

# 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

Prepared by:  
Dr Satish Chandra  
Consultant

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March 2010  
Canberra, Australia

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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 (NZAID<sup>1</sup>) 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.

<sup>1</sup> 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.