concentration of minefields and which is the most poverty stricken area of Cambodia. Cleared areas enable building of new roads, irrigation channels, water pipes and other infrastructure, improves marketing of farm products in towns and cities, and facilitates investment flow into rural areas thereby promoting self-reliance and economic growth.

121. In the Eye Health for Timor Leste project, achieving successful outcomes would enable greater self-reliance in the community of eye health workers (currently less than 20). Technical and motivational support and training through the project would also enable greater outreach of eye health services to the community.

122. **Productivity benefits:** The review found sustainable and long-term productivity benefits can arise from outcomes focused on the long-term economic development of target beneficiaries.

123. In the Cambodia mines project it was possible to calculate the potential productivity of de-mined land based on data provided by CMAC staff at Unit 2, Battambang Province. Generally the released land has a value of around USD1000-2000/ha (at the time of writing USD1=NZD1.41). A family would generally get 2ha of released land (most released land is claimed by farm families who lived in the area pre-war, before it was mined). Rice yield in the area is around 3t/ha based on a single rainfed crop per year. Current rice price is USD\$20/t. Therefore a family farming 2ha can expect to generate around USD1,920/year growing rice on de-mined land. This is a relatively high agricultural productivity in Cambodia and shows that de-mined land, apart from creating a substantial long-term asset base for a farm family, has the potential to generate relatively high annual incomes. In addition de-mining allows long-term value-adding infrastructure to be built, such as houses, shops, schools and hospitals, thereby creating an enabling environment for self-reliance and economic growth. De-mining is strongly linked with development.

124. In another example, in the Vietnam – Capacity Building for Land Administration Programme the development of a modern land administration system with the ability to issue LURC on a mass scale was directly linked to the long-term social and economic growth of Vietnam. Other benefits identified that assisted financial and economic investment in land were increase in land value, security of tenure and inheritance transfer of LURC.

125. **Other donors' view:** The review found, in cross-checking field information data with other donors, that they had similar experiences as the ADAF-PSD programme in terms of the value of useful project outcomes contributing to self-reliance and economic growth.

126. The Mines Advisory Group (MAG), a British registered charity working in de-mining of land in Cambodia for nearly 20 years and currently employing 304 Cambodians and 6 international staff, saw the clearance of landmines as critical to promoting self-reliance and economic growth in Cambodia. MAG cooperates with CMAC (and other groups) in de-mining at the provincial, district and commune level. MAG views CMAC as doing a good job and has built a good relationship with its staff. MAG's own vision statement is "Communities living in peace and safety, relieved of the threat of remnants of conflict and with improved quality of life and social and economic prospects". Two UNDP staff in Hanoi indicated their work on strengthening institutional capacity for disaster management had similar objectives to that of the Vietnam – Tsunami Risk and Hazard Assessment project. Their focus was on mitigating impacts of typhoons, floods and landslides. They considered the NZAID project as important for promoting self-reliance and economic growth in Vietnam.

127. **Assessment:** The review found the extent outcomes promote self-reliance and economic growth is high. The level of that extent is rated 4. This is the second element of testing for the extent of ADAF-PSD's effectiveness as a modality for delivering ODA.

3.2.3 Extent outcomes benefit NZ companies and institutions

128. **Opportunities:** The review found that, although it is not the primary objective of the ADAF-PSD programme, some projects can potentially generate secondary commercial benefits for grantees through having demonstrated world-best technologies to in-country partners.

129. The grantees of Cambodia – Local Resources for Local Roads project and Vietnam – Capacity Building for Land Administration Programme believed they have potential commercial opportunities in partner countries. The Cambodia road project enabled the grantee to demonstrate the lime stabilised laterite road surface to the Ministry of Public Works and Transport and the MRD for a proposed 500km North-Western Rural Development road project to be funded by the ADB from 2011. The grantee claims to be a world leader in this technique of road building. The demonstration road also contributed to the grantee being selected as an implementing contractor to the Tonle Sap Lowlands Rural Development project funded by the ADB. The grantee has worked in Cambodia for around 18 years and is well known in the various Ministries engaged in rural development. In addition, the grantee has stated that ADAF projects have been important in building the company business over the last 15 years. The grantee has implemented 17 ADAF projects and 1 bilateral project for NZAID.

130. The Vietnam land administration project enabled the grantee to demonstrate a “world-best practice” land administration model to the in-country partner and stakeholders. The NZAID staff commented “the project helped organise training and study tours to NZ to showcase how a modern land administration system operates and how to apply best practice to land administration implementation. This has helped introduce a long-term vision and a change of mindset for government officials on land administration.” The grantee would now bid for a contract in land administration in Vietnam as a consequence of the ADAF-PSD project. This contract is for a component of the USD75m mostly World Bank (WB) funded land administration project that is already being implemented in Vietnam which NZAID would partly support. NZAID’s scoping study has been completed (December 2009) and a design mission is planned around February 2010. It is expected that NZAID will fund around NZD2m/year over 5 years for capacity building, technical assistance and training. Decision-making around this contribution is taking into account the Vietnam – Capacity Building for Land Administration Programme.

131. **Institutional and staff benefits:** The review found some grantees derived strong institutional and staff benefits from being associated with ADAF-PSD projects.

132. In the Vietnam – Tsunami Risk and Hazard Assessment project the geoscientists of GNS and IGP were able to form a strong professional bond that is continuing well after project completion. During the project an earthquake monitoring network called VietNet was established. The NZAID staff commented that the “positive contribution of the ADAF-PSD includes setting-up collaborative partnerships between Vietnamese government agencies and NZ partners. As commented by our local partners, it is almost the first time they experienced cooperation between private and public sectors in the delivery of a public service. Team building has been strengthened among scholars/researchers in NZ and in Vietnam during the project’s implementation”.

133. The grantees of the Developing Sustainable Cereal and Legume Fodder Systems, Nepal project has built strong professional and collegiate bonds with their in-country partner staff, including staff of National Agricultural Research Council (NARS), Department of Livestock Services (DLS) and the Food and Agriculture Organisation (FAO). Peer group partnership and cooperation has been strong in this project, with frequent exchange of research data and analysis. In addition the two groups have been publishing scientific papers in international journals. An impressive part of the team from the Nepalese side has been the contribution made by an independent consultant on the statistical analysis of field trial data giving high credibility and reliability to the results. This Reviewer would have expected the

statistical analysis to be done by the grantee staff. Such partnership and trust between professional colleagues is an excellent outcome from an ADAF-PSD project and worthy of duplication in other similar rural development aid projects.

134. **Assessment.** The review found the extent outcomes benefit NZ companies and institutions is moderate. The level of that extent is rated 3. This is the third element of testing for the extent of ADAF-PSD's effectiveness as a modality for delivering ODA.

3.2.4 Extent outcomes adhere to ADAF-PSD's operating principles

135. **Operating principles:** These are listed in the ADAF-PSD guidelines as: (a) protecting and promoting human rights, (b) strategic approach to poverty elimination, (c) sustainability, (d) equity, (e) partnerships, (f) participation, (g) coordination, and (h) access and accountability.

136. There is some degree of overlap between the section 3.2.4 requirements in the TOR (Appendix 1) with the same requirements in some other parts of the TOR. For example (b), (c), (d) and (e) are largely covered in other sections of this review. Nevertheless to maintain consistency and the flow some of the salient points for the areas that overlap are still summarised in this section.

137. **Degree of adherence:** The review found project outcomes generally adhere with the operating principles, but the extent is variable.

138. None of the project outcomes diverged from protecting and promoting human rights as set out in the Universal Declaration of Human Rights. In terms of directly influencing protecting and promoting human rights, the outcomes of Cambodia – Training and Quality Improvement at the Mine Action Centre project comes closest to adhering to this principle as it is focused on saving lives or limbs. The Vietnam – Capacity Building for Land Administration Programme has some elements of protecting and promoting human rights through the issuance of LURC that gives everyone in Vietnam an equal opportunity for development.

139. The operating principle of strategic approach to poverty elimination has been covered in sections 3.2.1 and 3.2.2. This principle has been strongly adhered to in outcomes of all projects. The principle of supporting sustainable development outcomes is covered in sections 3.4.1 and 3.4.2 and has had very low adherence in outcomes of 8 projects, low adherence in outcomes of 3 projects and moderate adherence in outcomes of 4 projects. The equity and participation principle is covered in section 3.2.5. This principle has been strongly adhered to in outcomes of all projects.

140. Partnerships, and access and accountability principles have been moderately to strongly adhered to in outcomes of all projects. For the partnership principle there has been a relatively high degree of trust, openness, respect and mutual accountability by grantees and in-country partners. For the access and accountability principle there has also been a moderate level of in-country partner access to information and project data, and there has been a relatively high level of support and encouragement for in-country partners by grantees.

141. The donor coordination operating principle has been moderately adhered to in outcomes of all 4 completed projects and in 2 on-going projects. Coordination has occurred or is occurring with, for example, MAG, Halo Trust in Cambodia, ADB, WB and UNDP.

142. **Assessment.** The review found the extent outcomes adhere to ADAF-PSD operating principles is moderate. The level of that extent is rated 3. This is the fourth element of testing for the extent of ADAF-PSD's effectiveness as a modality for delivering ODA.

3.2.5 Extent outcomes integrate NZAID's cross-cutting themes

143. **Guiding principles:** Apart from ADAF-PSD guidelines the 2 key NZAID thematic documents for cross-cutting principles are: (a) *NZAID Mainstreaming Gender Equality and Women's Empowerment Action Plan 2007-12*, and (b) *Screening Guide for Mainstreamed and Other Cross-Cutting Issues in NZAID Programmes and Activities*. NZAID's goal for gender equity is "To ensure that NZAID explicitly integrates gender equality and women's empowerment in all policies, strategies, programmes and organisational procedures in a way that progress can be effectively monitored and evaluated".

144. **NZAID views:** The review found that although strong guiding principles on mainstreaming and cross-cutting existed in the agency, the extent to which they were or could be integrated into ADAF-PSD project outcomes was considered weak.

145. The review found that mainstreamed and cross-cutting issues are not directly integrated into the partner countries' development through ADAF-PSD projects. One NZAID interviewee stated "Guideline and application and assessment forms are clear that cross-cutting and mainstreaming issues are to be addressed but are much less explicit on actually requiring follow-up on it in M&E and reporting (and logframe). So probably not actually put into practice as much as it should". Another interviewee stated that "cross-cutting issues are most challenging in the ADAF-PSD projects" and that "NZAID needs to spend time with the grantees in workshops regarding cross-cutting issues". A third staff member stated that "All grantees are encouraged to report on cross cutting issues, so their in-country partners are also aware of NZAID's expectations in this regard".

146. Other NZAID staff commented "We think cross-cutting issues were probably considered at the project preparation and approval as both thematic areas (tsunami hazard mitigation and land administration) were seen as the areas that have potential impact on promoting gender equality, empowering women, and ensuring environmental sustainability. However, it is very difficult to track the evidence/linkage between the implementation of project and cross-cutting issues promotion". The overall message from NZAID interviewees is that NZAID should be more effective at integrating mainstreamed and cross-cutting issues in ADAF-PSD projects (see Lessons and Recommendations).

147. **Gender integration in projects:** The review found some instances of outcomes improving the welfare of women but there were no specific targets for gender equity.

148. Seven grantees claimed their projects had/have a gender equity impact. However in all but 1 project the extent of the impact i.e. numbers of women benefiting directly was difficult to establish. No clear records are available in the grantee-produced documents or the NZAID documents to establish clear, verifiable and quantitative evidence of gender impact from project-produced outputs (see Lessons and Recommendations).

149. In the Developing Sustainable Cereal and Legume Fodder Systems, Nepal project the grantee showed that increased incomes from increased milk production directly benefits women who represent about 67 per cent of the targeted farmers (around 300 farmers are being targeted in 6 clusters in the terai and hill districts of Nepal). In addition the women farmers' workload has decreased by up to 105 hours per month through having fodder available at home plots rather than collecting fodder from common lands. The grantee stated the project is having "a huge impact on women" and that "time saving for women has led to a change - from stress to relax situation". The grantee claims that the "results of this project to date have exceeded expectations" (see Lessons).

150. In the Vietnam – Tsunami Risk and Hazard Assessment project the grantee believed some gender improvement occurred during implementation. A female was promoted over males as project director in a group that is predominantly male. The grantee considered this outcome a good step forward for women in science in Vietnam. The fieldwork was useful in establishing that there is no policy of gender equity in IGP. Promotions are entirely merit-based.

151. In the Vietnam – Capacity Building for Land Administration Programme the grantee claimed there was a "very powerful link between this project and improving livelihoods e.g. women's access to LURC". Women are considered the major beneficiaries of this project through being able to use LURC for land transactions, empowerment and building status in the Vietnamese society.

152. In the Eye Health for Timor Leste project the grantee claims the project outcomes would have a long-term impact on a large number of women, especially in the rural areas. Rural women have the greatest difficulty in meeting their eye health care needs because of their inaccessibility to eye health services generally located in towns and cities. By establishing greater eye health services through more trained workers the project outcomes are likely to significantly benefit rural women (as well as men).

153. In the Cambodia – Local Resources for Local Roads project the grantee indicated that "gender [was] successful by and large". In the Livestock Improvement in the Karst Mountain Communities, Guizhou, China project women as well as men farmers are being targeted. The grantee stated "As women are key stakeholders and workers in the farming system this project is having a direct influence on women" and that "most (women) have no formal schooling...this project is delivering special training in a visual form to ensure women can benefit". In the Lao – Developing New Opportunities for Coffee Farmers the grantee stated that gender equity improved since the project began through project-based training of smallholders that includes women, and having more females in management roles at the coffee farmers' cooperative.

154. **Field assessment of gender integration:** The review found the level of understanding of NZAID's mainstreamed and cross-cutting themes by in-country partners and target beneficiaries was generally low, and that it is difficult to integrate gender in societies that have a long history of male dominance in the public sector.

155. There were some instances of understanding of NZAID's gender equity theme and the need to promote the welfare of women through ADAF-PSD projects. In Cambodia and Vietnam public institutions (all in-country partners were/are part of the public institutions) are inherently male dominated reflecting cultural nuances. Therefore it is difficult for ADAF-PSD projects to attempt mainstreaming gender as an identifiable and measurable project activity. Nevertheless the review considered

that NZAID's gender and other cross-cutting themes need to be promoted at every development-related opportunity. This review used the fieldwork to advocate NZAID's gender policy at all relevant meetings and consultations, especially those with senior national and provincial government staff. It was considered that the TOR (Appendix 1) allowed for such an approach and method through the partnership, participation and capacity building principles in operation during the fieldwork.

156. The review found that, of the 5 projects reviewed in field, the Cambodia Training and Quality Improvement at the Mine Action Centre project has NZAID's mainstreamed and cross-cutting themes reflected to the greatest extent in its outcomes. Although the project is only a small contribution to de-mining in Cambodia it nevertheless demonstrates how NZAID's mainstreamed and cross-cutting issues can be successfully integrated with in-partner initiatives. De-mining land: (a) has strong gender equity benefiting women and men equally (in addition the CMAC interviewees stated that war widows have a priority for issue of land certificates from the local authorities after the land is released), (b) is a painful lesson for donors and Cambodians alike about good governance and peace building, and about the long-term effects of landmines and the long and laborious process of de-mining with almost all funding coming from donors at around USD27m annually, (c) improves human rights by empowering key public sector institutions involved in de-mining as well as law and justice departments to emphasise the horrors of war to the groups involved in the conflict, (d) encourages owner-occupiers of released land to adopt environmentally sound landuse practices, (e) saves lives and limbs thereby enabling people to continue to enjoy socially and economically productive lives, and (f) enables CMAC to provide HIV/AIDS awareness training to staff, in cooperation with the Ministry of Health, as they work in new de-mining areas.

