

MFAT Management Response

Evaluation team members

Members of the evaluation team were:

Name	Role
Peter White	Team Leader and Engineer expert
Bruce Trangmar	Monitoring and Evaluation Expert
Andrew Bird	Renewable Energy expert
Pene Ferguson	Cross-cutting issues expert

Key findings/conclusions of the evaluation

The key findings/conclusions of the evaluation are:

- The renewable energy investments evaluated all contributed to achieving expected outcomes within MFAT's Strategic Plan.
- There has been a step-change in the way MFAT designs, implements and manages renewable energy investments. The governance, performance and sustainability of more recent (2014 and 2015) renewable energy investments have improved by applying lessons learned from earlier infrastructure and renewable energy investments.
- The more recent portfolio approach has meant that MFAT has been able to deliver a large number of very complex projects quickly. This is a significant shift in the way it manages across programmes.
- MFAT is recognised by partner governments and other donors as being flexible, responsive and innovative in its implementation of its investments.
- The Activities evaluated represent a record of efficient project implementation and completion of increased renewable energy generation.
- There are time/quality/cost trade-offs. Renewable energy investments focused on fast-track implementation, which meant there was an absence of situation analysis and a wider focus. There was also less local sector involvement with fast tracking.
- Maintenance following Activity completion was not considered well across all investments, relying on partner governments to be responsible for this.
- The best impact is when infrastructure is part of a sector response.

Lessons for MFAT

No.	Recommendation	IDG response
1	<p style="text-align: center;"><u>Infrastructure Planning</u></p> <p>Each country should have a national infrastructure plan or strategy to guide infrastructure investments (responsibility of recipient country government, MFAT).</p>	<p>Agreed. NZ supports the Pacific Regional Infrastructure Facility development of National Infrastructure Investment Plans and advocates for all PICs to have national strategies, plans or equivalent systems. Where sector plans are missing, their development will be considered as part of our activity.</p>
2	<p style="text-align: center;"><u>Procurement</u></p> <p>Procurement modalities for each Activity should be adopted to fit the specific circumstances of the Activity, institutional structure and local capacity (MFAT).</p>	<p>Agreed. IDG procurement processes include strategic procurement plans that assess the specific circumstances of the particular activity. The preference is to use country partner systems whenever this is possible, providing supplementary technical support if required.</p>
3	<p style="text-align: center;"><u>Community Involvement</u></p> <p>Beneficiary communities and other stakeholders impacted by the infrastructure should be consulted from the beginning of the Activity design process following an agreed Communications Plan (implementing agency, MFAT).</p>	<p>Noted. The partner government is responsible for community engagement and stakeholder relations. Environmental and Social Impact Assessments can look at the adequacy of consultation undertaken. The need to have agreed stakeholder engagement and communication plans will be explicitly included in our procedures for both the design and implementation stages.</p>
4	<p style="text-align: center;"><u>Financial / Economic Analysis</u></p> <p>MFAT should require a complete financial and economic analysis for all Activities (MFAT).</p>	<p>Noted. Economic and financial analysis will be required at the design stage of all new economic infrastructure activities and work is under way on developing value for money guidelines.</p>
5	<p style="text-align: center;"><u>Capability and Capacity Building</u></p> <p>A full capability and capacity analysis should be undertaken at the start of each Activity to identify skill and resource gaps and the capacity building inputs needed to implement the infrastructure programme (MFAT).</p>	<p>Agreed. This will be made part of the Activity design process for infrastructure activities, with the chosen designer being required to show that they are able to undertake such an analysis.</p>

6	<p><u>Effective Provision for Maintenance</u></p> <p>Greater emphasis should be given to good asset maintenance and factored into Activity design, with consideration given to post-construction phase support of asset management (MFAT).</p>	<p>Agreed. MFAT is developing asset management guidance that will strengthen future activity designs.</p>
7	<p><u>Transfer of Successful Practices</u></p> <p>Transfer of successful practices into a new situation must be carefully planned to adapt to the new geography, climate change, institutional and community, social and cultural, land tenure, capability and capacity factors (MFAT).</p>	<p>Agreed. We will pursue the transfer of successful practices to new activities, while ensuring that they are adapted to local circumstances. .</p>
8	<p><u>Management of Cross Cutting Issues</u></p> <ul style="list-style-type: none"> • Mechanisms should be included in formal documents with provision for adequate supervision and monitoring by MFAT to provide incentives and leverage to achieve cross cutting outcomes in infrastructure Activities (recipient government, implementing agencies, MFAT). • Management of ongoing cross cutting issues (after Activity closure) should be operationalised into the implementing agency's asset management plans, design manuals, and other institutional policies and procedures (implementing agency, MFAT). • In-country and MFAT requirements for Environmental Impact Assessments should be harmonised where possible to ensure all donor and recipient country requirements are met effectively and efficiently (recipient government, MFAT). • Resolution of land issues should begin at the start of the Activity and adequate time given in the programme for resolving such issues and / or access to resources) before construction starts (implementing agency, MFAT). 	<p>Noted. MFAT will ensure that its approach to integrating cross-cutting issues is applied consistently to infrastructure spend. This approach, which aims to strengthen the sustainable development outcomes targeted through the infrastructure activities and to manage risks, rather than achieving additional outcomes, will also be included in the new guidance being developed for asset management.</p> <p>MFAT is working with the Pacific Regional Infrastructure Facility (PRIF) to ensure, as far as practical, that donor and partner country environmental impact assessment requirements are consistent.</p> <p>Agreed. Land issues are a challenge throughout the Pacific for infrastructure activities. While it is the country partner's responsibility to manage these. MFAT should ensure that they are properly address in the design and stakeholder engagement processes. This is also a matter that PRIF is working on.</p>

