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**Mid-term Review of the Australia-ADB South Asia
Development Partnership Facility and RETA 6337:
Development Partnership Program for South Asia**

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ABBREVIATIONS

AASADPF	–	Australia-ADB South Asia Development Partnership Facility
ACC	–	Anti Corruption Commission
ADB	–	Asian Development Bank
ADF	–	Asian Development Fund
AusAID	–	Australian Government Overseas Aid Program
CDTA	–	capacity development technical assistance
COSO	–	Consulting services office
CPS	–	country partnership strategy
CR	–	Completion report
CWRD	–	Central and Western Asia Regional Department
DFID	–	UK Department for International Development
DMCs	–	Developing Member Countries of the ADB
DPPSA	–	Development Partnership Program for South Asia
FAM	–	Finance and Accounting Manual
FRR	–	Financial Rules and Regulations
MAC	–	Marginal Abatement Cost
M&E	–	Monitoring and Evaluation
MDG	–	Millennium Development Goal
ODA	–	official development assistance
PPTA	–	project preparatory technical assistance
RETA	–	Regional Technical Assistance
RIA	–	Regulatory Impact Assessment
SAARC	–	South Asia Association for Regional Cooperation
SADPF	–	South Asia Development Partnership Facility (the Facility)
SAOC	–	South Asia Operations Coordination Division
SARD	–	South Asia Regional Department
TA	–	technical assistance
UNDP	–	United Nations Development Programme
RETA	–	Regional Technical Assistance
CCED	–	city cluster economic development
SARD	–	South Asia Regional Department
CWRD	–	Central and West Asia Regional Department
RSDD	–	Regional and Sustainable Development Department
M&E	–	monitoring and evaluation
PAS	–	Public Accounting System
MOFT	–	Ministry of Finance and Treasury
RCSP	–	Regional Cooperation Strategy and Program
NGOs	–	non-governmental organizations
SAFM	–	South Asia Financial Management
SLRM	–	Sri Lanka Resident Mission
SAUD	–	South Asia Urban Development
MSME	–	micro, small and medium enterprise

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Executive Summary

I. BACKGROUND

1. The Development Partnership Program for South Asia (DPPSA) financed by the Australia-ADB South Asia Development Partnership Facility is one of many partnership arrangements between the Asian Development Bank (ADB) and bilateral donors. In May 2006, the Government of Australia signed an agreement with ADB to establish a South Asia Development Partnership Facility (the Facility), under which an initial grant of A\$11 million would be provided over a period of five years. In July 2006, an ADB Regional Technical Assistance Project No. TA REG 6337: *Development Partnership Program for South Asia (DPPSA)* was approved. An independent Mid-Term Review of the Facility was anticipated in the RETA, in recognition of the need to fine-tune the DPPSA design to progress made and to the evolving assistance context.

2. This Mid-Term review undertaken during December 2009-January 2010, aims to answer six main questions:

- Has the Facility succeeded in identifying and initiating innovative activities that are in line with Facility, ADB Corporate and Country Assistance goals and objectives?
- Is the Facility structured and managed in a way that has contributed to meeting the Facility's goals and objectives?
- Have the sub-projects been designed in a sound manner so as to contribute to the goals and objectives of the Facility?
- If successfully implemented, are the sub-projects likely to catalyze change and add value to poverty reduction processes in the region?
- Are sub-projects performing well, vis-à-vis the objectives of the Facility?
- What lessons can be drawn and what steps may be taken to improve program performance going forward?

3. Answer to the above set of questions is sought in two parts, through a process and a program review. The first looks at how the program is managed and operated through various business processes as stipulated in the program and Regional Technical Assistance (RETA) documents referred to earlier, and the second, how it is performing in terms of delivering results in the field. The methodology combined a desk review of relevant background documents with interviews with key informants and stakeholders including Australian Government Overseas Aid Program (AusAID) representatives, and staff and consultants located at headquarters and in countries concerned. It also included field missions to two participating countries, Sri Lanka and Bhutan which offered an opportunity to get direct feedback on the program from Government and AusAID representatives and others.

II. PROCESS REVIEW

A. Project Administration

4. The DPPSA is administered by the South Asia Country Coordination and Regional Cooperation Division (SAOC) of the South Asia Regional Department (SARD) of ADB under the supervision of the Director assisted by a fulltime consultant/project manager.