157. CMAC claims that it is the only mine action organisation in the world to incorporate peace building into its mine action plan. In addition CMAC has good links with the commune councils who have a vested interest in agricultural and community development. Sometimes CMAC uses its heavy machinery to assist local communities dig dams, clear water channels and improve roads.

158. In the Cambodia roads project the MRD/PDRD stated that during the road construction around 80 per cent of the labour workforce were women. Only one women contractor was employed in the technical cadre. Currently MRD/PDRD has no middle or senior level women managers and there are no plans to increase the representation of women in the senior ranks.

159. In the Vietnam – Capacity Building for Land Administration Programme the Provincial Project Management Unit of GDLA stated that war widows especially benefited from the issuance of LURC and that the Government also assisted them in other ways such as building a house on their land sometimes. The Hanoi Land Titling Office stated that they waive the LURC issuance fee for war widows. GDLA also claimed that minority groups benefited through the allocation of specific size land quotas and that their rights are protected by the land decrees, most recently that of 2004.

160. **Environmental issues:** The review found several project outcomes contributed to environment improvement locally, but there were no specific targets on environment.

161. Six grantees claimed their projects had/have a positive impact on environment. The Cambodia – Training and Quality Management at the Mine Action Centre project has environmental benefits through de-mining contaminated land.

Although destruction of trees and shrubs occurs with the use of excavators and brush-cutters for mine clearance, the net long-term effect on the environment is considered positive. Because de-mining areas are generally relatively flat no significant soil erosion occurs from the exposed surfaces before vegetation regenerates or the land is farmed.

162. In the Vietnam – Tsunami Risk and Hazard Assessment project the grantee believed seismic mitigation measures, such as improved building codes and an early warning system for tsunamis, creates a better potential for environmentally sound development to occur in Vietnam. In the Laos – Developing New Opportunities for Coffee Farmers the grantee stated that washing/drying technology benefits environment through less use of water and through not discharging waste water in the river as was done previously.

163. In the Cambodia – Local Resources for Local Roads project the sealed laterite road has reduced dust pollution thereby improving the environment and perhaps improving people's health. In the Developing Sustainable Cereal and Legume Fodder Systems, Nepal project the use of legume fodder improves soil fertility and soil structure. In addition the reduced need to gather fodder from common lands, which generally are on hilly land, lets vegetation grow uninterrupted thereby reducing potential soil erosion. In the Indonesia – Bio-gas for Sustainable Rural Livelihoods project the grantee claims environmental and health benefits through less use of wood-fired stoves (which creates sooty kitchens thereby affecting householders' health, especially women) and use of cattle dung for digester rather than it being dumped in the river by the target community.

164. **Human rights, conflict prevention and peace building, HIV/AIDS:** The review found no grantee claimed any integration of human rights, conflict prevention and peace building, and HIV/AIDS in their projects.

165. In future the ADAF-PSD programme and grantees must work harder to find ways in which projects could be designed to enable the integration of these themes. For example health care and/or education projects could have activities or short-term training related to improving HIV/AIDS knowledge of the target group. Rural development projects targeting improvement of poor women and children could have an additional theme of protecting human rights through the project-related activities. Grantees and in-country partners could engage and seek inputs from local NGO targeting similar themes to NZAID's in their mandates, to assist in training the target beneficiaries. Grantees, with assistance from NZAID, could engage with project-related trainees in NZ about good governance, conflict prevention and peace building. The key message is that NZAID and the grantees need to put more efforts into finding ways to integrate human rights, conflict prevention and peace building, and HIV/AIDS in the ADAF-PSD projects, as well as in integrating gender equity and environment improvement.

166. **Assessment.** The review found the extent outcomes lead to integration of NZAID's cross-cutting themes is low for gender equity and environment improvement. For gender equity the level of that extent is rated 2. For environment improvement the level of that extent is rated 2. The other cross-cutting issues – human rights, conflict prevention and peace building, and HIV/AIDS – are not rated as the opportunities to integrate them in the projects were not present or not possible in the timeframe of the projects. This is the fifth element of testing for the extent of ADAF-PSD's effectiveness as a modality for delivering ODA.

3.2.6 Extent outcomes result in unintended positive or negative outcomes

167. The review found 2 grantees claimed their projects had unintended positive outcomes and no grantee indicated any unintended negative outcomes. In the Vietnam – Tsunami Risk and Hazard Assessment project IGP was tasked by the Prime Minister to initiate a proposal for VietNet, which was accepted by the Vietnam Academy of Science and Technology. The development of VietNet increased the status of IGP and international recognition in seismic work and tsunami forecasting.

168. In the Cambodia – Local Resources for Local Roads project the grantee found land values increased substantially along the road, in some areas by over 300 per cent. In addition the grantee's status with Government departments increased during and after project implementation.

169. NZAID staff confirmed that both Vietnam projects – Tsunami Risk and Hazard Assessment project and Capacity Building for Land Administration Programme – had unintended positive outcomes beneficial to Vietnam in the long-term. On the latter project the staff commented, "Partnership building between private and public sector in delivery of public services was not always mentioned as one of project's objectives or outcomes at the beginning. However, it was highly appreciated by all partners involved in the ADAF-PSD as a positive outcome arising out from the project implementation".

170. **Assessment.** The review found there were some unintended positive outcomes for the target beneficiaries and there were no identifiable unintended negative outcomes. The extent of unintended positive outcomes is not rated for assessment purposes nor would it be sensible to do so. This is the sixth element of testing for the extent of ADAF-PSD's effectiveness as a modality for delivering ODA.

3.2.7 Conclusion on Objective 2

171. The extent outcomes contribute to the elimination of poverty in Asia in a way that supports the achievement of the MDG, and the extent outcomes promote self-reliance and economic growth is high. The extent outcomes benefit NZ companies and institutions, and the extent outcomes adhere to ADAF-PSD operating principles is moderate. The extent outcomes lead to the integration of NZAID's cross-cutting themes of gender equity and environment improvement is low. The conclusion is that the effectiveness of ADAF-PSD as a modality for delivering ODA, is high in the areas of eliminating poverty and promoting self-reliance and economic growth, moderate in benefiting NZ companies and institutions, and low in the integration of NZAID's gender equity and environment themes.

3.3 Objective 3 – Extent of ADAF-PSD's efficiency

172. In assessing the efficiency of ADAF-PSD as an ODA delivery mechanism, the review has focused on cost efficiency (in terms of costs, benefits, outcomes, and results), and on ADAF-PSD's management processes. The findings are based on information from NZAID and grantee produced documents, and interviews with NZAID staff, grantees, in-country partners, stakeholders, and target beneficiaries. All sources are given the same weight.

3.3.1 Extent ADAF-PSD is cost-effective aid

173. **Note to Analysis:** NZAID agreed at preparation of the RP (Appendix 2) that cost-benefit analysis will not be done because: (a) it was impossible to determine the

likely worth of any benefits yet to be generated from the 6 on-going projects, and (b) the likely worth of benefits from the 4 completed projects was also difficult to determine because of paucity and non-quantifiable nature of much of the data. Three of the 4 PCR have no useful information to estimate project cost efficiency. The following analysis presents as much cost-effectiveness and value of outcomes information as possible, including analysis of small components of projects.

174. **Programme management efficiency:** The review found that, overall, ADAF-PSD is managed efficiently. NZAID staff costs are low, departmental to Crown funding is low, and well-written guidelines encourage self-management.

175. The ADAF-PSD programme requires much smaller NZAID staff input compared to previous ADAF programme. Whereas previously around 2 person inputs at DPO and Development Programme Manager (DPM) levels were required with periodic support from 2 consultants, the current manager gives around 67 per cent of her time to ADAF-PSD management and has periodic support from 1 consultant. There is no evidence that the decline in staff inputs has resulted in any lower quality outputs. The ADAF-PSD budgets and the expenditure by the grantees are very tightly monitored.

176. Many of the efficiency gains can be attributed to the clear, unambiguous and practical ADAF-PSD guidelines. All 6 grantees who commented on the current guidelines (some of whom had undertaken projects based on the previous guidelines so were in a position to compare) agreed with this view. There is strong evidence that the current guidelines are resulting in higher quality project designs. It can be concluded that the saving in resources by NZAID through a revamped ADAF-PSD has been justified.

177. ADAF-PSD is also efficient from an overall resource availability perspective. NZAID is not increasing staff, it expects better results without increases in departmental expenditure, it expects better harmonisation with other donors, and it has better economic development settings and policies in place – therefore efficiency in agency resource use is critical.

178. **Project outcome efficiency:** The review found differing views about the efficiency of ADAF-PSD project outcomes, but the review's assessment of whether the same level of outcomes could be achieved with lower costs showed that costs were carefully managed and appropriate for delivering the level of outcomes achieved. Any reduction in NZAID staffing or project costs would be likely to significantly affect outcome achievement.

179. Three NZAID interviewees indicated that ADAF-PSD projects were as efficient as bilateral ODA in terms of value for money. In terms of providing the opportunity to reach the poor directly, the ADAF-PSD programme was considered superior to any other form of aid modality except perhaps for scholarships and training targeting poor students. Although around 35-45 per cent of the value of an ADAF-PSD project is used for fees and charges by the grantee, it is considered by this Reviewer that at least that proportion, if not higher, is consumed in running bilateral ODA. In addition another large share of project funds becomes "lost in the system" through the mechanics of dealing with in-country partner bureaucracies i.e. used up in time, travel and other logistics. The actual proportion of total project funds that may be left to directly assist the poor in a bilateral ODA may be much smaller than that in an ADAF-PSD project.

180. As a comparison, for Australian Agency for International Development (AusAID) bilateral ODA, around 60 per cent of the project funds remain in Australia and only around 20 per cent may be left to assist the poor in the partner countries.

181. One NZAID interviewee considered ADAF-PSD more efficient than other aid modalities such as scholarships, NGO or directly employed consultants, and bilateral ODA. The reasons advanced were that ADAF-PSD projects: (a) may provide on-the-job training that directly assists the poor, (b) add value through innovative designs and outreach which NGO don't or can't do, and (c) link directly with the in-country partner and the target beneficiaries which bilateral ODA cannot usually do.

182. Three NZAID staff believed some ADAF-PSD projects did not show outcome efficiency to the extent desirable. One interviewee stated, "Depends on how you look at it...\$600,000 for a biogas project that directly involves maybe 50 people – no. But yes cost-effective when thinking of the potential future impact". This statement captures the sentiment of other interviewees who saw the value of ADAF-PSD programme as having the potential for creating longer-term livelihood change for poor target beneficiaries rather than having an immediate impact. This Reviewer believes the 2 views are not necessarily conflicting – it is a matter of short or long-term perspective of the likely impact on partner country poverty alleviation.

183. The review found project outcome efficiency also resulted from the small size of ADAF-PSD projects, at around \$600,000, which meant that grantees required very efficient systems and processes to achieve effective results. A consultant believed ADAF-PSD was a "cost-effective aid modality" and that it was "good value for money for NZAID". Five grantees believed meeting ADAF-PSD requirements made them cost efficient – in time management, labour utilisation and input purchases.

184. **Project preparation efficiency:** The review found grantees make substantial upfront monetary commitment to prepare projects before they can expect NZAID funding to begin.

185. Five grantees considered their project preparation costs relatively high compared to the size of the ADAF-PSD funding. One grantee claimed their sunk costs were around \$500,000. Another grantee costed its inputs into project set-up costs as around \$100,000 and the project manager's time was costed as an extra \$50,000. This grantee's cost of project management was estimated as 30 per cent of the total project cost – as a comparison a similar project within NZ would have required only 10 per cent of the total project cost for project management.

186. This Reviewer believes the relatively high cost of project preparation to DPP stage could be considered an efficient use of resources from the project's point of view. Any useful monetary contribution to getting a strong EOI flows into a strong DPP. A strong DPP is more likely to lead to a successful project i.e. the greatest effort should be put up front and "good designs lead to good projects".

187. **Value of outcomes:** The review found no useful data existed to undertake efficiency analysis at the project level, but there were some project component data from which value of outcomes could be assessed.

188. Data from components of 5 projects (2 completed and 3 on-going) were assessed. The Cambodia – Local Resources for Local Roads project showed that the lime stabilised laterite sealed pavement technology is far superior in cost per m² than other comparable pavement construction. The cost for lime stabilised laterite sealed pavement ranged from USD17.26 to USD17.78 per m² depending on whether

the construction required 3 per cent lime, 3 per cent lime plus 1 per cent cement, or 4 per cent lime. Equivalent costs for laterite sealed construction were USD25.80 per m²; for crushed stone sealed USD31.06 per m² and for crushed stone unsealed USD43.89 per m². The very high cost of crushed stone unsealed was due to the regular upkeep required over the assumed comparative life of 15 years. Apart from the cost efficiency gains the lime stabilised laterite sealed pavement technology provided added societal benefits through improved travel times, reduced dust pollution and perhaps reduced health risks for the surrounding populace.

189. The Developing Sustainable Cereal and Legume Fodder Systems, Nepal project show several areas of efficiency gains: (a) an increase in income from milk ranging from 33 to 59 per cent per animal per household in 4 of the 6 districts measured to date, (b) average milk yield increases of 1.5l/animal/day, (c) net gain by householders of 56 Rs/animal/day (at the time of writing USD1 = Rs79), and (d) extrapolating over a lactation period of 300 days, a milking animal can earn a farmer an additional USD212/animal/year. These figures show the project is a significant income generation initiative and that relatively high returns are being obtained.

190. In addition the grantee stated "In Rivale some farmers are establishing fish farming enterprises which they say could not be done without the time released from growing fodder. Another farmer re-roofed his house and animal shed with iron sheeting from the additional money he earned from a single milking animal. Previously the roofing was straw and leaked".

191. The Nepal project is also creating other efficiency gains at the household level. There is now a more efficient use of women's labour through growing winter fodder on own lands rather than having to walk to common lands to collect it. In addition higher household incomes are translating into a more efficient nutritional base for the targeted households than in the "without project" situation.

192. The Laos - Developing New Opportunities for Coffee Farmers project initially showed good returns to investment. The grantee estimates the targeted farmers are improving their incomes from the "without project" situation by USD115,000. Spread over 540 households this equates to USD212/household producing *Robusta* coffee. For households producing *Arabica* coffee the additional benefit is over USD400/household, which equates to over 50 per cent real benefit gain. Other efficiency gains claimed are technical input to the coffee farmers' cooperative that serves 1,700 households and support to organic coffee certification. (Since the grantee interview in September 2009 NZAID indicated in mid December that the coffee farmers' cooperative is having some difficulties remaining viable. The future of the cooperative is unclear).

193. The grantee of the Cambodia - Traffic Safety Training in Schools project had no data on the extent the project prevented or reduced road accidents. A 2004 ADB estimate of the annual societal costs of road crashes in Cambodia was USD66m or, accounting for under-reporting, USD116m; around 3 per cent of the gross domestic product at that time. Although no direct evidence is available these figures show that the project may have significant societal benefits.

194. In the Cambodia - Training and Quality Management at the Mine Action Centre project a family farming 2ha of de-mined land can expect to generate around USD1,920/year growing rice. In addition the land value would increase over time. In the Vietnam - Tsunami Risk and Hazard Assessment project the grantee believed some aspects of project outcome efficiency were compromised in several workshops

and "inefficient talk-fests" which "seemed quite expensive for the amount of training done". However the grantee considered the project to be cost-effective.

195. **Outputs for inputs:** The review found no grantee of completed project could envisage producing more outputs for the same amount of inputs or that they could have produced the same amount of outputs with fewer inputs. The grantees of on-going projects did not think they could increase the level of their projected outputs from the level of inputs available. They also could not foresee opportunities to reduce costs for the projected outputs.

196. **Assessment.** The review found the extent to which ADAF-PSD is cost-effective aid is moderate. The level of that extent is rated 3. This is the first element of testing for the extent of ADAF-PSD's efficiency as a modality for delivering ODA.