<p>9</p>	<p><u>Activity Concept and Design</u></p> <ul style="list-style-type: none"> • Allocate resources to adequately scope cross-cutting issues and beneficiary needs to maximise benefits and avoid / mitigate negative impacts through good Activity design (responsibility of MFAT). • Include realistic assessment of future increase in use and demand side management of energy for beneficiaries (residential and non-residential) as part of Activity designs (responsibility of MFAT). • Undertake a local sector and partner capacity assessment to ask 'How can this Activity be designed to maximise local involvement' (responsibility of MFAT). • Coordinate with development partners and other Donors to take a sector-wide approach and ensure that MFAT's investments fit, and are well coordinated (responsibility of MFAT, other Donors). 	<p>Noted. Early engagement with country partners is required to ensure that issues related to these matters are identified and addressed in the activity design. This includes cross cutting issues, partner policy on demand side management, and the level of involvement in the design and construction work that it is appropriate to expect from the communities in the area the activity occurs in.</p>
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10	<p><u>Activity Implementation</u></p> <ul style="list-style-type: none"> • Contracting strategies should identify the key project risks and share and allocate those risks to those parties best placed to manage them (responsibility of MFAT). • Provide support for in-country resources through supervision and monitoring of work undertaken by in country partners (responsibility of MFAT). • Make improvements to more regularly update Activity programmes and risk registers to assess impacts of delays both to project risk, programme and dates, in line with current best industry practice (responsibility of MFAT). • Develop clear project management structures with clear roles and responsibilities of all parties involved in the implementation including authority matrix and relationship / communications strategy (responsibility of MFAT). • Assign clear roles and responsibilities for implementation and monitoring of cross-cutting actions (responsibility of MFAT, PMU Consultants, and Contractors). 	<p>Noted. Project risks are identified at the design stage and are matters for early engagement with the country partner, including implications for contracting strategies and supplementary support to the country partner and other local stakeholders to manage risks. Risk registers and work-plans should clearly define roles and responsibilities and are required to be kept up-to-date throughout the activity life cycle. This is emphasised in activity management training including risk management.</p>
11	<p><u>Activity Completion</u></p> <ul style="list-style-type: none"> • Provide understandable comprehensive handover documentation to the utility/asset owner for the future operation, maintenance and renewal of the asset along with supporting training (responsibility of MFAT, implementing agency). • Include plans for future funding needs as part of asset management plans so that all future funding requirements for sustainability of the infrastructure are understood and planned for (responsibility of MFAT, implementing agency). 	<p>Noted. Asset management plans are an important area identified by this evaluation for improvement and it is accepted that performance can be improved. A requirement to provide comprehensive asset management and operation information and information on the funding required will be made part of activity design. Action is also underway for recently completed energy activities where asset management plans, budgets etc may not have been given sufficient attention at the design stage.</p>

12	<p><u>Activity Evaluation and Monitoring</u></p> <ul style="list-style-type: none"> • Adopt the Energy Sector Results Framework as the basis for Activity monitoring and evaluation (responsibility of MFAT). • Collect more documentation of lessons learned from completed Activities that are available to MFAT staff (responsibility of MFAT). 	<ul style="list-style-type: none"> • Agreed, it will be used as the basis for activity monitoring and evaluation in the energy sector. • Agreed. Activity Completion Assessments include assessment of lessons learnt. Lessons learnt are synthesised by sector and disseminated to staff.
13	<p>Going forward there is a need to have continuous engagement to develop and realise long-term benefits. Activity design will need to have a more integrated approach taking in such issues as stakeholder interests, technical and financial sustainability, cross-cutting issues, and in-country capability affecting implementation.</p>	<p>Agreed. There is and will continue to be emphasis placed on these issues in the design and implementation of infrastructure projects. Our response to the evaluation contains actions to ensure these lessons are embedded in our processes and practice.</p>
14	<p>Many lessons are transferrable to other Activities and MFAT needs to ensure monitoring and evaluation findings and learnings are used in the design of future investments</p>	<p>Agreed. This was a major reason for the commissioning of this evaluation and the lessons have been and will be disseminated across the organisation as recognised in our response. Our overall approach to gathering monitoring and evaluation information emphasises its usability for decision-making and informing future investments.</p>
15	<p>MFAT needs to investigate how to balance its fast-track implementation with more local sector involvement.</p>	<p>Noted. It is recognised that the requirement for speed does not mean short cutting good design and implementation practice. Proactive steps can and should be taken to engage with the local sector where it exists (indeed one of the activities evaluated included substantial local sub-contracting), while recognising there is a continuum of options for ensuring local involvement.</p>