B. Project Cycle

5. The project cycle is relatively short and the review process simple. A concept proposal together with a draft Design and Monitoring Framework is first submitted to the Secretariat for an initial review and screening for eligibility. Once eligibility is confirmed, a full-blown sub-project proposal is prepared and a fact-finding mission is conducted. The draft proposal is then reviewed by two peer reviewers (from either the proposing department or resident mission) and through a wider interdepartmental review process. Thereafter, the proposal is sent for final review and approval of the Advisory Panel, which is currently headed by the Director, SAOC along with Directors from other divisions within South Asia Regional Department (SARD) and Central and West Asia Regional Department (CWRD). The whole process is completed within six months or less. This can be compared to a period of 9-12 months to process an ADB TA funded from internal resources.

C. The Secretariat

6. The use of a Project Secretariat for the day-to-day business of the Facility and an Advisory Committee to set policy and provide overall approval of sub-project proposals, has proven to be an effective and efficient way of managing Facility resources. Project tracking has been coordinated by the Secretariat, and the Secretariat has assisted project managers in project identification, preparation, review and implementation although always not so effectively. The use of standard ADB rules and procedures for sub-project implementation was fully appropriate because this ensured that commitments and disbursements would be made in accordance with ADB's standard operating rules and procedures. The Secretariat has issued and updated program guidelines, and is responsible for tracking and reporting on progress, including preparation of an annual progress report for AusAID. The Secretariat has publicized the Facility by including announcements in ADB-Today and by establishing a dedicated web-site with Facility Guidelines, project proposals, and project reports. Twice per year, the Secretariat has issued a call for new sub-project proposals, and has assisted SARD and Regional Sustainable Development Department (RSDD) staff in processing the proposals.

D. The RETA Approach

7. The use of a RETA as a mechanism for channeling TA resources has substantially reduced the time and administrative costs required for proposing, reviewing, developing and securing sub-project approval.

E. Quality Control

8. Rigorous up-front quality control policies and procedures have been established to ensure that the TA projects are of sufficiently high quality before they are approved. The project concepts are screened by the Secretariat, and after these are approved, a full blown proposal is prepared. The Project Screening mechanisms have resulted in a set of relatively high-quality sub-projects. Each of the sub-project designs has been examined against a set of standard project quality criteria. In all cases, the project rationale was clearly identified. The sub-project design and monitoring frameworks provide clear results-chain from impacts, outcomes, outputs, to project activities, and these provide a clear structure for monitoring and evaluating sub-project performance. Project activities are clearly identified, sequenced, and are linked to the achievement of project outputs and outcomes. Project risks are elaborated and institutional arrangements for implementation are described and justified.

F. Implementation, Monitoring and Evaluation

9. Implementation procedures have followed those for normal ADB advisory TA projects. The main modes of implementation for the sub-projects were by: (i) ADB headquarters staff; (ii) government executing or implementing agency; (iii) ADB resident mission staff; (iv) local NGO(s); and (v) United Nation's specialized agencies. ADB's resident mission staff was involved in the design of just 2 of the 12 sub-projects. With one exception, all other sub-projects are supervised from ADB headquarters. Staff combines TA follow-up in the field with other missions since separate travel budget is not available. Those sub-projects managed from the resident missions, tend to receive a significantly higher level of field supervision. Facility sub-projects are monitored through normal TA processes, with the preparation of TA performance reports, which are to be prepared biannually. The sub-projects are monitored as part of regular project supervision efforts. The degree to which this is able, however, to capture outcomes and impacts is limited due to a dearth of baseline data and beneficiary surveys. Financial monitoring has been done through the normal ADB system, which provides quarterly information on contracts, fund distribution, and disbursements. SAOC and Secretariat Staff have also participated in annual consultations with Government and AusAID representatives to review progress made in the Facility.

III. PROGRAM REVIEW

A. The Subprojects

10. The projects have covered a wide range of topics, all of which are ultimately aimed at accelerating achievement of the Millennium Development Goals (MDGs). Of the various thematic categories eligible for financing, 6 of the projects (by number and volume) are in the area of enhanced governance; 2 apiece are in the areas of regional cooperation and integration and urban development, and one apiece are in the areas of human resource development and inclusive growth. Of the 12 approved projects, 10 are classified as innovative interventions, one (sub-project 2) as a regional cooperation and integration initiative, and one (sub-project 9) as an information dissemination activity. Countries covered under Facility sub-projects have included Bangladesh, Bhutan, India, Maldives, Nepal and Sri Lanka.