3.3.2 Extent ADAF-PSD processes serve stakeholder interests

197. The review found the ADAF-PSD programme, in a small but significant way, helps NZAID deliver a moderately good quality aid for the NZ Government. This is achieved through the high-level management of ADAF-PSD's application, selection, contracting, monitoring and on-going management processes. The quality and the efficiency of these processes are critical for NZAID's accountability of public expenditure and for the overall success of the programme. Second, successful project outcomes could lead to secondary benefits such as future commercial opportunities for NZ firms. Third, strong collegiate bonds between staff and strategic relationship between institutions can develop between the 2 countries. Fourth, good outcomes assist in-country partners meet their mandates and objectives, and increase their status with donor community.

198. **Serving NZAID's and NZ's interests:** The review found the ADAF-PSD programme enables contributions to be made from a wide and diverse group of individuals, companies and institutions in the delivery of aid to Asia that helps NZAID's and NZ's aim to support sustainable development in developing countries in order to reduce poverty and contribute to a more secure, equitable and prosperous world.

199. It is the high-level management of the application, selection, management and monitoring processes of the ADAF-PSD programme that enables NZAID and NZ to realise good aid outcomes in Asia. NZAID staff undertake thorough assessments of EOI and DPP and once funding is approved efficiently manage the programme and monitor project expenditure until completion. The standard of monitoring and management is high given the limited staff resources available. File evidence shows that the public service rules and the governing financial regulations are adhered with at a very high level. There is no evidence of any audit shortcomings in the ADAF-PSD programme. By having a clear and transparent EOI and DPP assessment and recording them diligently the ADAF-PSD programme is open to scrutiny by interested parties. Such high level management of the programme serves the needs and interests of all stakeholders – NZAID, NZ, grantees, in-country partners and other stakeholders.

200. The ADAF-PSD contracting process, although drawn-out, is considered necessary for the expenditure of public funds and is no different to contracting for other aid modalities. The application and selection processes are transparent and the project information in the files is easily traceable. All documents, NZAID and grantee-produced, are filed diligently thereby enabling anyone to follow the outcomes of each

activity from the EOI to PCR. Two illustrations of the performance of the programme from NZAID staff follow.

201. A NZAID interviewee stated "Most important thing is to get the design stage and contracting right, be clear with logframe and M&E plan, and be clear as to reporting requirements etc....But once the contracting is done, grantees have a lot of freedom to go about their project with minimal input from NZAID but with good NZAID support and flexibility if need be."

202. Other NZAID staff commented "Both projects in Viet Nam (Tsunami Hazard and Land Administration) had the full support and participation of the NZAID manager at the time and the in country partners. We have been involved in monitoring through reading reports, attending meetings with NZ and Viet Nam partners and end of project workshops. As all proposals have been put together by local partners and NZ stakeholders, they addressed key development needs of local partners. They helped strengthen and (in many cases) build the NZAID partnership with local government agencies and other stakeholders in NZ."

203. One NZAID officer commented "In the Vietnam project (Tsunami Risk and Hazard Assessment) NZAID's investment of \$600,000 over 2 years in a small group creates a large leverage to Vietnam Government to put in much larger amount to predict tsunami and other hazards". The officer further stated "The project was also very positive for Vietnam and drew NZAID into their support group of the MONRE and the Vietnam Academy of Science and Technology...this was very beneficial to Vietnam and helped to broaden the relationships with NZ".

204. The review found ADAF-PSD projects help NZ built strong high-level partnership and strategic relationship with some of the key policy-makers and institutions in Asia. These aid relationships complement diplomatic relationships. They enable NZAID and NZ to be seen as a global player contributing to "a more secure, equitable, and prosperous world".

205. **Serving grantee and in-country partner interests:** The review found successful management, monitoring and completion of ADAF-PSD projects could lead to secondary benefits such as commercial opportunities for NZ firms, and assist in-country partners achieve their mandates and objectives.

206. Although it was not the main objective of the projects, the grantees of the Cambodia – Local Resources for Local Roads project and the Vietnam – Capacity Building for Land Administration Programme believed they had potential future work in the partner countries that would enable them to demonstrate their technologies more widely and create an international brand name. Exposure and trust are critical for success in internationally competitive aid business. For NZ such commercial undertakings would assist foreign exchange earnings.

207. Successful project outcomes also assist in-country partners serve their own interests. For example CMAC and HIB (in Cambodia) indicated that by being associated with ADAF-PSD projects they are more likely to obtain further donor funds to continue their mandates. CMAC's annual funding of around USD27m is contributed by 18 donors, 18 NGO and overseas private donations. Although NZAID's funding of around \$600,000 for the Cambodia – Training and Quality Management at the Mine Action Centre project is relatively small in comparison, it nevertheless helps expose NZAID's vision and mandate to other donors. It also helps create a bridge for NZ grantees to associate with foreign companies implementing major donor projects.

208. From HIB's perspective the Cambodia – Traffic Safety Training in Schools project was highly successful. HIB is therefore keen to work further with NZAID. Two small projects were mentioned to the review team as possibilities for further cooperation: Explosive Remnants of War for Risk Reduction and Happy Child projects.

209. Two in-country partners in Vietnam (IGP and GDLA/HDNRE) requested further NZAID support for their mandates. IGP wants to undertake further seismic and tsunami modelling work related to submarine landslides along a major NS fault very close to the Vietnam coast. Because of the short distance to the heavily populated areas (therefore the short real time to react) a significant seismic and/or a tsunami event would cause a major loss of life. The IGP geo-scientists see NZAID (with the support of GNS) as the logical partner to continue assistance after successfully completing the Tsunami Risk and Hazard Assessment project.

210. The GDLA/HDNRE want further NZAID assistance as the Vietnam land administration work is likely to continue for at least 2-3 decades. They considered NZ, having demonstrated a world-best practice system of land administration through the Vietnam land administration programme, as the logical donor to continue the support. The NZAID funding support for a component of the WB land administration project was keenly awaited.

211. In recent months some potential grantees raised concerns with NZAID that they had no opportunity to plan for or get ADAF-PSD funding because NZAID had allocated all funding for the next 2 or 3 years in 2006 i.e. the ADAF-PSD processes have not served them well in this instance.

212. **Assessment.** The review found the extent to which ADAF-PSD processes serve NZAID's, NZ's, in-country partners' and other stakeholder interests are high. The level of that extent is rated 4. This is the second element of testing for the extent of ADAF-PSD's efficiency as a modality for delivering ODA.

3.3.3 Conclusion on Objective 3

213. The extent to which ADAF-PSD is cost-effective aid is moderate. The extent to which ADAF-PSD processes serve NZAID's, NZ's, in-country partners' and other stakeholder interests is high. The conclusion is that ADAF-PSD, as a modality for delivering ODA, is moderately cost-efficient and strong in serving NZAID, NZ and other stakeholder interests.

3.4 Objective 4 – Extent of sustainability of ADAF-PSD projects

214. In assessing the sustainability of ADAF-PSD as an ODA delivery mechanism, the review has focused on the grantees' understanding of sustainability, project designs (logframes, M&E), outcomes, results and impacts (PCR analysis, field verification), and on networks/linkages being developed and maintained. The findings are based on information from grantee and NZAID produced documents, and interviews with grantees, in-country partners, stakeholders, target beneficiaries and NZAID staff. Grantee sources are given greater weight because of the nature of the assessment.

3.4.1 Extent concept of sustainability is understood and practised

215. **Understanding sustainability:** The review found the concept of sustainability is not well understood by some grantees, and that if it is understood it is not very well practised in the development and implementation of ADAF-PSD projects.

216. If the flow of benefits from an aid project does not continue after project completion the project, for all intents and purposes, is a failure. No aid project should be undertaken if there is a reasonably high chance (assessed through risk and other analyses during preparation) that it won't be sustainable. NZAID approval panels should be under no pressure to accept EOI and DPP if there are well-reasoned questions about project sustainability. Sustainability is a key attribute of high quality aid (see Lessons and Recommendations).

217. During interviews 2 grantees demonstrated their lack of knowledge of sustainability in aid projects, or perhaps their failure to put in practice their knowledge of sustainability. One grantee claimed sustainability was an issue for after-project situation as the target beneficiaries do not have the up-front capital to buy required equipment during project implementation, and that local government financial support would be needed for a continued period after project completion. It begs the question why was this project ever undertaken from sustainability point of view? If the intention was to demonstrate to the local government the benefits of the technology (the technology is widely known worldwide) the critical risk at DPP stage and now still remains whether the local government would choose to fund it. The other grantee appeared not to have thought of sustainability as the continued flow of benefits after project completion. This grantee appeared interested only in during-project result with no regard to how the partner institution would continue to fund the after-project O&M budgets to continue to generate a flow of benefits for the target beneficiaries.

218. **Quality of PCR:** The review found a high degree of variability in the quality of the 4 PCR assessed for this review; the quality of PCR is a major issue for NZAID.

219. The best PCR was about average, the second below average, the third so significantly below average that it bordered on being unacceptable, and the fourth should have been returned to the grantee for complete rewriting. What is interesting is that all 4 PCR followed the same guidelines for their preparation. The projects also completed at similar times, 2 in early to mid 2008 and 2 in mid 2009.

220. The variable quality of PCR may imply some project managers/directors have a lax approach to PCR preparation. There appears to be no mechanism within NZAID to penalise bad PCR reporting. This is not satisfactory and it sends a bad message to existing grantees and would-be grantees. It is possible that some poor quality PCR are due to no specific format for its preparation in the ADAF-PSD guidelines. However there are generic guidelines on how to prepare PCR available elsewhere in NZAID that could and should be used by ADAF-PSD grantees.

221. The review found the quality of PCR a major issue for NZAID. If the last report on a project costing around \$600,000 and funded by the NZ Government is not of an acceptable standard then this creates problems for NZAID's in-house accountability, learning and programme improvement. PCR are the most important source documents for agency learning and quality improvement in programme delivery.

224. For future rounds of ADAF-PSD projects NZAID needs to improve its guidelines by including a well-developed standalone module on sustainability. NZAID should accept, as part of its overall mandate and policy settings, that the concept of

sustainability is the underlying goal of all aid projects. Sustainable project outcomes create development impact (see Lessons and Recommendations).

225. **Quality of Logframes and M&E:** The review found that although all 10 projects had logframes their quality varied widely. M&E were generally of moderate quality.

226. Six logframes were of average quality, 2 below average and 2 weak. For the 6 average logframes the indicators, the means of verification and the assumptions were considered acceptable. Four grantees regarded logframes as an important tool that clarified their thinking about the inputs-outputs-purpose-goal relationship and the assumptions linking these. Three grantees stated it "forced them into thinking logically". In contrast 1 grantee regarded the logframe as "don't enjoy doing it...is a tedious process" (see Lessons).

227. M&E was of an acceptable quality in only 5 projects. In only 3 projects was the link between M&E and the logframe established strongly. This Reviewer considers there is significant room for improvement in linking the project M&E with the logframe. This would assist project implementation. In addition it would assist NZAID's monitoring of ADAF-PSD projects (see Lessons and Recommendations).

228. **Analysing PCR:** The review found little evidence of NZAID undertaking a rigorous assessment of the PCR at submission, and that little or no analysis is undertaken of sustainability in the ADAF-PSD programme.

229. These shortcomings are a weakness for agency learning and quality improvement. PCR should be analysed for at least 5 objectives: relevance, effectiveness, efficiency, sustainability and lessons learnt (see Lessons and Recommendations).

230. The need for assessing PCR at submission was strongly supported by a former consultant to the ADAF programme. The analysis could be done by the DPO ADAF-PSD with consultant input if necessary. A succinct and sharply focused analysis of 3-4 pages maximum would suffice. This information would be very useful for the Director Global Group, TL Asia, Strategy, Advisory and Evaluation Group (SAEG) advisers, on-going grantees and future grantees. The findings would also be useful for feeding into NZAID's annual report on quality managed by the SAEG. In addition the PCR analysis would be very valuable for grantee workshops (see Lessons and Recommendations).

231. **Field visits:** The review found no fieldwork on on-going projects or ex-post evaluation of completed projects has been undertaken or contemplated in the ADAF-PSD programme (apart from this review).

232. This is considered a weakness for agency learning and staff development. This was also considered a weakness by a consultant who provides regular comment on selected ADAF-PSD projects. For the relatively small cost of undertaking field visits (probably an additional marginal cost of about \$10,000 per field visit covering 2-3 projects at a time by the DPO ADAF-PSD, or around \$60,000 for an ex-post evaluation with consultant input covering 2-3 projects) very high payoffs can be obtained. Programme managers need to see for themselves the workings of an aid project in the field and directly consult with the in-country partners and target beneficiaries. Despite phones, emails and faxes there is no substitute for field visits in high quality aid programme management (see Lessons and Recommendations).

233. **Assessment.** The review found the extent to which the concept of sustainability is understood and practised by the grantees is very low (2 projects), low (3 projects) and moderate (5 projects). The level of that extent is rated 1 for two on-going projects, 2 for two on-going projects and one completed project, and 3 for two on-going projects and three completed projects. This is the first element of testing for the extent of sustainability of ADAF-PSD project outcomes.

3.4.2 Extent outcomes of projects are sustainable or likely to be

234. **Project outcome sustainability:** The review found outcomes of 50 per cent of the projects were unlikely to be sustainable, but that the key principles demonstrated in several innovative and otherwise successful projects are considered sound for generating some long-term development impact in partner countries.

235. In the Vietnam – Tsunami Risk and Hazard Assessment project 5-6 staff were trained in tsunami hazard assessment and another 3-4 staff were trained in seismic risk assessment. This grantee considered the main sustainability problem was the low staff salaries which meant they often had to seek other sources of income thereby detracting from giving full commitment to the sustainability of project outcomes. A second factor was that young, highly trained staff were upwardly mobile seeking higher salaries. Their stay in a particular position, which may have been targeted for capacity building by the project, was for a limited period only thereby reducing potential project sustainability. Maintenance of equipment and its funding by IGP was considered adequate to support sustainability.

236. In the Cambodia – Local Resources for Local Roads project the grantee established a clear link between the need for O&M budgets, asset maintenance and sustainability. The grantee indicated that without adequate provision of O&M budgets from MRD the value of the road asset would decline over time thereby reducing potential sustainability. The grantee recognised there was a culture of non-maintenance of public assets in Cambodia and that the lime stabilised laterite sealed pavement technology reduced maintenance requirements. However the technical aspects of the road construction method and its cost-efficiency relative to other forms of road building need to be recognised as important for forming a view on the likely sustainability of rural road projects in Cambodia. A good indicator of the usefulness of the technology and its cost efficiency is the fact that ADB will fund a 500km rural roads project in 2011 in northwest Cambodia that will use this technology.

237. In the Developing Sustainable Cereal and Legume Fodder Systems, Nepal project the grantee sees huge potential for dissemination of summer and winter fodder production technologies to non-targeted farmers in areas adjacent to project sites. This would occur through exchange of farmer-based information. A large development impact is possible if the project outcomes are adopted widely. A critical issue currently for sustainability is the availability of seeds for fodder production – the grantee thinks this is a temporary limitation only as the seed production industry establishes.

238. In the Livestock Improvement in the Karst Mountain Communities, Guizhou, China project the grantee stated, "Sustainability of the project is looking good. It was a concern at the start of the project but the Guizhou Provincial Government is now committed to the development of project technologies. The Poverty Alleviation Office has agreed to fund Provincial technician training (3 per year) for 90 technicians per year for 2 years after the end of the project".

239. In the Cambodia – Traffic Safety Training in Schools project the grantee acknowledged that sustainability has been weakened by the general lack of funds for schools. However it is expected that the ADB-funded pilot project for grades 10-12 curricula may assist sustainability of NZ funded initiatives. The road safety curriculum was accepted into the national education curriculum as part of the local life skills programme, which indicates that the key principle of showing the importance of educating school children in road safety has been successful, with the principle likely to be sustainable. Useful knowledge in traffic safety, gained early in a child's life, has the potential to generate large benefits for the person and the society more generally.

240. This Reviewer considers that several other grantees could have acknowledged RCF and O&M budgets as critical issues for sustainability in their projects (see Lessons and Recommendations).

241. **Assisting sustainability:** The review found the lack of provision of adequate O&M budgets and RCF in the partner Ministries to be the critical factor limiting potential sustainability of otherwise innovative and successful project outcomes. Efforts should be made to assist sustainability of some of the successful project outcomes that have the potential to create an important and far-reaching development impact.

242. In the Cambodia – Traffic Safety Training in Schools project, which has been highly successful in all outcomes, sustainability is threatened by the lack of a small amount of RCF to enable re-printing of the traffic safety training manuals when needed in future. Without training manuals the successful project outcomes to date would be whittled away.

243. This Reviewer believes that if this were to happen it would be a great loss to the development of Cambodia and an unsatisfactory outcome for NZAID, grantee and HIB. Although it is now a Cambodian Government recurrent funding issue, efforts could be made by NZAID through diplomatic and other channels to assist sustainability through seeking provision of small amounts of funds from private donors and/or NGO for reprinting the manuals. It is considered that around \$5,000 per year may be sufficient for reprinting and distribution if the original plates are still available.

244. For the Cambodia – Local Resources for Local Roads project there are significant doubts about sustainability of at least one of the 4 ADB-funded rural roads which were supposed to be a replication of the demonstration road. One road observed was a 28km stretch built by a contractor who was trained by one of the 2 contractors that built the demonstration road. After 18 months of use, with considerable overloading by trucks, the road requires maintenance as potholes are developing. The contractor built the road at a rate of 600m per day as required by ADB when an accepted norm is 300m per day for the technology. The technical view is that the road compaction was done poorly.

245. Such constraint to replication leads to doubts about the longer-term viability of the demonstration road technology in Cambodia. In addition, the issue of vehicle overloading is endemic on Cambodian roads. The question therefore is whether any cost-efficient road technology could be successfully adopted in Cambodia and be sustainable. The Government simply does not have enough funds to meet recurrent expenditure for maintenance. For example the Ministry of Economy and Finance allocates only around 3 per cent of the funds that are required to maintain the northwest rural roads.

246. In both completed projects the sustainability of project outcomes is threatened by the lack of RCF and O&M budgets for maintenance of assets so that they can continue to generate long-term development benefits. In Cambodia RCF and O&M budgets in key Ministries are virtually non-existent. All aid projects by all donors in Cambodia have the question of sustainability as the critical constraint to development. Therefore future ADAF-PSD projects need to be appropriately designed to accommodate such sustainability constraints.

247. **NZAID's views:** The review found NZAID is generally unable to know whether project outcomes of completed projects have been sustainable.

248. The inability of NZAID to know whether outcomes of completed projects were being sustained is captured by the statement of one interviewee who had "no idea whether outcomes are being sustained because (there is) no mechanism within ADAF-PSD to follow up". Knowing whether project outcomes are sustainable is important for NZAID's focus on effectiveness and efficiency of aid outcomes, as well as for agency learning and programme improvement. Such needs could be appropriately fulfilled by selected field visits and ex-post evaluations as outlined earlier (see Recommendations).

249. One NZAID official stated "Some projects that produce good results and have a solid case – ADAF-PSD could fund them for longer or a second phase. In some cases there should be a way to continue funding as is done for bilateral ODA". Whether this is possible from ADAF-PSD guideline perspectives is unclear. However the idea seems sensible in terms of investment returns – additional support should be given to best performers (see Recommendations).

250. Another NZAID perspective was "Sustainability is always a concern raised in the implementation and conclusion of the ADAF-PSD projects" and "the outcomes of completed projects can only be sustained if they were mainstreamed in the government strategy or supported by other following initiatives funded by NZAID and/or other donors".

251. **Conclusion:** The review concluded that the critical test for sustainability is at the EOI and DPP stage, and that it is generally the lack of O&M budgets and the provision of RCF by the in-country partner Ministries that is the main factor denying sustainability and thereby achievement of potential development impact from NZ's aid interventions. Development impact would not occur without successful project outcomes being sustainable (see Lessons and Recommendations).

252. **Assessment.** The review found the extent to which the outcomes of projects are sustainable or likely to be sustainable is very low (3 projects), low (3 projects) and moderate (4 projects). The level of that extent is rated 1 for three on-going projects, 2 for one on-going project and two completed projects, and 3 for two on-going projects and two completed projects. This is the second element of testing for the extent of sustainability of ADAF-PSD project outcomes.

3.4.3/Extent networks/linkages are being developed and maintained

253. A number of Findings for this section have been covered in sections 3.2.3 and 3.3.2. Only salient points related to this section are presented here.

254. **Grantee views and field observations:** The review found strong collegiate bonds between grantee and in-country partner staff, and good cooperation between NZ and overseas institutions are being developed and maintained.

255. Six grantees had developed or are developing good networks/linkages with their in-country stakeholders, and grantees of 3 completed projects considered their interaction with in-country partner staff was likely to continue in future.

256. The Vietnam tsunami risk assessment project has demonstrated networks/linkages between NZ and in-country stakeholders being developed and maintained to the greatest extent. There is strong evidence of this relationship continuing in future and it bodes well for the longer-term sustainability of project outcomes. First, 2 weeks before fieldwork began in Vietnam (mid December 2009) 2 GNS scientists visited IGP to discuss further research collaboration with the project having completed in July 2009. Second, continuing scientific linkage occurs through participation at regional conferences, the last in Shanghai 2 months earlier. Third, IGP staff constantly email GNS scientists and seek advice as needed. Fourth, the IGP project coordinator and a GNS scientist are preparing a joint paper on Vietnam tsunami hazard and risk management for publication in an overseas scientific journal. All this indicates good success in scientific cooperation between Vietnam and NZ (see Lessons).

257. The extent to which networks/linkages are developing between Vietnamese institutions in sharing tsunami risk and hazard management information is weak. IGP does not readily share information with scientists in other institutions such as the Research Institute for the Management of Seas and Islands, MONRE, and the Disaster Management Centre, Ministry of Agriculture and Rural Development. This may be partly due to the IGP scientists awaiting publication of their research results and partly through the long years of having a "silo mentality" in Vietnamese public institutions. From NZAID's perspective a wider and more transparent sharing of tsunami risk and hazard management information within Vietnam would be a better aid outcome with a greater potential development impact.

258. The grantees of 3 on-going projects claim they are building strong network/linkages with their in-country stakeholders. In the Nepal fodder project the grantee has built strong collegiate bonds with the staff of NARC and DLS which have the potential to endure long-term, well after project completion. One indicator of continuing professional relationship is the joint publications in scientific journals. Another is the constant sharing of agricultural experimental information for mutual testing and assessment. The grantee is also likely to continue future work in animal nutrition in Nepal with other donors, such as the FAO.

259. In the Cambodian mine action project the NZ de-mining specialists, with considerable knowledge and experience gained in the NZ army working in various countries, have been able to add significant value to the training at CMAC. From field observation there was very clear evidence that CMAC has built a strong bond with the NZ specialists (1 grantee consultant accompanied the review team for part of the fieldwork). All indications are the networks/linkages being created are strong and likely to continue after project completion.

260. In the China livestock project strong scientific linkages are being developed between Massey University and Guizhou University. The project is building on a 25-year history of agricultural and animal husbandry research between the 2 universities that has included student/lecturer exchange and joint publications in scientific journals. Evidence indicates the networks/linkages are likely to continue after project completion.

261. **NZAID and consultant views:** The review found the ADAF-PSD programme has strong characteristics for creating networks/linkages with in-country stakeholders.

262. One NZAID interviewee was confident the gains made through the Vietnam – Tsunami Risk and Hazard Assessment project would be sustained through the establishment of VietNet and the capacity building of IGP. Other NZAID staff commented, “Lessons learnt from the project implementation regarding communication, timing, relationship difficulties, especially at the early stage, has helped to strengthen closer relations”. A consultant to ADAF-PSD considered the selection of an appropriate in-country partner as critical to developing and sustaining networks/linkages. The project-related mandate of the in-country partner should be complementary to their existing mandate rather than be a new role. This way the probability of the developed networks/linkages sustaining after project completion is greatly enhanced (see Lessons).

263. **Assessment.** The review found the extent to which networks/linkages between NZ and in-country stakeholders are being developed and maintained is high. The level of that extent is rated 4. This is the third element of testing for the extent of sustainability of ADAF-PSD project outcomes.

3.4.4 Conclusion on Objective 4

264. The extent to which the concept of sustainability is understood and practised by the grantees is very low to moderate. The extent to which the outcomes of projects are sustainable or likely to be sustainable for the target beneficiaries is very low to moderate. The extent to which networks/linkages between NZ and in-country stakeholders are being developed and maintained is high. The conclusion is that ADAF-PSD, as a modality for delivering ODA, is weak in achieving sustainability and strong in developing and maintaining networks/linkages.

3.4.5 Summary of Assessments

265. A summary of assessments is presented in Table 2. The overall conclusion of the review is that the ADAF-PSD programme is very highly relevant, moderately to highly effective, moderately cost-efficient but poor in achieving sustainability. NZAID needs to concentrate on improving sustainability in future projects through focusing on the lessons learnt and adopting the recommendations outlined in this report.

Table 2/Summary of Assessments

High-level objective/question	Rating
3.1 Objective 1 Extent of ADAF-PSD's relevance	
3.1.1 Alignment with NZAID's mandate and policies	5
3.1.2 Alignment with NZAID's ADAF-PSD guidelines	5
3.1.3 Alignment with NZAID's management processes and requirements	5
3.1.4 Alignment with NZAID's strategic objectives in Asia	5
3.2 Objective 2 Extent of ADAF-PSD's effectiveness	
3.2.1 Extent outcomes contribute to elimination of poverty in Asia	4
3.2.2 Extent outcomes promote self-reliance and economic growth	4
3.2.3 Extent outcomes benefit NZ companies and institutions	3
3.2.4 Extent outcomes adhere to ADAF-PSD's operating principles	3
3.2.5 Extent outcomes integrate NZAID's cross-cutting themes	2 (G,E)
3.2.6 Extent outcomes result in unintended positive or negative outcomes	NR

3.3 Objective 3 Extent of ADAF-PSD's efficiency	
3.3.1 Extent ADAF-PSD is cost-effective aid	3
3.3.2 Extent ADAF-PSD processes serve stakeholder interests	4
3.4 Objective 4 Extent of sustainability of ADAF-PSD projects	
3.4.1 Extent concept of sustainability is understood and practised	1x2, 2x3, 3x5
3.4.2 Extent outcomes of projects are sustainable or likely to be	1x3, 2x3, 3x4
3.4.3 Extent networks/linkages are being developed and maintained	4

Notes:

G=Gender, E=Environment; rest of cross-cutting themes could not be rated

NR=Not Rated

For 3.4.1 – 2 projects rated 1, 3 projects rated 2, 5 projects rated 3

For 3.4.2 – 3 projects rated 1, 3 projects rated 2, 4 projects rated 3

3.5 Objective 5 – Lessons learnt

266. A number of lessons emerged from the review that need consideration by NZAID in improving the performance of ADAF-PSD and for use in other country programmes where they may be generically applicable. These lessons are discussed below. Suggestions as to how these lessons could be incorporated within the ADAF-PSD programme and utilised by other stakeholders, such as grantees and in-country partners, are also outlined. Some critical lessons have been developed into recommendations (see Recommendations).

267. **NZAID needs to communicate the lessons of experience in ADAF-PSD projects to potential grantees.** There is strong evidence that NZAID does not communicate well with the grantees about the lessons of experience in ADAF-PSD project design and implementation. In the next round of ADAF-PSD projects, grantees preparing DPP should have the following lessons made available to them.

268. **Appropriate choice of in-country partner.** The grantees must identify the right in-country partner to work with. The partner must have a mandate similar to that of the proposed project objectives, must be a credible agency or institution, and must have appropriate resources to sustain the aid activities.

269. **Strengthen ties between ADAF-PSD and country bilateral programmes.** ADAF-PSD has synergies with the country bilateral programmes (in the 6 countries which overlap) and with regional and sectoral programming which should be optimised. ADAF-PSD could supplement and/or complement the bilateral programme in a number of areas such as direct poverty alleviation, capacity building and training in selected institutions, infrastructure building, and health and education support.

270. The important point is that ADAF-PSD has some unique and valuable characteristics which should be used to get a buy-in in other NZAID aid modalities. Working together "will give a greater bang for the bucks" than competing with one another, basically for the same NZAID resources.

271. **Keep designs simple with clear objectives.** Project designs must be clear to all key stakeholders and have objectives achievable during the life of the project. The target beneficiaries should be clearly identified. There must be a strong and identifiable link between project objectives and expected impact on poverty

alleviation of target beneficiaries. Wherever possible the nature and type of poverty reduction impact should be estimated. It is important not to undertake too much given the short duration of ADAF-PSD projects. Weak designs lead to weak projects.

272. **ADAF-PSD is the only form of aid modality that provides an opportunity for innovative designs to be developed by the implementer of a project.** In several other main forms of aid the designs are developed within NZAID with assistance from consultants, a competitive bidding process undertaken and the winning bidder implements the project. The uniqueness of ADAF-PSD is that it allows grantees to practise innovation and flexibility in design. Given the huge time pressures on NZAID staff to manage aid programmes under tight deadlines, such innovation within ADAF-PSD should be recognised as important agency resource management support.

273. **Bigger, deeper, fewer, longer aid interventions are not necessarily the better form of development assistance in all circumstances.** Bigger and longer ODA squeezes out smaller projects targeted at the "grassroots" level. The trickle down model of aid at the country or regional level has its place in development. But for some situations, such as when dealing directly with abject poverty in Asia, this often requires a bottom-up approach targeting poor households, villages and local communities. ADAF-PSD aid modality can be classed as a bottom-up approach, sharply focused at a small but critical aid issue at a district or village level. ADAF-PSD has the mechanism to directly impact on household poverty alleviation.

274. **Put project resources into estimating efficiency of projects.** Wherever possible undertake cost-benefit analysis of projects, or even some elements of projects, where the data are robust. As a credible aid agency NZAID should always undertake cost-benefit analysis. Seek short-term input from outside the project if necessary e.g. from a development economics department of a university. A 4-5 day input may be enough for most ADAF-PSD projects.

275. NZAID needs to know the extent of efficiency or value for money being obtained in its aid interventions. A high quality PCR with good robust data is an excellent place to attempt a whole-of-project cost-benefit analysis. An estimate of the benefits in both economic and societal sense would be useful for agency accountability, learning and programme improvement. Any internal rate of return estimate, together with net present worth and benefit-cost ratio, would make a powerful statement about the worth of a project. Such quantitative measures also provide credible evidence and enable clearer policy settings between competing programmes when NZAID funding is under considerable pressure to show reliable results.

276. **Understand the importance of sustainability in aid interventions and focus on sustainability throughout the project cycle.** Sustainability was poorly handled in 1 completed project and moderately handled in the other 3 completed projects. In the on-going projects sustainability is being very poorly to poorly handled in 4 projects and moderately handled in 2 projects. A 50 per cent moderately satisfactory rate for sustainability should not be an acceptable standard for NZAID. Sustainability is critical to the success or otherwise of an aid intervention.

277. It is suggested (see Recommendations) that in future there should be a greater concentration on sustainability in the DPP. Sustainability should also be a key focus in each reporting – progress, annual and completion report. In the PCR, focusing on sustainability is critical to understanding the likely success of project

outcomes and the likely flow of any project benefits in future. Sustainability and development impact are interwoven.

278. Sustainability reporting is also a powerful way of telling the key policy-makers within the agency and the NZ Government about: (a) the usefulness of the ADAF-PSD projects in alleviating poverty in Asia, and (b) providing credible evidence of the satisfactory use of scarce aid funds. Sustainability is a key attribute of high quality aid.