11. Individual project profiles were developed on the basis of headquarters and field information. For each subproject, a "top-down" and "bottom-up" assessment was carried out. The top-down assessment consists of an analysis of sub-project goals and output, strategic assessment, institutional assessment, and ADB performance. On the other hand, the bottom-up assessment examined sub-project relevance, effectiveness, sustainability and outcome and impact.

B. Top-down assessment

Goals and output

12. All subprojects are consistent with focus areas of the Development Partnership Program for South Asia (DPPSA), ADB Strategy 2020 and respective country strategy and priorities as elaborated in Country Partnership and Strategy and country planning and strategy documents.

13. All subprojects have well articulated goals and output related to good governance, environment, gender equity, regional cooperation and integration, urban development and education which are being pursued rigorously.

14. Progress so far is highly satisfactory except where subproject implementation was considerably delayed.

Strategic assessment

15. All subprojects are consistent with focus areas of the Development Partnership Program for South Asia (DPPSA), ADB Strategy 2020 and respective country strategy and priorities as elaborated in Country Partnership and Strategy and country business plan documents.

16. All concerned governments are strongly committed to the goals and objectives of each subproject.

17. Significant value addition is expected from subprojects. The good governance subprojects will help reduce service delivery costs and reduce corruption, make local governments stronger, improve financial management and audit, and respond better to the needs of conflict-affected beneficiaries. Environment subprojects will provide access to cleaner technologies and innovative methods of municipal solid waste management. Gender focused projects will empower women and their associations, and increase their participation in local government and business. Value added in regional cooperation will come through information sharing on policies and strategies. The urban development subproject is seeking public private partnership for investment in industry clusters based on comparative advantage. The educational subproject will add value through increased investment in technical and higher education to produce skills in demand.

18. The strategic assessment is highly satisfactory.

ADB performance

19. Most subprojects were prepared, reviewed, revised and approved within the average stipulated time of six weeks but the signing and start up took about six months.

20. Two subprojects out of twelve implemented have been completed. One subproject for Pakistan was cancelled due to internal reorganization of country responsibilities within ADB.

21. According to this midterm review, consultant recruitment, project start up, disbursement and implementation progress in most subprojects is in line with other ADB technical assistance operations, and is in line with project approval and loan signing dates, and consultants' payment plan and work plan. The completion date of many subprojects has been extended by a year or so which is again in line with other ADB TA implementation. Implementation delays have been experienced in some cases due to delay in TA agreement signing, slow response of recipients, delay in consultant recruitment and start of work, change in the scope of subproject, weak performance of consultant, lack of resources for implementation follow up and monitoring and inadequate supervision. There are only few such cases and ADB is taking steps to address implementation delays.

22. Coordination between SAOC and the project implementation divisions is strong during project concept development, review and approval. It is less strong in terms of ensuring that the project divisions engage in adequate follow-up, monitoring and evaluation.

23. ADB shares approval notifications and documents with AusAID, prepares an annual report for AusAID and provides on request inputs to AusAID for its internal reporting purposes. There is, however, scope for improvement in the quality and frequency of reporting on subproject implementation progress. The semi-annual report submitted by subproject teams to the Secretariat is the basis of the annual report to AusAID.

24. ADB has mobilized co-financing equivalent to 33% of total outlays, or 45% including Government's contribution. This represents a tremendous leveraging of the Government of Australia's assistance with other sources of financing. As of 15 January 2010, total resource mobilization is \$7,941,650, of which AusAID's contribution was \$5,470,000; Norway \$300,000 for subproject 6; Sweden \$288,000 for subproject 6; DFID \$700,000 for subproject 10; Government \$683,650 mostly in kind (Bhutan contributed \$166,650 for subproject 1, Maldives \$167,000 for subproject 4, Bhutan \$140,000 for subproject 5, Bangladesh \$160,000 for subproject 12 and Nepal \$50,000 for subproject 13); and ADB \$500,000.

25. ADB performance is rated as satisfactory noting that projects are innovative and are implemented in an environment marked by capacity constraints and difficult development challenges.

26. The overall top-down assessment is highly satisfactory.

C. Bottom-up assessment

Relevance

27. All subprojects are found to be highly relevant within the context of government's commitment to improve governance and reduce corruption and improve service delivery at local level, improve the environment, promote gender equity and regional cooperation, support urban development and introduce innovative educational practices to maximize development/MDG impact.

Effectiveness

28. Project designs encourage effectiveness and efficiency. Experts have been fielded or are in the process of being fielded. Most experts in the field are achieving their goals and objectives of their respective assignments. Solid progress is being made in achieving output and outcome objectives in almost all of the sub-projects. While startup delays have lowered efficiency, these effects have been modest compared to the highly efficient use of small grants to develop innovative approaches and new knowledge in the region.

Sustainability

29. Sustainability of subprojects is reflected in strong government and other stakeholders' ownership of project outputs. For example, in Bhutan both the Royal Audit Authority and the

Anticorruption Commission have seriously taken up the challenge of improving financial management and reducing corruption. In Maldives, as part of the institutionalization of the internal audit activities, a new Code of Ethics, Internal Audit Charter and Audit Committee Charter were developed for implementation by Ministry of Finance and Treasury (MOFT) through sub-project support.

Outcome and Impact

30. All subprojects are at an early or mid stage of implementation except two which are completed. Therefore, it is not possible to make a fuller and definitive statement on impact achievement. Nonetheless, it can be said with confidence that projects under implementation are progressing well and making a meaningful contribution towards poverty reduction in the region. Selected outcomes for which evidence is available are the following: (i) enhanced good governance and improved financial management systems (Bhutan and Maldives); (ii) strengthened capacity of selected institutions to reduce corruption and mismanagement of resources (Bhutan); (iii) improved service delivery (Bhutan, Maldives and Sri Lanka); (iv) improved enterprise registration, licensing and clearance for business start-ups (anticipated shortly in Bhutan); (v) improved project design with conflict sensitivity and governance to respond to needs of conflict-affected beneficiaries (Sri Lanka); (vi) increased investments in industry clusters (Sri Lanka); and (xiii) policy options for increased inter and intraregional trade (South Asia). Very significant outcomes are expected in terms of increased investments in innovative cleaner technologies and options (South Asia), compost based municipal solid waste management (South Asia), development of women's enterprises (Bangladesh), and technical and higher education (South Asia). A complete statement on project outcome and impact can, however, only be made after the sub-projects are completed and a reasonable period has elapsed.

Innovation

31. Innovation is a central element of DPPSA. A number of innovative features are built into subproject design, namely (i) development of practical governance and anticorruption tools; (ii) development of relevant management and good governance modules on offer at relevant institutions; (iii) preparation of a strategic management plan in Maldives that would establish the internal audit function (iv) establishment of the organizational structure, institutional framework and operations of the internal audit office; (v) a participatory process of combining advanced methodologies of regulatory impact assessment (RIA) from developed countries with operational challenges in a developing country; (vi) mainstreaming the work of the Bribery Commission in Sri Lanka; (vii) mainstreaming conflict sensitivity in project design; (viii) improvement of municipal governance with transparency and accountability in Nepal; (ix) women voluntarism, developing skills of women experts and trainers and placing them in local government as volunteers in Nepal; (x) identification of methods for composting of municipal solid waste and cleaner technologies from best practices within South Asia and elsewhere; (xi) reorienting financial institutions in Bangladesh to address the needs of women's entrepreneurs; (xii) new approaches to cluster city development and identification of industry clusters; and (xiii) the development of market oriented innovation approaches to technical and higher education built upon past successes.

32. The overall bottom-up assessment is satisfactory.

IV. CONCLUSIONS AND RECOMMENDATIONS

33. The Mid-Term review conclusions are straightforward and powerful. The project development, review and approval process is simple and short carried out with rigorous up-front quality control policies and procedures. All projects are innovative with significant outcome and impact (actual and potential). Given that only two of the 12 projects are completed and others are at various stages of implementation, a full statement on outcome and impact achieved cannot be made. The regional cooperation study just completed has provided powerful tool to policymakers in South Asia to adopt trade and investment facilitation measures for enhancement of trade, income and employment. The work completed on city cluster economic development (CCED) has paved the way for increased investment industry clusters in Bangladesh, India and Sri Lanka provided a second phase is funded to undertake feasibility studies and facilitate public-private consultation for mobilization of investment resources. Ongoing current and follow up work on climate change will identify cleaner fuel technologies for low-carbon growth and allow policy simulations to determine optimal policy mix in each country situation to facilitate adoption of these technologies. Strong evidence is already available on outcome and impact of subprojects which are geared towards good governance, improved financial management system and reduced corruption and mismanagement of resources, improved service delivery and improved project design with conflict sensitivity and governance to respond to needs of conflict-affected beneficiaries. ADB has administered the program well with some start up delays and other implementation problems common to capacity strapped South Asian countries trying to tackle complex development challenges.