279. **Strong M&E throughout the project cycle will increase the chances of project success.** M&E should be built into the project design and there needs to be a clear and identifiable link between the M&E plan and the logframe. Only 5 of the 10 ADAF-PSD projects reviewed can be regarded as having a satisfactory M&E plan. At least 2 projects had a very weak M&E plan with no identifiable link with the logframe. In 3 projects only was the link between M&E and the logframe established strongly.

280. **Good logframes are a powerful tool for assisting M&E.** There was a huge variation in the quality of the logframes of the 10 projects reviewed. Generally the larger companies and institutions with strong development experience produced good logframes. Smaller, first time grantees generally produced convoluted logframes with weak indicators, targets and means of verification. These grantees also had problems handling assumptions and risks.

281. Good logframes are a key to successful project implementation. They help improve project effectiveness and the likely sustainability of useful project outcomes. Grantees should change the DPP logframe when new or different information becomes available during the life of a project, and inform the DPO ADAF-PSD as a matter of requirement.

282. **Integrating NZAID's mainstreaming and cross-cutting themes.** Integrating gender equity into the ADAF-PSD projects needs improvement. This could be done by strengthening the guidelines and linking these directly to: (a) *NZAID Mainstreaming Gender Equality and Women's Empowerment Action Plan 2007-12*, and (b) *Screening Guide for Mainstreamed and Other Cross-Cutting Issues in NZAID Programmes and Activities*. Leaving it to the grantees to integrate gender equity issues into their projects is not enough; it needs to be a proactive action led by NZAID.

283. The lesson is to focus on gender improvement throughout the project cycle (see Recommendations). One way would be to have a dedicated gender Advisor on the approval panel who could make sure that there were specific and measurable gender targets in the DPP. In addition the DPO-ADAF-PSD could request that grantees produce specific gender equity targets/achievements in their AR and PCR. Finally the assessment of the PCR by the DPO ADAF-PSD could include gender impacts amongst other assessments.

284. Environment improvement should always be attempted in ADAF-PSD projects with climate change becoming an emerging issue for aid donors. Climate change is already having a major negative impact on the poor in most developing countries. The remaining cross-cutting themes – human rights, conflict prevention and peace building, HIV/AIDS – need greater efforts for their integration in ADAF-PSD projects.

285. The lesson is NZAID and the grantees must work harder to find ways in which project designs could be developed to enable the integration of all mainstreaming and cross-cutting themes into ADAF-PSD projects where opportunities arise.

286. **Rural development projects can have a direct and far-reaching impact on improving the welfare of women.** The Developing Sustainable Cereal and Legume Fodder Systems, Nepal project has demonstrated that well-designed rural development projects can have a major impact on gender equity. The impact has been both at the household level e.g. in freeing up women's time from collecting fodder for cattle to empowering women in the rural areas.

287. **There needs to be greater efforts in dissemination and replication of proven technologies.** In rural development projects targeting crop, fodder or animal production there needs to be greater efforts in dissemination and replication of proven technologies. An identified need is for correct and innovative forms of dissemination of agricultural or animal husbandry technologies to target farmers. For illiterate farmers, leaflets including diagrams are sometimes helpful. Farmers are powerful extension agents. Ask farmers themselves to help design and disseminate information on agricultural and rural technologies. Replication works well if the farmers are convinced that the demonstrated technology is simple, beneficial and adaptable to their farms.

288. **Recurrent cost financing and maintenance of assets.** Asset maintenance is of critical importance in aid interventions in Asia where Governments have difficulty providing RCF. Broadly defined there are 3 sets of assets: physical infrastructure, plant and equipment, and human and intellectual capital. Each has operations and maintenance considerations: roads have to be maintained, training manuals have to be replaced, and school teachers must keep their skills up-to-date. Maintenance must be ongoing and preventative for all sets of assets; without it the development impact of aid interventions is severely restricted.

289. The culture of non-maintenance is a serious issue in Asia. During tight fiscal times Governments generally are reluctant to sack workers. Instead they refuse to fund purchase of critical inputs such training manuals e.g. for classroom teaching in Cambodia thereby negating the usefulness of successful project outcomes. For infrastructure projects, such as rural roads in Cambodia, these are likely to deteriorate and without due maintenance their usefulness will decline over time.

290. In all DPP asset maintenance to enable realisation of long-term development benefits for target beneficiaries was not considered. In future NZAID needs to give a much higher prominence to the problem of asset maintenance and RCF in its ADAF-PSD proposals (see Recommendations).

291. The lesson is NZAID needs to have a strategy in place for future asset maintenance and RCF support of infrastructure, education, health, rural development and other types of projects it funds if the likely long-term development impact is not to be severely restricted. This must be regarded as part of the total design and funding considerations for any new ADAF-PSD project. Asset maintenance must be addressed in DPP and remain in focus throughout the life of a project.

292. **Good internal quality assurance of the progress of a project leads to good reporting.** Few grantees do internal quality assurance of their reports prior to submitting them to NZAID. One PCR should have been returned to the grantee for rewriting and resubmission. It is not the role of the DPO ADAF-PSD or any other

NZAID staff to be struggling over bad reporting by the grantee. It is a waste of valuable staff time.

293. Only 2 grantees stated they have an internal quality assurance mechanism and use this consistently for reviewing draft reports before sending them on to clients. One institution that does quality assurance has a strong editorial and peer cross-check mechanism which leads to high quality reporting. It also assists publication of results in scientific journals. It is always good practice to have another set of eyes go through draft reports.

294. **Networks/linkages between in-country stakeholders and NZ are strongly developed in ADAF-PSD projects.** A positive lesson is that ADAF-PSD project characteristics promote strong interaction between professional staff of the in-country partner and that of the NZ institution. Most grantees stated they had developed good working relationships with their in-country stakeholders. In some cases strong collegiate bonds between the grantee and in-country partner staff, and scientific links between NZ and in-country partner institutions have developed and are likely to continue well after project completion. Second, such networks/linkages are important in building trust and in long-term international cooperation in regional and global issues. Third, working with in-country partners exposes NZ's expertise and skills to other donors in the country. Fourth, although not the main objective of the project, successful outcomes may assist NZ firms in realising future consultancies and other downstream commercial opportunities.

3.6 Objective 6 – Recommendations

295. Based on the review a number of recommendations are made that will enhance the value of ADAF-PSD within NZAID's development assistance programme. These recommendations, with suggestions as to how they may be incorporated, are discussed below.

296. **Recommendation 1.** NZAID should continue with the ADAF-PSD programme as an aid modality.

297. The review has produced strong evidence from all sources – NZAID, grantees, in-country partners, target beneficiaries – that ADAF-PSD is meeting its objectives at a very high level for relevance, moderate to high level for effectiveness, moderate level for cost-efficiency but very poor to moderate level for sustainability.

298. First, ADAF-PSD is very highly relevant to the needs of the target beneficiaries. Its outcomes are generally effective in directly improving the lives of significant numbers of poverty-stricken households in Asia which may not otherwise be reached through other forms of aid modality. Its approach is generally considered moderately efficient in terms of returns on NZAID's aid funds, and in some cases there is likely to be a continued flow of project-induced benefits for the target beneficiaries after project completion. Few aid modalities by most donors would be able to claim such a degree of success. The general rule of thumb by most donors is that "if you get 50 per cent right you are doing quite well". Aid is a difficult business in which to maintain reasonable success continuously.

299. Second, ADAF-PSD is a powerful aid modality compared with bilateral ODA in aligning NZAID's policy of poverty alleviation to the needs in Asia, reducing inequalities, breaking down poverty of opportunity, and perhaps reducing the extent of corrupting practices that may emanate from other forms of aid. ADAF-PSD targets and reaches the poor in an uncomplicated way. Bilateral ODA have a habit of

working through large bureaucracies through which reaching the poor directly becomes difficult. The bigger, deeper, fewer, longer forms of aid have their place in development but ADAF-PSD has unique characteristics that makes its retention important.

300. Third, ADAF-PSD aligns very well with the current Government's mandate and policy settings on aid. Apart from a focus on sustainable development and reducing poverty there is a sharpened focus on SED linked to economic growth and trade. ADAF-PSD fits in all three policy settings in a unique way. Therefore ADAF-PSD can be thought of as delivering NZAID's policies and priorities and meeting the NZ Government's mandate of engaging with Asia at a very high level.

301. Given ADAF-PSD's achievements the obvious question is whether the funding should be increased for future rounds. This question needs to be pursued by senior NZAID staff in the context of the current Government's mandate and policy settings. Although it is not the main objective of ADAF-PSD projects, there is potential for NZ companies winning possible contracts leveraged initially through ADAF-PSD projects. Examples are potential aid contracts with the ADB and WB. Such commercial advantages for NZ companies working in Asia also have a good potential for improving the livelihoods of poor people in Asia. This is because the winning contracts are most likely to be similar in objectives to the initial ADAF-PSD projects e.g. more rural roads, more in-field capacity building through training and demonstration, and more income generation for poor households through wider application of tried and tested on-farm technologies. In conclusion ADAF-PSD is a very useful aid modality in: (a) reaching the poor directly through the implementation of ADAF-PSD projects, and (b) in creating an enabling environment for reaching the poor more widely through NZ firms winning potential future contracts.

302. The fact that ADAF-PSD is "tied-aid" is an issue for the senior NZAID policy-makers and the current Government. The review has produced strong and verifiable evidence of the achievements of ADAF-PSD as an aid modality.

303. **Recommendation 2.** NZAID should make some changes to the ADAF-PSD guidelines for future rounds, including incorporating a standalone module on sustainability.

304. Three areas of change in the guidelines are proposed. ADAF-PSD has been a major improvement on its predecessor ADAF in reducing prescription and assisting innovation in designs. Improvements to the ADAF-PSD guidelines at the margin are now required to sharpen the guidelines further.

305. First, further streamlining of the ADAF-PSD proposals making them simpler and focusing on results is needed. At the higher order level, questions that need focus are: How would the poverty alleviation objectives be achieved within the project time frame? What assumptions are being made to achieve the desired results? What expectations are being made of in-country partners in assisting achievement of the objectives? What consultations are being undertaken with the target beneficiaries on their poverty alleviation needs? What gender improvements and other cross-cutting impacts can be expected from the project objectives and why? What is the likely sustainability of the expected project outcomes and why?

306. Second, the guidelines for the preparation of the PCR need to focus more on assessing the key measures of project success such as relevance, effectiveness, efficiency and sustainability. The current way of treating these is lost in the requirement to undertake a stakeholder evaluation workshop at project completion.

There is strong documentary, interview and field evidence that these evaluation workshops are not rigorously conducted nor do they generate useful, valid, reliable, accurate and complete information for NZAID's purposes. The workshop in itself may be useful in getting the target beneficiaries together to talk about their experiences but using the information from these workshops to gauge project success is stretching it a bit. Workshops (generally over a day) are not considered a substitute for a more rigorous and analytical assessment of project success. Therefore it is proposed that the relevant area of the ADAF-PSD guidelines incorporate the requirements for grantees to analyse and write PCR under headings such as relevance, effectiveness, efficiency and sustainability. As one interviewee put it "If you don't ask for these you won't get it".

307. Third, a standalone module on sustainability should be prepared and incorporated into the ADAF-PSD guidelines. The rationale for developing and incorporating such a module in the guidelines has been discussed in section 3.4.1.

308. Overall, NZAID needs to know the extent of a project's relevance, effectiveness, efficiency and the likely sustainability of useful project outcomes for its reporting requirement and also to gauge whether the completed project was worthwhile. It is imperative that whenever there is an opportunity NZAID must seek useful, credible and reliable information from all sources as to the success of its aid interventions. ADAF-PSD is no exception.

309. **Recommendation 3.** NZAID should use more expert and independent reviewers to assist in the selection of ADAF-PSD proposals, and to provide expert comments on the project progress reports during the life of the project.

310. There needs to be more independent reviews of the proposals by expert and credible independent reviewers. Assessing sustainability from expected aid outcomes needs a much greater focus during the assessment process. Proposals that are weak in analysing sustainability correctly at the proposal stage are generally weak during implementation and end up being weak in potential development impact. Weak designs lead to weak outcomes thereby wasting money. It is better for NZAID to put additional cost upfront in getting good designs than in chasing up poorly performing grantees during the implementation stage. Good designs lead to good projects.

311. **Recommendation 4.** NZAID should be more rigorous and comprehensive in its assessment of the likely sustainability of project proposals.

312. A review of a number of panel notes indicated that assessing sustainability was a weak area in the assessment of the project proposals. This weakness may have emanated from some of the panel members not recognising or appreciating that focusing on project sustainability was critical to project success. In future it is important that assessment panels give a much greater focus to assessing likely sustainability at the EOI and DPP stages. The review found that weak sustainability considerations at project proposal stage generally led to weak sustainability outcomes.

313. **Recommendation 5.** NZAID should focus more on gender mainstreaming and equity outcomes in ADAF-PSD projects.

314. The extent to which gender mainstreaming and gender equity themes were integrated in ADAF-PSD projects was weak. Improvements could be made by strengthening the ADAF-PSD guidelines and linking these directly to: (a) NZAID

Mainstreaming Gender Equality and Women's Empowerment Action Plan 2007-12 and (b) Screening Guide for Mainstreamed and Other Cross-Cutting Issues in NZAID Programmes and Activities.

315. A proactive action by NZAID throughout the project cycle is needed. This should include having a dedicated gender Advisor as part of the support team to the ADAF-PSD programme. The gender Advisor would have 4 roles: (a) sit on the approval panel for EOI and DPP, (b) make sure that NZAID's gender mainstreaming and equity outcomes theme were appropriately addressed and that there were specific and measurable gender targets in the DPP prior to its funding being approved, (c) during implementation provide specific comments on gender issues in the AR to DPO ADAF-PSD, and (d) provide an assessment of gender impact in PCR to DPO ADAF-PSD.

316. **Recommendation 6.** NZAID should strengthen its assessment of the M&E reports produced by grantees during the life of the project.

317. There is considerable room for improvement in the way that grantees undertake the M&E of the projects. The critical weakness is in not linking the M&E with the logframes thereby missing the vital link between project objectives and project progress. This makes NZAID's understanding and assessment of the grantee-produced M&E difficult.

318. It is the role of the DPO ADAF-PSD to monitor the progress of a project. This monitoring must include focusing on the grantee-produced M&E as they are submitted in the PPR and AR. NZAID needs to monitor that the grantee is not diverging from the project objectives and that the vital link between project objectives and project progress is being maintained as outlined in the logframe.

319. **Recommendation 7.** NZAID should undertake rigorous assessment of the ADAF-PSD project completion reports.

320. It is proposed that the DPO ADAF-PSD seek a more independent assessment of PCR, perhaps by the same reviewer tasked with providing independent advice as in *Recommendation 3*. Using the same reviewer will provide continuity of assessment of the project. A short assessment of around 3-4 pages focused on relevance, effectiveness, efficiency, sustainability and lessons learnt would be adequate for NZAID purposes.

321. The PCR assessment should be shared amongst the Global Group and with the SAEG, and perhaps discussed during periodic reviews of the Global programmes. The intention should be to learn from what happened in the project as regards effectiveness, efficiency and sustainability. The assessment can also be used at relevant workshops, including that proposed in *Recommendation 8*.

322. **Recommendation 8.** NZAID should incorporate an annual workshop of the grantees in Wellington together with participation by selected NZAID staff.

323. An annual workshop attended by grantee project directors/managers of ongoing projects, together with any past grantees who may wish to attend, would create a powerful and synergetic medium for learning and exchange of ideas and experiences. Lessons and recommendations produced from this review could also be discussed. The workshop should be structured around key issues and problems being encountered and how to resolve them. It would also allow NZAID staff, such as the DPO ADAF-PSD, to interact with the grantees in a way not possible via emails

and phones. The funding for the one-day workshop should be incorporated into the DPP. The cost for the grantee would only be the airfare/taxi and generally would not require an overnight stay in Wellington.