34. Facility Replenishment. In light of the progress made with the utilization of resources of the Facility, its expected outcome and impact, and the keen interest and commitment of the recipient governments and with a view to maintaining momentum of a wide range of innovative approaches to address challenging issues in South Asia, it is recommended that the Government of Australia consider replenishing the Facility at the same real level as the initial grant amount of A\$11 million prior to its being fully committed¹. A discussion to this effect could be initiated on submission of the Mid-term review report.

35. Stronger involvement of project divisions in implementation. Project initiating divisions have to pay more attention to implementation follow up. This will imply increased allocation of staff/consultant time and travel money.

36. Strengthening SAOC. ADB's South Asia Country Coordination and Regional Cooperation Division (SAOC) should be provided with adequate resources from the DPPSA Facility to maintain a national consultant in the program Secretariat for the duration of the Program who would continued to be responsible for subproject processing, administration, coordination, and reporting and information dissemination. The Consultant (to replace the recently departed Secretariat program management consultant) should continue to report to the Director of SAOC.

37. Program Tracking. Efforts will need to be made to track progress and draw lessons from the success and failures of the sub-projects. M&E needs to be explicitly budgeted and supported in the project sub-proposals, and more attention in progress reports needs to be accorded to interim results and the likelihood of sub-project success. As sub-projects mature, the Mission Leaders and the divisions responsible for the sub-projects should play a more active

¹ Despite some delay, a \$1.4 million replenishment was approved by AusAid in January 2010 with the remaining \$0.3 million to be allocated in the first half of 2010.

role in distilling and disseminating key findings and lessons, initially within ADB, but also to external stakeholders.

38. Information sharing. Steps should be taken to improve the flow of project information between SAOC and project initiating divisions. Mission leaders have to ensure SAOC receives all information about project implementation progress in time and on a continuing basis. The key is to ensure that Mission Leaders regularly update the implementation template and directly update the project entry in the Facility Website.

39. Subproject link with ADB operations. Each subproject should have stronger links with ongoing and proposed ADB and/or other donor-financed projects and programs. Facility programming and development of subprojects should be fully integrated into the process of ADB's Country Partnership Strategy formulation. Lessons learnt from each subproject should be fed back into ADB's Country Partnership Strategy (CPS) and Regional Cooperation Strategy and Program (RCSP).

40. New focus. Governments of the region have expressed interest in pilot infrastructure for mitigating adverse impacts of climate change and promoting alternative energy sources. These areas should be considered for increased financing from the Facility in the future. Efforts should also be made to encourage sub-project proposals that are aimed at improving infrastructure delivery and services in ways that foster inclusive growth and social development in the region. This would also enable the Facility to be more closely aligned with two of the key AusAID priorities in the region—i.e. water and sanitation, and energy security.

41. Australian profile. Australian visibility can be enhanced by various means: (i) increased Australian participation in subproject related events like press conference at project kick-off, steering committee meetings, workshops and book/report launching; (ii) publication and distribution of program/Subproject brochures; (iii) establishment, updating and maintenance of program/subproject website; (iv) hosting brown-bag seminars and other outreach events within ADB to discuss sub-project findings; (v) announcing new sub-projects and other important Facility events in ADB today; and (v) keeping AusAID staff informed about sub-project M&E initiatives and providing AusAID officials with the opportunity to participate in sub-project M&E missions.

42. Country Coverage. The Facility was initially designed to cover the SAARC countries, but Pakistan and Afghanistan have made negligible use of it. Although these countries now fall outside of ADB's South Asia Regional Department, they should continue to be encouraged to submit proposals. At the same time, consideration should be accorded to allowing the poorer States of India access to Facility resources for country-specific as well as regional projects. The poorer States of India should have more access to Facility resources because this is where the majority of South Asia's poor are found; because tackling poverty challenges in these States will require innovative approaches; and because lessons from innovations in these States could play an important role in informing poverty reduction efforts elsewhere in the region.