324. **Recommendation 9.** NZAID should undertake ex-post evaluations of selected ADAF-PSD projects.

325. Without ex-post evaluation it is difficult to judge the usefulness of ADAF-PSD as an aid modality, in particular the sustainability of project outcomes. Despite the ADAF-PSD programme being relatively small compared with other forms of aid such as bilateral ODA, it is nevertheless worthwhile to conduct occasional ex-post evaluations of selected projects in the portfolio. Of the 10 projects assessed in this review several of them could be selected for ex-post evaluation. The key information that would be derived would be insights into sustainability, apart from information on effectiveness and efficiency. Ex-post evaluations generally yield credible and reliable information for senior policy-makers in aid institutions faced with competing priorities for aid budget allocations. NZAID should use the ex-post evaluation mechanism in judging the value of the ADAF-PSD programme relative to other aid modalities.

326. **Recommendation 10.** NZAID should undertake regular project monitoring visits of ADAF-PSD projects.

327. During the life of a project the DRO ADAF-PSD should undertake monitoring visits to consult with in-country partners and target beneficiaries directly. Several projects could be combined in each fieldwork. The intention should be to visit all projects at least once in their implementation phase. These visits are very important for agency learning, accountability and staff development.

328. **Recommendation 11.** NZAID should use successful project outcomes of ADAF-PSD projects to co-join with existing projects or complement new bilateral projects.

329. A WB-led project on land administration in Vietnam, to which NZ is also contributing, is planned for early 2010 which would draw on some of the successful outcomes of the Vietnam Capacity Building in Land Administration Programme. There may be other opportunities for association in the other countries where ADAF-PSD and bilateral programmes co-exist.

330. **Recommendation 12.** NZAID should recognise the importance of recurrent cost financing and the need to maintain critical assets funded through the ADAF-PSD programme to the extent of making this issue an important part of all future DPP.

331. If assets are not maintained the flow of development benefits slows or even stops. In the long-term it is cheaper to maintain assets and obtain the flow of benefits as they occur than to replace or rebuild the asset later in time. Using the concept of discounted cash flow, the net present value of the benefits occurring earlier is much greater than later. In ADAF-PSD projects asset maintenance is directly related to sustainability and development impact.

332. In future ADAF-PSD proposals consideration must be given to how infrastructure built, training manuals provided or equipment supplied through NZAID funds will be maintained, who will maintain it, and where will the funds come from. Given the budget pressures of many countries in Asia targeted by ADAF-PSD projects and the general attitude of non-maintenance of assets in these countries, is this something that will bear on NZAID's status and image in the partner countries?

Grantees, with the support of NZAID, need to design appropriate projects to counteract this sustainability constraint. Poor or no sustainability expectations are a waste of scarce aid dollars.

333. **Recommendation 13.** NZAID should summarise the lessons learnt from the ADAF-PSD projects for application in future proposals.

334. An independent reviewer, supervised by the DPO ADAF-PSD, could extract the lessons learnt. A key source is the PCR. It could be complemented by information from past and current grantees and in-country partners. If an ex-post evaluation were undertaken this would also provide useful field information, in particular information from target beneficiaries. The lessons so derived could be made available to all potential and current grantees. During the annual grantee workshops (*Recommendation 8*) the lessons could be an important agenda item for discussion and learning. The SAEG could also incorporate these lessons into their *Evaluations and Reviews Annual Report on Quality*.

4. Acknowledgments

335. Satish Chandra acknowledges the considerable support of NZAID in the production of this report. The help and support provided by Ms Carolyn Marslin, DPO ADAF-PSD, was excellent and exemplary throughout the review. Carolyn assisted in many ways - in dealing with my constant questions about the review, in finding relevant NZAID documents and files, in sending questions to NZAID staff in Wellington and at the posts, in sending questions to the grantees and in-country partners, in arranging the NZAID, grantee and in-country partner interviews, in assisting with the grantee interviews and taking notes, in making fieldwork arrangements, in participating in the fieldwork and in attending to my many other requests. Thanks to Mr Steve Dowall, Team Leader Asia who provided strategic ideas for the report, Mr Don Clarke, Director Global Group for providing high-level and perceptive comments about ADAF-PSD, Dr Andrew Kibblewhite, Advisor SAEG for his ideas about the preparation of the Review Plan, Mr Brent Rapson, DPM GMR for his comments on the usefulness of ADAF-PSD, Mr John Egan, Ms Julie Haack, Ms Debbie Player and Ms Sonya Cameron for their very useful insights into ADAF-PSD projects from their past experiences, Ms Jennie Hamilton, DPA for arranging the NZ flights and accommodation, the post staff in Hanoi - Ms Margie Lowe and Ms Thi Thanh Tuy Nguyen - who provided very useful comments, other post staff at Jakarta and Dili for their comments, and Dr Peter Adams, former Executive Director NZAID who found time to meet with me during his last few days at NZAID Wellington and who provided helpful high-level insights into ADAF-PSD. Thanks to other NZAID and MFAT staff who were interviewed and who provided useful comments. Thanks to the 10 grantees and their staff for finding time to meet with us at their home bases or talk to us on the phone, in providing very useful project information and in assisting with the fieldwork arrangements. Thanks to the consultant and 2 grantee staff who accompanied us for part of the Cambodia fieldwork - Mr Richard Cassidy, Mr Allan Cole and Mr Kim Ho - they provided excellent support in the field and made very helpful comments. Finally I thank all other stakeholders, in-country partners and the target beneficiaries who made contributions to the review in many useful ways.

Appendix 1 Terms of Reference

Review of the Asia Development Assistance Facility – Partnerships for Sustainable Development (ADAF-PSD)

Background information and context

The Asia Development Assistance Facility (ADAF) was established in 1993 as a contestable fund offering an avenue for the New Zealand private sector to participate in development activities, with a particular focus on capacity building. A significant review of ADAF in 1997 resulted in a greater focus on the development objectives of the partner countries, and a second review in 2000 broadened the scheme to allow applications from non-commercial organisations and NGOs in NZ as well as from in-country organisations directly.

The most recent review, in 2004, considered ADAF's relevance, effectiveness, and efficiency as a funding mechanism in light of the creation of the New Zealand Agency for International Development (NZAID) in 2002 and the development of its Asia Strategy. The 2004 review highlighted a number of strategic and process weaknesses (including non-alignment with NZAID's policy framework) but recommended the continuation of an ADAF-type scheme as a relevant, innovative, effective, and flexible vehicle for delivering non-bilateral ODA.

The resulting smaller, redesigned scheme, renamed the Asia Development Assistance Facility—Partnerships for Sustainable Development (ADAF-PSD), was created in 2005. It is oriented around a concept of partnerships for sustainable development and emphasises local ownership and integration with regional processes. The target audience is New Zealand's private sector, Crown entities (e.g. Crown research institutes and universities) and Government departments, recognising that they may have the networks, knowledge, and expertise to respond effectively to development priorities and enhance in-country poverty reduction initiatives. Applications from in-country organisations are no longer accepted—applicants will be NZ-based but will have an established partnership with an organisation (such as an NGO or government department) from any of the 16 eligible Asian countries.

ADAF-PSD's goal, as set out in the fund's guidelines, is to contribute to the elimination of poverty in Asia in a way that supports achievement of the Millennium Development Goals, and its objectives are to respond to development priorities, build in-country partner capability and self-reliance, and enhance the impact of in-country strategic initiatives (there are no specific thematic or sectoral foci). ADAF-PSD is a non-bilateral mechanism for building ongoing relationships and networks between and beyond the project partners.

ADAF-PSD has had an annual budget of \$3 million, and it was intended to hold one application round per year. In the event, only one round has been held (May 2006), largely because funding for out-years was committed to the 10 approved projects. Of the 19 projects, two were completed in early 2008, two are due for completion in 2009, four in 2010, and two in 2011. Three projects funded through the earlier ADAF scheme are also ongoing.

When ADAF-PSD was created, it was determined that it would be reviewed in advance of the Asia Strategy review, which is currently scheduled for late 2009. The findings will inform the Asia Strategy review and assist with decision-making on whether there is still a place for ADAF-PSD and, if so, what strategic or process changes might be required.

Although in setting 2009 as the date of the review it would have been anticipated that several (rather than one) application rounds had been held and more projects completed, it remains timely to conduct the review given NZAID's new policy environment and the reorientation of focus to sustainable economic development. Aside from NZAID and the Ministry of Foreign Affairs and Trade, those who will take a keen interest in the outcome of the review will include current and former ADAF grantees and their in-country counterparts, and the target audience.

Purpose

The purposes of the review are:

- 1) To determine whether ADAF-PSD is an appropriate modality to deliver aid;
- 2) To determine whether ADAF-PSD is effectively and efficiently addressing development needs and producing desired outcomes.

In setting out the purposes of the review, it is recognised that most ADAF-PSD projects are either ongoing or very recently completed, hence the review will need to proceed on the basis that ADAF-PSD is a "work in progress".

The findings of the review will inform the Asia Strategy review and guide decision-making on the future of ADAF-PSD.

The results of the review will be reported to NZAID's Evaluation and Research Committee and, if appropriate, made publicly available. Decisions on the future of ADAF-PSD will be communicated where possible to current and former grantees and on the NZAID website.

Scope

The review will primarily analyse the 10 projects that have been funded through ADAF-PSD in order to assess the relevance, effectiveness, efficiency and sustainability of the ADAF-PSD scheme in terms of its fitness for purpose as a funding mechanism and what it is trying to achieve.² If feasible and appropriate, the review may wish to

² ADAF-PSD has a Latin American counterpart, the Latin American Development Assistance Facility—Partnerships for Sustainable Development (LADAF-PSD), created in tandem with ADAF-PSD in 2005. LADAF-PSD existed prior to 2005 as LADAF but it was not the focus of the 2004 ADAF review (although the staff involved were consulted). However, many of the review's recommendations were applied to LADAF, and the two schemes follow a similar process.

Given that only two LADAF-PSD projects have been funded, both of which are ongoing (one has only recently been contracted), this review will not consider LADAF-PSD. However, as with the 2004 review,

compare the 10 projects with projects funded under the previous ADAF scheme, or with projects funded in other programmes.

The review will not extend to an impact analysis, given that most of the ADAF-PSD projects are ongoing.

At the review plan stage, the consultant will be expected to determine the degree to which the available information is robust and will enable the purpose and objectives of the review to be met. If required, the consultant will recommend additional (and efficient) approaches to mitigate information deficits (see methodology section).

It is not intended that the review will involve any overseas field visits, but the consultant will be expected to seek feedback from NZAID staff, the ADAF-PSD grantees and their in-country partners, and others as appropriate.

Objectives

The objectives and high-level questions for the ADAF-PSD review are:

1) To consider ADAF-PSD's **relevance** as a modality for delivering Official Development Assistance (ODA):

- Does ADAF-PSD reflect NZAID's policy priorities?³
- Does ADAF-PSD align with NZAID's strategic objectives in Asia?

If so, how and to what extent? If not, why not?

2) To consider ADAF-PSD's **effectiveness** as a modality for delivering ODA:

- To what extent is ADAF-PSD leading to outcomes that are consistent with its goal of "contributing to the elimination of poverty in Asia in a way that supports achievement of the Millennium Development Goals"?
- Which groups are benefiting and to what extent?
- To what extent is ADAF-PSD meeting its objectives of "contributing to a reduction in poverty through projects between New Zealand organisations and their partners in Asia that:

- 1) respond to development priorities;
- 2) build capability and self-reliance; and
- 3) enhance the impact of in-country strategic initiatives in targeted countries."

To what extent is ADAF-PSD operating in accordance with its stated principles as set out on page C3 of the ADAF-PSD guidelines?

To what extent are NZAID's crosscutting and mainstreamed issues:

- 1) integrated into all aspects of ADAF-PSD
- 2) contributed to by ADAF-PSD?⁴

the information from this review may be relevant to LADAF-PSD, and the LADAF-PSD programme staff will be kept fully informed throughout the process and may participate as interviewees or peer reviewers as desired.

³ With particular reference to NZAID's aid modality guideline.

- To what extent is ADAF-PSD resulting in unintended positive or negative outcomes for the intended beneficiaries?
- 3) To consider the **efficiency** of ADAF-PSD as a modality for delivering ODA:
- To what extent is ADAF-PSD a cost-effective means of delivering ODA that is achieving value for money in both a financial and a societal sense?⁵
 - To what extent are ADAF-PSD's application, selection, management, and monitoring processes serving the needs of NZAID, the NZ and in-country partners, and stakeholders?
- 4) To consider the **sustainability** of ADAF-PSD as a modality for delivering ODA:
- To what extent are the outcomes of ADAF-PSD projects being, or likely to be, sustained?
 - To what extent are networks and linkages between New Zealand and in-country stakeholders being developed, maintained, or built upon?
- 5) What **lessons** can be learned to date? What **alternatives or improvements** can/should be made to the current ADAF-PSD policy or process to enable it to better address development needs and produce development effectiveness?

Methodology

The review will be coordinated by the ADAF-PSD Development Programme Officer (DPO), overseen by the review steering group, and carried out by the consultant.

As a first milestone, the consultant will formulate a review plan that sets out how the review will be carried out and detail the methodology to be used. See Annex 1 for guidance on the type of information to be included in the review plan.

In preparing the review plan, the consultant will also conduct an information-mapping exercise⁶ to determine the extent to which the information available is sufficient to address the purpose, scope, and objectives of the review. The consultant should note any constraints that may require mitigation to ensure a robust final report. NZAID may amend the Terms of Reference depending on the outcome of this exercise.

The review plan is to be accepted by the steering group prior to the review continuing.

⁴ NZAID's cross-cutting and mainstreamed issues are gender equity, human rights, environmental sustainability, HIV/AIDS, and conflict prevention/peace building. Note that although these questions sit within certain objectives, this does not and should not preclude them from analysis in relation to other objectives. Analysis of NZAID's cross-cutting and mainstreamed issues relates to the relevance, efficiency, and sustainability objectives also.

⁵ NZAID recognises that it may be beyond the scope of this review to conduct more than a high-level societal cost-benefit analysis (particularly in regard to societal costs). The consultant is required to address in the review plan the extent to which cost-benefit analysis can be undertaken.

⁶ See Annex 2 for template

NZAID's evaluative activities are guided by the principles of partnership, independence, participation, transparency, and capacity building. The consultant will apply these principles by:

Partnership – working with NZAID's development partners and other stakeholders

Independence – carrying out the review in a way that avoids any adverse effects of political or organisational influence on the findings

Participation – involving stakeholders in the review as appropriate

Transparency – ensuring that the review process is open and understood by all parties

Capacity building – enhancing where possible the organisational capacity of stakeholders to undertake reviews through involvement in the process

The consultant will review all the key programme and project documentation held by NZAID, and consult with/seek feedback from stakeholders who include, but are not limited to, most or all of:

- NZAID - ADAF and LADAF DPOs; Asia and Latin America Development Programme Managers; Asia Team Leader; Global Group team leaders; Global Group Director; NZAID Managers and Development Programme Coordinators at Asian Posts; Strategy, Advisory and Evaluation Group advisors; the ADAF-PSD consultant; managers of other NZAID funds; and other staff as interested/appropriate.
- ADAF-PSD grantees
- ADAF-PSD in-country partners
- ADAF-PSD unsuccessful applicants – selection (also possibility of consulting previous ADAF applicants who chose not to apply to ADAF-PSD)
- MFAT Asia staff

This consultation may be in the form of questionnaires, surveys, meetings, or other forms as appropriate. The results will be appended to the review report.

Governance and Management

This review is commissioned by NZAID and will be undertaken by a consultant chosen by NZAID.

NZAID will establish a steering group comprising the Asia Team Leader (chair); an Asia Team member; and a Strategy, Advisory and Evaluation Group advisor. The ADAF-PSD DPO will be an associate member.