43. Needs-Based Funding. Within the limit of \$500,000 per sub-project², financing for the sub-projects should be based on sub-project “needs” rather than targeting 90% of sub-project financing for consultancy costs. For innovative projects, flexible funding arrangements (rather than strict category costing) should be encouraged.

² The Mid-Term Review examined the case for raising the funding limit for sub-projects but found little rational to do so. Larger TAs would likely shift the focus from innovative interventions to more full-fledged capacity building programs. Rather than implement a larger-sized sub-project, it may be more appropriate to implement a series of smaller innovative TAs, and scale-up those parts that are shown to be efficient and effective after each sub-project is completed.

I. INTRODUCTION

1. The Development Partnership Program for South Asia (DPPSA) financed by the Australia-ADB South Asia Development Partnership Facility is one of many partnership arrangements between the Asian Development Bank (ADB) and bilateral donors. In May 2006, the Government of Australia signed an agreement with ADB to establish a South Asia Development Partnership Facility (the Facility), under which an initial grant of A\$11 million would be provided over a period of five years³. The grant was provided on an untied basis, to finance projects, including technical assistance (TA) operations, components of investment operations, stand-alone grants, and other activities agreed upon by the Government of Australia and ADB. In July 2006, an ADB Regional Technical Assistance Project No. TA REG 6337: *Development Partnership Program for South Asia (DPPSA)* was approved.⁴ An independent Mid-Term Review of the Facility was anticipated in the RETA, in recognition of the need to fine-tune the DPPSA design to progress made and to the evolving assistance context.

2. Countries eligible for assistance under the Facility included Afghanistan (for regional initiatives), Bangladesh, Bhutan, India (for regional initiatives), Maldives, Pakistan and Sri Lanka. Those activities eligible for financing under the Facility included those aimed at: (i) enhanced governance; (ii) urban development; (iii) inclusive growth; (iv) human resource development; and (v) regional cooperation⁵. It was also agreed that ADB would endeavor, where feasible, to highlight the identity of the Government of Australia's contributions to activities funded from the Facility.

3. According to the DPPSA design and monitoring framework the overall impact was to be assessed by progress registered in achieving the Millennium Development Goals (MDGs). The focus of the Facility on South Asia and its support for the attainment of MDGs goals make it a unique initiative among many other trust fund facilities. Within the broad categories of five assistance areas (i.e. enhanced governance; urban development; inclusive growth; human resource development; and regional cooperation), the DPPSA identified four categories of interventions that would be supported, including innovative interventions, targeted assessments, regional cooperation and integration and information dissemination.

4. A financing limit of \$500,000 was placed on individual sub-projects. Resource allocations were to be some 75% for innovative interventions, 5% for targeted assessments, 15% for regional cooperation and integration, and 5% for information dissemination activities. Some 75% of DPPSA resources were to be allocated for innovative interventions, 5% for targeted assessments, 15% for regional cooperation and integration, and 5% for information dissemination activities. For each sub-project, 15% of total financing was to be held for contingencies and of the balance, 90% was to be used to finance consultants, 5% for civil works equipment and materials; and 5% for miscellaneous support costs including training, seminars and conferences. Twelve subprojects have so far been approved and these are at various stages of implementation.

³ ADB. 2006. (May) Establishing the Australia-ADB South Asia Partnership Facility. Manila.

⁴ ADB. 2006 (28 July). Proposed Technical Assistance for the Development Partnership Program for South Asia (Financed by the Australia-ADB South Asia Development Partnership Facility). R157-06. Manila.

⁵ During the annual review of the Facility in 2008, it was agreed that "climate change" would also be added to the list of eligible themes, given particularly strong interest in this area by both ADB and the Government of Australia.

5. This Mid-Term review undertaken during December 2009-January 2010, aims to answer six main questions:

- Has the Facility succeeded in identifying and initiating innovative activities that are in line with Facility, ADB Corporate and Country Assistance goals and objectives?
- Is the Facility structured and managed in a way that has contributed to meeting the Facility's goals and objectives?
- Have the sub-projects been designed in a sound manner so as to contribute to the goals and objectives of the Facility?
- If successfully implemented, are the sub-projects likely to catalyze change and add value to poverty reduction processes in the region?
- Are sub-projects performing well, vis-à-vis the objectives of the Facility?
- What lessons can be drawn and what steps may be taken to improve program performance going forward?

6. Answer to the above set of questions is sought in two parts, through a process and program review. The first looks at how the program is managed and operated through various business processes as stipulated in the program and Regional Technical Assistance (RETA) documents referred to earlier, and the second, how it is performing in terms of delivering results in the field. This Mid-Term review was prepared in December 2009 and January 2010 by two independent evaluators.⁶ The methodology combined desk review of relevant background documents (program files and others), interview with Facility and sub-project managers in ADB headquarters, key informants and stakeholders including Australian Government Overseas Aid Program (AusAID) representatives, and field missions to two participating countries, Sri Lanka and Bhutan which offered an opportunity to get direct feedback on the program from Government and AusAID representatives and others. This report presents the findings of the Mid-Term Review. It is divided into four sections. Section II presents the process review describing the institutional aspects of the program's performance, with respect to the ways in which it has been managed and the design of the sub-projects. Section III presents the program review which describes the performance of individual sub-projects, and Section IV derives a set of conclusions, lessons and forward-oriented recommendations.

II. PROCESS REVIEW

A. Project Administration

7. The DPPSA is administered by the South Asia Country Coordination and Regional Cooperation Division (SAOC) of the South Asia Regional Department (SARD) of ADB. It is under the supervision of the SAOC Director and is assisted by a fulltime consultant/project manager.

⁶ The evaluators are Messers. Mohiuddin Alamgir and Steven Tabor. Neither have been involved in the design of implementation of any of the Facility sub-projects. Terms of Reference for the two evaluators are included in Appendix 1.

B. The Project Cycle

8. The project cycle is relatively short and the review process simple. In practice, the project approval process has been much faster than are comparable TAs funded with ADB internal TA resources. A concept proposal together with a draft Design and Monitoring Framework is first submitted to the Secretariat for an initial review and screening for eligibility. Once eligibility is confirmed, a full-blown sub-project proposal is prepared and a fact-finding mission is conducted. The draft proposal is then reviewed by two peer reviewers (from either the proposing department or a resident mission) and through a wider interdepartmental review process. Thereafter, the proposal is sent for final review and approval of the Advisory Panel, which is currently headed by the Director, SAOC along with Directors from other divisions within SARD and Central and West Asia Regional Department (CWRD).

9. As of August 2009, a total of 12 projects had been approved with total AusAID contribution of \$5.470 million (Table 1). On average, the time from submission of the first concept paper to peer review of a full sub-project proposal ranged from 2 to 6 weeks. The time from peer review to Advisory Panel decision was approximately one month. Hence, a period of 2-3 months was required from the time an initial concept paper was received until the sub-project was approved. This can be compared to a period of 9-12 months to process an ADB TA funded from internal resources. The relative short processing period has allowed ADB staff to be responsive (in a timely manner) to requests made by the Governments in the developing member countries (DMCs). The quick-response capacity of the Facility is considered by project managers and Government officials alike to be one of its strongest features. Table 2 below shows start-up time requirements of a sample of sub-projects that were approved in 2007, 2008 and 2009. Key milestones in the establishment and operationalization of the Facility are included in Appendix 2 and the list of persons serving on the Secretariat and Advisory Panel are included in Appendix 3. Detailed sub-project eligibility criteria are provided in Appendix 4 and the sub-project review and processing steps are listed in Appendix 5.

Table 1: Subprojects under RETA 6337: Development Partnership Program for South Asia
(As of 15 January 2010)

No.	Title	Prioritized Area (s) ²	Type of Intervention	Country ³	Approval	AusAID Amount (\$ '000)
1	Support for Anticorruption and Good Governance at Local Level	Enhanced governance	Innovative intervention	BHU	5 Dec 2006	500
2	Study on Intraregional Trade and Investment in South Asia	RCI	RCI	BAN, IND, NEP, PAK, SRI	5 Dec 2006	320
3	Rural Development Projects Review (Pakistan)	Enhanced governance	Targeted Assessment	PAK	20 Jul 2007	cancelled
4	Enhancing Internal Audit in Maldives	Enhanced governance	Innovative intervention	MLD	20 Jul 2007	500
5	Capacity Building for Introducing Regulatory Impact Assessment in Bhutan	Enhanced governance, Inclusive growth	Innovative intervention	BHU	20 Jul 2007	400
6	Strengthening of Conflict Sensitivity and Governance in Sri Lanka	Enhanced governance	Innovative intervention	SRI	29 Nov 2007	500