The role of the steering group includes:

- Agreeing the final TOR
- Approving the review plan
- Peer reviewing, or delegating the peer review of, the draft report
- Appraising, or delegating the appraisal of, the final report
- Approving the final report
- Providing feedback and advice as required

The review will be managed by the ADAF-PSD DPO, who will report to the Asia Team Leader as chair of the steering group. The DPO will coordinate the contracting and

administrative arrangements; assist the consultant with the provision of information; and facilitate communication between the consultant, the steering group, other NZAID staff, and stakeholders as appropriate.

Composition of the review team

The review will be undertaken by a consultant selected through NZAID's Approved Contractor Scheme. The consultant will have relevant skills and experience, including:

- strong skills in evaluating the effectiveness, sustainability, relevance, and efficiency of development activities in Asia (primary requirement)
- proven cross-cultural communication and interpersonal skills (requirement)
- strong analytical skills (requirement)
- a good knowledge of NZAID and its policies (requirement)
- demonstrated oral and written communication skills (requirement)

In order to maintain independence, the consultant will not be a current grantee or past applicant of ADAF-PSD, or otherwise be closely connected to the programme.

Outputs and reporting requirements

The consultant will produce the following outputs:

Output	Due date
review plan detailing the proposed methodology	Two weeks after contract start date
draft written report ⁷	Seven weeks after approval of review plan obtained
final written report	One week after receiving NZAID peer review feedback

The consultant will also provide the DPO with short weekly verbal or written progress updates, and any other updates as requested.

The report will address the objectives and review questions set out above, and will include annexes comprising, but not limited to, the terms of reference, the review plan, a list of people consulted, survey/interview material, and results/findings from interviews or questionnaires. It is expected that the body of the report will be approximately 20 - 30 pages in length. The consultant will be provided with the NZAID guideline on the structure of review and evaluation reports for additional guidance, a copy of the DAC Evaluation Quality Standards, and the NZAID Style Guide.

The report will meet quality standards as described in the DAC Evaluation Quality Standards (to be provided to consultant).

On or before the due date, the consultant will provide the DPO with an electronic copy of each output (Microsoft word format), as well as three hard copies of the draft and final written reports.

⁷ Note that only a report representing a final draft (i.e. requiring minor changes) will be accepted and comprehensive feedback by NZAID provided. If the draft is not suitable, only brief feedback will be provided.

The draft written report will be peer reviewed by the steering group or its delegates. The steering group will require the consultant to conduct further work on, or revision of, the report if it is considered that the report does not meet the TOR of the DAC Evaluation Quality Standards, has factual errors, is incomplete, or is not consistent with the guidance given in the documents provided to the consultant.

The steering group or its delegates will appraise the final written report, and the steering group has final approval of the report. The Asia Team Leader and ADAF-PSD DPO will present the report to NZAID's Evaluation and Research Committee (ERC).

In accordance with NZAID's policy of making part or all of review reports publicly available, the ERC will consider the report for public release on the NZAID website. Any information that could prevent the release of the report under the Official Information or Privacy Acts, or that would breach review ethical standards, must be placed in a Confidential Annex.

Follow-up

The findings of the review will inform the review of the Asia Strategy and, consequently, guide decision-making on whether ADAF-PSD is retained as an NZAID funding mechanism. If it is determined to retain ADAF-PSD (or a form thereof), the report will guide decision-making on, and implementation of, any changes to the scheme.

Sources of written information

The consultant will refer, but is not limited, to the following resources:

- NZAID's policies and strategies, including NZAID's Policy Statement: Towards a Safe and Just World, Asia Strategy 2004-15, and Asia country strategies (includes the Cambodia, Laos PDR, Viet Nam, Philippines, and Indonesia strategies)
- NZAID's tools website
- www.nzaid.govt.nz
- ADAF-PSD (and ADAF if required) guidelines
- ADAF-PSD (and ADAF if required) project files, progress reports, and End of Assignment reports
- 2005 ADAF review report and background documentation, and documentation regarding the design of the ADAF-PSD guidelines.

Annex 1 Questions to be Addressed in Review Plan

- Who are the stakeholders - what is their interest or stake in the review, what type of stakeholder are they (primary - directly benefit from the activity being evaluated or reviewed, secondary - indirectly involved with the activity etc), what issues or constraints are there in their involvement in the review (e.g. power issues, access, confidentiality)?
- What information will be needed to answer each of the review questions?
- What are the most appropriate methods for data/information collection to address each of the review questions? Will qualitative or quantitative methods be used and why? How will review participants be selected? What specific methods will be used - interviews (face-to-face or phone), email questionnaires, workshops, survey, focus groups etc? For quantitative surveys how will the appropriate sample size be decided, and what statistical analysis will be used to allow judgment on the reliability of results?
- From whom will information be collected to answer each of the review questions, and how will the reviewer ensure that the opinions of all appropriate stakeholders (eg women and men, young and old, powerful and less powerful) are included?
- What questions will be asked in questionnaires or interviews?
- How will information gathered be cross checked?
- What procedures will be used for data analysis - how will qualitative data such as interview notes be analysed, and how will survey results be analysed?
- How will the way that crosscutting and mainstreamed issues (gender, environment and human rights, and if appropriate HIV/AIDS and conflict) have been addressed in the activity being reviewed be assessed, and how will the review be conducted in a way that takes crosscutting issues into account? [*Reference: Screening Guide for Mainstreamed and Other Cross Cutting Issues*]
- How will the findings be fed back and discussed with appropriate stakeholders during the review process, and how will this be incorporated into the report?
- What risks, limitations or constraints are there likely to be to the review and how can these be mitigated?
- How will ethical issues be addressed? For example how will participants of the review be informed of the purpose and use of information they will provide? How will sensitivity to gender and culture be ensured? Is informed consent required from review participants, if so how will this be obtained? How will confidentiality of participants be ensured and how will confidential material be stored? What potential harm to participants is there and how will potential harm be minimised?

Annex 2 – Template for information-mapping exercise

Table for Assessing Evidence for Evaluations and Reviews

The purpose of the following table is to ensure that terms of reference for an evaluative activity can be met given the constraints created by the terms of reference. This will help to ensure that NZAID does not ask evaluators to undertake work that cannot reach the required standards for evidence.

The table should identify data sources and provide sufficient information about the suitability of that information to make judgments about whether the terms of reference can reasonably be met. While the evaluation or review plan would include similar information, the information included in this table should be more brief and high-level. This table should also be provided to the evaluator/s, and may be annexed to the terms of reference, if appropriate.

Instruction: identify each project in the first column; identify the different evaluative objectives for each activity in second column; the information that will be used to answer each specific objective; identify (use your own scale or include notes) the degree of suitability in the final five columns (criteria). The criteria are defined as follows:

- Relevance:** how specific is the information to being able to answer the objective?
- Validity:** is there any indication or evidence that the reports are not accurate?
- Reliability:** is there any indication or evidence that the reports are not dependable?
- Complete:** is there enough information to be able to develop the summary?
- Usefulness:** how useful are the reports overall? Are they clear and concise and do they reflect an attempt to eliminate inaccurate, unreliable, unnecessary and redundant information?

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Annex 3 – ADAF-PSD projects

Partner	Project	Max Funding	Start date	End date (actual)
Quality Solutions International	Training and quality management at the Cambodian Mine Action Centre	\$580,000	Oct 2008	Sept 2010
Empower Consultants	Biogas for sustainable rural livelihoods, Indonesia	\$545,000	Nov 2007	Oct 2011
Fred Hollows Foundation	Eye health for Timor Leste	\$599,000	July 2007	June 2010
Bioglobal	Developing new opportunities for Lao coffee farmers	\$600,000	Sept 2007	June 2010
Plant and Food Research	Developing sustainable cereal and legume fodder systems, Nepal	\$596,000	Dec 2007	June 2011
Massey University	Livestock improvement in karst mountain communities, Guizhou, China	\$585,000	Sept 2007	Dec 2010
Landzone	Capacity building for the Viet Nam Land Administration Programme	586,000	Sept 2007	July 2009
GNS Science	Tsunami risk and hazard assessment, Viet Nam	\$609,000	May 2007	July 2009
Educating NZ	Traffic safety training in schools, Cambodia	\$600,000 (actual \$643,000)	Feb 2007	June 2008
Fraser Thomas	Local roads for local people, Cambodia	\$600,000	Jan 2007	March 2008

Appendix 2 Review Plan

Review of the Asia Development Assistance Facility – Partnerships for Sustainable Development (ADAF-PSD)

Summary

The Review Plan (RP) summarises: (a) the objectives of the Review, (b) the risks, constraints and handling the quality of information, (c) consideration of a template for assessing evidence for the Review, (d) verification and cross-checking of data, (e) the high-level objectives/questions, the information needs, the information sources and the Reviewer's analytical approach and method (Table 1), (f) the approach and method to information gathering, (g) the implementation process for data gathering, (h) the focus on the robustness of evidence in the Report Findings, (i) outline of the Review Report, and (j) the timeline.

The RP was first submitted on 30 August 2009 to Ms Carolyn Marslin (DPO ADAF-PSD/Indonesia). Following comments from the Steering Committee, consisting of Dr Andrew Kibblewhite (SAEG Advisor), Mr Steve Dowall (TI-Asia), Ms Carolyn Marslin, and Mr Brent Rapson (DPM Greater Mekong Sub-Region), the RP was revised with a provision for fieldwork which was not intended in the TOR. The revised RP was submitted to CM on 7 September 2009.

1. Objectives of the Review

The objectives and the high-level questions for the ADAF-PSD Review as outlined in the TOR are:

(1) To consider ADAF-PSD's **relevance** as a modality for delivering Official Development Assistance (ODA):

- Does ADAF-PSD reflect NZAID's policy priorities?
- Does ADAF-PSD align with NZAID's strategic objectives in Asia?

If so, how and to what extent? If not, why not?

(2) To consider ADAF-PSD's **effectiveness** as a modality for delivering ODA:

- To what extent is ADAF-PSD leading to outcomes that are consistent with its goal of "contributing to the elimination of poverty in Asia in a way that supports achievement of the Millennium Development Goals"?
Which groups are benefiting and to what extent?
- To what extent is ADAF-PSD meeting its objectives of "contributing to a reduction in poverty through projects between New Zealand organisations and their partners in Asia that:
 - (a) respond to development priorities;
 - (b) build capability and self-reliance; and
 - (c) enhance the impact of in-country strategic initiatives in targeted countries."?
- To what extent is ADAF-PSD operating in accordance with its stated principles as set out on page C3 of the ADAF-PSD guidelines?
- To what extent are NZAID's crosscutting and mainstreamed issues:
 - (a) integrated into all aspects of ADAF-PSD
 - (b) contributed to by ADAF-PSD?

- To what extent is ADAF-PSD resulting in unintended positive or negative outcomes for the intended beneficiaries?

(3) To consider the **efficiency** of ADAF-PSD as a modality for delivering ODA:

- To what extent is ADAF-PSD a cost-effective means of delivering ODA that is achieving value for money in both a financial and a societal sense?
- To what extent are ADAF-PSD's application, selection, management, and monitoring processes serving the needs of NZAID, NZ and in-country partners, and stakeholders?

(4) To consider the **sustainability** of ADAF-PSD as a modality for delivering ODA:

- To what extent are the outcomes of ADAF-PSD projects being, or likely to be, sustained?
- To what extent are networks and linkages between New Zealand and in-country stakeholders being developed, maintained, or built upon?

(5) What **lessons** can be learned to date? What **alternatives or improvements** can/should be made to the current ADAF-PSD policy or process to enable it to address development needs better and produce development effectiveness?

2. Risks, Constraints and Handling the Quality of Information

There are several inherent process and data risks and constraints when making judgements about ADAF-PSD's relevance, effectiveness, efficiency, and sustainability. These risks and constraints are highlighted below as a generic problem facing any Reviewer tasked with the type of TOR developed by NZAID for this Review.

Suggestions for the mitigation of some of these risks and constraints are also outlined below. In section 5, which links the objectives/questions of the Review with the information needs and the information sources, there are specific notes/checks on how these risks and constraints will be handled during the Review process.

At the outset 3 key questions for this Reviewer are: **How will I form judgements? What conditions are necessary about the data for me to form sensible/credible judgements? How will I write the Findings?** Focusing on these 3 questions is critical to the success of the Review. The following discussion relates to each of these questions.

2.1 How will I form judgements?

Initial discussions on the expected quality of information and robustness of evidence required for the Review were held with Dr Kibblewhite. In addition the Reviewer also sought "best-practice" or "useful guidance" from the *NZAID 2007 and 2008 Evaluations and Reviews Annual Report on Quality* (also a SAEG organised *Seminar on the 2008 Report* together with *2008 Development Themes Report* held at NZAID Wellington on 24 August 2009 was attended by the Reviewer).

The contents of the *Reports* and the *Seminar* have important implications for the approach and method taken in this RP because they: (a) focus on the quality of evaluations and reviews expected from NZAID commissioned consultants' reports (like this), (b) have been produced by Advisors in the SAEG which operates more

independently within NZAID and therefore more at "arms length" from the programming areas to critically judge the quality of the reviews and evaluations, (c) concentrate on total analyses of the various reports assessed from the preparation of the TOR to the report writing, drawing pertinent lessons along the way, (d) concentrate on strengths and weaknesses as equally important for learning and improvement, and (e) outline how the Development Assistance Committee (DAC) evaluation quality standards are expected to be applied in NZAID reviews and evaluations.

Focusing on the guidance provided by Dr Kibblewhite, the quality-improving recommendations for NZAID reviews and evaluations outlined in the **Reports** and **Seminar**, and the experience of the Reviewer in conducting a large number/types of reviews/evaluations, will be the key sources/background the Reviewer will draw on in: *How will I form judgements?* (also see section 2.4).

2.2 What conditions are necessary about the data for me to form sensible/credible judgements?

The central generic problem for this Review (as for other reviews and evaluations) is expected to be in the **quality of information, in particular the robustness of information.**

From a preliminary assessment of the quality of information from documentary sources such as project completion report (PCR - 3), annual report (AR - 10), progress report (PR - 10) and NZAID file (25) information, it is expected that evidence about the extent of relevance, effectiveness, efficiency and sustainability of ADAF-PSD will be somewhat "patchy". The quality of the stakeholder interview information will become apparent during the interviews. The quality of the fieldwork data, to be gathered from 5 of the 10 ADAF-PSD projects (2 completed projects and 1 on-going project in Cambodia, and 2 completed projects in Vietnam), will become apparent during the fieldwork.

It is expected that the evidence: (a) available from documentary sources, (b) stakeholder interviews, and (c) backed by fieldwork data will enable informed judgements about the high-level questions to be answered by this Review. The conclusion is that there will be enough useful evidence from documentary sources, interview sources and field sources to make the Review worthwhile.

A second generic problem is NZAID's expectation that the Grantees will undertake strong and regular Monitoring and Evaluation (M&E) of ongoing ADAF-PSD projects based on the logframes in the inception reports (IR). Such M&E reports would generally provide useful information about the extent of the effectiveness and efficiency being achieved and the likely sustainability of useful project outcomes.

This Grantee-produced M&E appears not to be as rigorously undertaken as is desirable for conducting a "best-practice" Review. A quick search of the relevant files indicated that only 5 of the 10 projects had M&E reports and that their overall quality was considered weak by this Reviewer. The projects are: (a) Developing New Opportunities for Lao Coffee Farmers, (b) Capacity Building for the Vietnam Land Administration Programme, (c) Livestock Improvement in Karst Mountain Communities, China, (d) Developing Sustainable Cereal and Legume Fodder Systems, Nepal, and (e) Biogas for Sustainable Rural Livelihoods, Indonesia. In this context the absence of strong Grantee-produced M&E reports is a strong case for

undertaking fieldwork of selected projects to check effectiveness, efficiency and the likely sustainability of useful project outcomes.

Secondly, the Grantee-produced M&E reports are not assessed by NZAID in any in-house review sense as the mechanism to undertake such regular NZAID-resourced review of the project M&E is not built into the ADAF-PSD guidelines. It is also questionable whether such an independent review by an NZAID team on a relatively small ADAF-PSD project is justifiable in an efficacy/programming sense. Nevertheless the quality of the M&E reported by the Grantees was considered a problem for this Review. To mitigate against this risk fieldwork of selected projects was considered an appropriate response.

A third generic problem is that any M&E undertaken by NZAID of on-going ADAF-PSD projects, such as desk reviews of AR, is usually done in-house with generally no field testing of data undertaken. This makes independence in M&E by NZAID problematical and cross-checking of data with key stakeholders in face-to face discussions impossible. This results in weaker robustness of information than would be the case had a more independent M&E process been implemented. Therefore the quality of data for any subsequent reviews (like this) or evaluations to gauge effectiveness, efficiency and likely sustainability is also weakened.

The fourth generic problem relates to assessments to be made on NZAID's cross-cutting and mainstreamed themes – gender equity, human rights, environment sustainability, HIV-AIDs, and conflict prevention and peace building. Generally these themes are not targeted as specific and measurable project objectives in ADAF-PSD projects. Therefore their assessment, insofar as influencing/targeting relevance, effectiveness, efficiency and likely sustainability of ADAF-PSD projects, will be made difficult and perhaps not "reviewable" from direct sources of data. Instead indirect methods, such as secondary documentary sources of information, field information and perhaps Grantee interviews, may elicit useful information for this Review.

To give greater rigour and clarity to the assessment of relevance, effectiveness, efficiency and sustainability, specific questions for each of these terms will be used to assess documents or conduct interviews of the stakeholders. It is expected that in the Report the above 4 terms will be defined based on the DAC guidelines/criteria. In addition the key questions that will be posed (for documentary sources as well as for stakeholder sources) to assess the extent of relevance, effectiveness, efficiency and sustainability, will be outlined.

From an assessment of the source documents, the initial consideration of the quality of the data undertaken in developing the RP, the expected information from the proposed field visit and the information likely to come from stakeholder interviews, the Reviewer considers that there will be enough data of adequate quality to justify undertaking the Review.

2.3 How will I write the Findings?

For writing the Findings the Reviewer will undertake a very careful scrutiny of the data derived from documentary sources, interview sources and fieldwork that bears on the 6 objectives of this Review. The 3 key questions will be: *What is the "evidence"? Is the "evidence" valid, reliable, complete, accurate? Is the statement fair, balanced and reasonable?* The Reviewer will also draw on his 30 years of experience in conducting/writing reviews and evaluations of aid projects in Asia and the Pacific.

2.4 Questions/alerts that will enable "good" judgements to be made about relevance, validity, reliability, completeness and usefulness of information

When reviewing documents, assessing information provided by the interviewees, and checking field data consideration will be given to the following overarching questions/alerts:

- (a) How robust is the information? Is the "evidence" given considered robust? Has it undergone any sort of peer scrutiny or quality check? What is the value of this information to make judgements about the extent of relevance, effectiveness, efficiency and likely sustainability of outcomes?
- (b) At what level is the information being pitched? Where is the information coming from? Who is it coming from?
- (c) How objective is this information for the Review? What subjectivity or biases are there likely to be in the information?
- (d) For documentary sources - what is the type of document the information is coming from? Is it primary, secondary, direct, indirect? Is it from a PCR or AR that is more likely to provide the information sought?
- (e) Who are the stakeholders? Who holds the power/interest to make a definitive statement? Is the statement contestable e.g. by a contrary view or a clarifying statement?
- (f) Is the statement logical? Is the conclusion sensible? Are there good reasons for achievement or non-achievement of the project objectives?
- (g) For Grantee interview sources - are the interviewees open and "evaluative" in their responses to the questions? Are they answering freely? Are there likely to be any "hidden agendas" in the responses? Are there personal biases in the responses e.g. cultural, gender, power, etc. that require a different approach for the questions?
- (h) For gathering information in the field - what is the evidence of achievement/non-achievement of the project objectives? Are the target beneficiaries using the project outcomes? Are they happy with the project overall? Are they using any infrastructure built by the project? Has capacity building/training/improvement occurred? Has there been an impact on poverty reduction? If so to what extent and which groups are benefiting? Are there any project negatives? What could have been done better? For completed projects, are useful project outcomes continuing since the project completed? For on-going projects what is the likelihood of useful project outcomes and are they likely to continue after project completion?
- (i) For all information sources - is the information "checkable" or verifiable using triangulation and other techniques?
- (j) Is the information useful for learning and improvement? What lessons can be learnt?
- (k) Can useful recommendations be drawn from the information gathered?

Whether too much of the information fails the above questions/alerts will only become apparent during the Review. However as stated in section 2.2 the expectations are that there will be enough data of adequate quality to undertake the Review.

3. Consideration of a Template for Assessing Evidence for the Review

This was a requirement in the TOR (pages 10-11). After discussions with Dr Kibblewhite it was agreed that the requirements of the Template could be more appropriately handled as part of the requirements in Table 1. Nevertheless it needs to be acknowledged that consideration of the Template was found useful in the development of Table 1. Some other useful features of the Template for planning/undertaking future reviews and evaluations are in the requirements to consider: (a) multiple sources of information for triangulation, (b) multiple types of information, (c) ability to assess varying view-points, and (d) the necessity to critically assess the information.

4. Verification and Cross-Checking of Data

The evidence for relevance and validity from NZAID's published documentary sources can reasonably be expected to be of high quality because of inbuilt checks and balances for the preparation/acceptance of key policies and reports. However that sourced from the interviews of Grantees will need careful scrutiny and cross-checks with documentary information. In the case of the 5 projects selected for fieldwork documentary information and interview information will be cross-checked with the information provided by the target beneficiaries. The main problem with interview information is expected to be in the degree of reliability, completeness, and usefulness of the information to make conclusive statements about ADAF-PSD's relevance, effectiveness, efficiency and likely sustainability.

After reviewing the first RP it is commendable that the Steering Committee has agreed to undertaking fieldwork (for 5 of 10 projects) to ensure collection of field data from the target beneficiaries and also to enable a greater degree of triangulation (fieldwork was not intended in the TOR for this Review). The absence of fieldwork could have meant that critical information could have been missed from the Review which was an important finding in the *NZAID 2007 Evaluations and Reviews Annual Report On Quality*.

5. High-Level Objectives/Questions, the Information Needs, the Information Sources and the Reviewer's Analytical Approach and Method

Table 1 shows the high-level objectives/questions, the information needs, the information sources and the Reviewer's analytical approach and method in undertaking the Review. Table 1 also summarises some of the critical issues discussed in the text of this RP.

6. Approach and Method to Information Gathering

Information for the Review will be collected from 4 sources: NZAID, Grantees, In-Country Partners and target beneficiaries of the 5 projects selected for fieldwork. Information will be gathered from documents and interviews. Documentary information will come from NZAID documents, reports and files, and from Grantee documents and file information. Interview information will be collected through key

stakeholder face-to-face interviews. Information from In-Country Partners will be obtained via emails.

It is planned that the key questions used in the interviews (listed below) will be provided to the interviewees several days before the scheduled interviews. This will enable the interviewees to prepare notes prior to the meeting. It is expected that this approach will improve the quality, reliability and completeness of the data collected, particularly quantitative information.

In the Findings a recent useful technique for reporting interview information will be utilised as described in the *NZAID 2007 Evaluations and Reviews Annual Report on Quality*. One suggested format is to give some direct quotes from the interviewees to make a point. The *Report* considered this a relevant approach because – “it is a good, powerful approach which provides depth and understanding to qualitative data”.

Within NZAID the key stakeholder interviewees will be those who have had a reasonable involvement in and knowledge of the ADAF-PSD programme and the Latin America Development Assistance Facility (LADAF), which is a similar facility to the ADAF-PSD.

Key stakeholders in all 10 ADAF-PSD projects to be assessed for this Review will be interviewed. Relevant Grantee staff will be interviewed face-to-face at their headquarters in NZ. Four Grantee organisations are located in Wellington/Lower Hutt; the others are in provincial areas with all but one in North Island. It was considered important to interview the Grantees at their headquarters so that they could quickly access information from their files during the interview process if needed. Experience has shown that phone interviews are a riskier way of obtaining good quality information, especially quantitative information, because the interviewee is generally not well placed to supply such information quickly over the phone.

Use of a questionnaire to elicit information from key stakeholders is considered inappropriate for this Review because: (a) this form of data gathering is unlikely to yield better results vis-à-vis relevance, validity, reliability, completeness and usefulness than face-to-face interviews of NZAID staff, Grantees and selected in-country project target beneficiaries, (b) the interviews will be interactive to allow discussion of the main issues and will give the Reviewer an opportunity to explain and discuss what is being requested for this Review more fully, and (c) there is a requirement in the TOR to: (i) develop partnership with the respondents, (ii) create participation in the data collection process and enable capacity building of the interviewees, and (iii) ensure transparency and independence thereby reducing any potential adverse political or organisational problems with the Findings.

It is commendable that NZAID has agreed that Ms Carolyn Marslin will accompany the Reviewer for all Grantee interviews as well as participate in the fieldwork. This will provide a unique opportunity for NZAID's programme staff capacity building in conducting such reviews.

Good aid reviews that help improve the quality of aid programmes almost invariably involve the full participation of all key stakeholders. This has been an important finding in the *NZAID 2007 and 2008 Evaluations and Reviews Annual Report on Quality*. This will also be a key principle for this Review.

Formal interviews will be set-up with the key stakeholders targeted by the Review. The key questions that will be asked at the interviews (some questions will only apply to particular interviewees) are summarised below. For recording some responses a 3-point scale of high, moderate and low validity/reliability/usefulness may be appropriate.

6.1 Proposed Questions for NZAID Staff (use as applicable)

Preface

1. Please note that we are reviewing only the PSD projects, not those funded under the old ADAF scheme.
2. Your views and opinions are important in getting NZAID staff's perspective on the relevance, effectiveness, efficiency and the likely sustainability of project outcomes through ADAF-PSD as a modality for delivering aid.
3. Please indicate any important lessons learnt and recommendations you may have for the ADAF-PSD.
4. Wherever you can, please give examples to illustrate your points.
5. If you can recall any particular document or source I should consult further to gain greater insight this would be very much appreciated.
6. If you cannot answer a particular question we will move on to the next.
7. In the Report you will not be identifiable by your responses unless you wish to be identified.

Questions

- (a) Please indicate what is (was) your role in ADAF-PSD?
- (b) **Objective 1 Relevance.** In your view what do you think is the extent of ADAF-PSD's relevance?
- (i) How does ADAF-PSD reflect NZAID's policy priorities?
 - (ii) How does ADAF-PSD align with NZAID's strategic objectives in Asia?
 - (iii) How does ADAF-PSD compare with other comparable NZAID aid modalities?
- (c) **Objective 2 Effectiveness.** In your experience what do you think is the extent of ADAF-PSD's effectiveness?
- (i) To what extent are project outcomes contributing to elimination of poverty in Asia in a way that supports achievement of the Millennium Development Goal (MDG)?
 - (ii) Which groups do you think are benefiting most?
 - (iii) According to your knowledge and experience, what do you think is the extent of any link between adherence to ADAF-PSD guidelines by Grantees and the reduction of poverty in Asia?
 - (iv) What is your view on how ADAF-PSD helps integrate NZAID's cross-cutting issues into the partner countries' development?
 - (v) In your experience what have been some of the unintended positive or negative outcomes?
- (d) **Objective 3 Efficiency.** According to your knowledge and experience, what do you think is the extent of ADAF-PSD's efficiency?
- (i) Do you think it is a cost-effective or a value for money aid modality?
 - (ii) How do you think ADAF-PSD processes serve the needs of NZAID, NZ, In-Country Partners, and other stakeholders?
- (e) **Objective 4 Sustainability.** In your view are the outcomes of the projects supported through ADAF-PSD likely to be sustainable i.e continuing to generate benefits for the target beneficiaries after project completion?

- (i) To what extent are the outcomes of completed projects being sustained or outcomes of on-going projects likely to be sustained?
- (ii) To what extent have networks and linkages been developed or are likely to be developed as a result of ADAF-PSD projects? Do you think these networks and linkages are being maintained or built on?

(f) **Objective 5 Lessons learnt.** What is your view of the key lessons learnt from the ADAF-PSD programme?

- (i) What are/were the positive lessons?
- (ii) What are/were the weaknesses?

(g) **Objective 6 Recommendations.** What is your view about the future of ADAF-PSD?

- (i) Do you consider it a worthwhile programme within NZAID's mandate?
- (ii) Is it worth continuing?
- (iii) What alternatives or improvements can/should be made to the ADAF-PSD policy or process?

6.2 Proposed Questions for Grantees/In-Country Partners (use as applicable)

Preface

1. Your views and opinions are important in getting the Grantees' and In-Country Partners' perspective on the relevance, effectiveness, efficiency and the likely sustainability of project outcomes through ADAF-PSD as a modality for delivering aid.
2. Please indicate any important lessons learnt and recommendations you may have for the ADAF-PSD.
3. Wherever you can, please give examples to illustrate your points.
4. If you can recall any particular document or source I should consult further to gain greater insight this would be very much appreciated.
5. If you cannot answer a particular question we will move on to the next.
6. In the Report you will not be identifiable by your responses unless you wish to be identified.

Questions

- (a) What is (was) your role in the ADAF-PSD project?
- (b) Describe briefly the key objectives of the project – also indicate size, in-country location, in-country activities, expected outcomes, alignment with Partner Government initiatives in the sector
- (c) If the project is on-going what do you think is the extent of the project's relevance to NZAID's policies and priorities, and alignment with NZAID's strategic objectives in Asia?
- (d) If the project is on-going do you think the project is being effective to date in relation to the project objectives set out in the inception report? What evidence is there for any useful outcomes being achieved through the project?
- (e) If the project is on-going do you think value for money is being obtained i.e. what is the degree of the project's efficiency? Could an alternative approach to some of the activities be a better value for money?

(f) If the project is on-going what do you think is the likely sustainability i.e. flow of benefits continuing after project completion? Please give reasons or verifiable evidence for your views.

(g) If the project is complete what do you think was the extent of the project's relevance to NZAID's policies and priorities, and alignment with NZAID's strategic objectives in Asia?

(h) If the project is complete what do you think was the extent of the project's effectiveness in relation to the project objectives set out in the inception report?

(i) If the project is complete do you think the project was worthwhile in terms of value for money i.e what was the degree of the project's efficiency? In hindsight could there have been alternative approaches to achieving the same outcomes that may have been obtained more efficiently?

(j) If the project is complete what do you think is the likely sustainability of any useful project outcomes? Do you think there would be sufficient funds/resources and incentive from the target beneficiaries to maintain and build on any capacity building, training, demonstration or infrastructure built through the project resources?

(k) If the project is complete what do you think were the project's main successes, main weaknesses and any unintended outcomes?

(l) In your view what is or has been the effect of the project on poverty reduction? Which groups are benefiting? What quantifiable evidence is there? How is the project's effect on poverty being monitored? What was the baseline poverty level at the start of the project?

(m) In your view has the project or will the project be successful in integrating any of NZAID's cross-cutting themes into the partner country's development processes?

(n) What is your view about NZAID's ADAF-PSD guidelines for project preparation/acceptance? Would you consider submitting another ADAF-PSD project proposal?

(o) What is your experience with M&E of the project? What is your experience with the annual reporting requirement for NZAID?

(p) How effective has your working relationship with NZAID been on the project? What were the positive features? What could be improved?

(q) What are the key lessons learnt?

(r) What recommendations would you make for the improvement of ADAF-PSD?

6.3 Proposed Questions for Interviewing Target Beneficiaries/Other Respondents in Projects Selected for Fieldwork (the questions are very general at this stage; specific questions for each project will be developed further after interviews with NZAID/Grantee stakeholders and during preparation for the fieldwork)

Preface