7	Clustered Cities Development: Innovative Interventions in South Asia	Urban infrastructure and service delivery	Innovative intervention	BAN, IND, NEP, SRI	29 Nov 2007	500
8	Gender-Responsive Decentralized Governance in Asia	Enhanced governance, Inclusive growth	Innovative intervention	NEP	2 Oct 2008	500
9	Best Practices for Municipal Solid Waste Management in South Asia: A New Knowledge Product	Urban infrastructure and service delivery	Information dissemination	BAN, IND, NEP, SRI	29 Apr 2009	300
10	Regional Economics of Climate Change in South Asia Part 1 — Cleaner Technologies and Options	RCI	Innovative intervention	BAN, BHU, MLD, NEP, SRI	29 Apr 2009	500
11	Innovative Strategies in Technical and Higher Education for Accelerated Human Resource Development in South Asia	Human resources development	Innovative intervention, Information dissemination	REG w/ focus on BAN, NEP, SRI	29 Apr 2009	500
12	Promoting Women's Entrepreneurship in Bangladesh	Inclusive growth	Innovative intervention	BAN	13 Aug 2009	500
13	Nepal: Enhancing Local Governance	Enhanced governance, urban infrastructure and service delivery, and HRD	Innovative intervention	NEP	1 Sep 2009	450
Total approved subprojects						5,470
Total AusAID contribution						5,747
Total available funds¹						277

¹ Earmarked for ADB administration cost (5% of disbursement based on MOU Article 8) and foreign currency reserve.

² RCI – Regional Cooperation and Integration. ³ Ban – Bangladesh BHU – Bhutan IND – India MLD – Maldives NEP – Nepal PAK – Pakistan SRI – Sri Lanka

Table 2: Start-up Time Requirements for a Sample of Sub-Projects

Proposal	Concept Submitted	Peer& Inter-Dep.& Secretariat Review Completed	Advisory Panel Approval	Project Becomes Effective
Subproject 4: Enhancing Internal Audit in Maldives	4 May 2007	22 June 2007	20 July 2007	3 September 2007
Subproject 5: Capacity Building for Introducing Regulatory Impact Assessment (Bhutan)	7 June 2007	22 June 2007	20 July 2007	22 October 2007
Subproject 7: Clustered Cities Development – Innovative Interventions in South Asia	8 October 2007	29 October 2007	29 November 2007	22 May 2008
Subproject 13: Nepal – Enhancing Local Governance	26 June 2009	11 August 2009	1 September 2009	5 November 2009

Source: ADB. Facility Project Files. Manila.

C. The Secretariat

10. Under the supervision of SAOC, a Facility Secretariat was established in July 2006, and was staffed by a full-time program management consultant and an ADB professional staff as DPPSA project manager. Starting in August 2009, the SAOC Director assumed the role of program manager for the TA, as well as chairing the Advisory Committee. The use of a Project Secretariat for the day-to-day business of the Facility and an Advisory Committee to set policy and provide overall approval of sub-project proposals, has proven to be an effective and efficient way of managing Facility resources. Project tracking has been coordinated by the Secretariat, and the Secretariat has assisted project managers in project identification, preparation, review and implementation. The Secretariat conducts the initial reviews of proposals, and provides guidance to applicants and recommendations to an Advisory Panel. The Advisory Committee has played an active role in screening the projects, ensuring that they fall within ADB, regional and Facility priorities. The use of standard ADB rules and procedures for sub-project implementation was fully appropriate because this ensured that commitments and disbursements would be made in accordance with ADB's standard operating rules and procedures. The Secretariat has issued and updated program guidelines, and is responsible for tracking and reporting on progress, including preparation of an annual progress report for AusAID. The Secretariat has publicized the Facility by including announcements in ADB-Today and by establishing a dedicated web-site with Facility Guidelines, project proposals, and project reports. Twice per year, the Secretariat has issued a call for new sub-project proposals, and has assisted SARD and other Department (i.e. RSDD) staff in processing the proposals. The Secretariat has played an active role in seeking innovative subprojects from the Sector Divisions.

D. The RETA Approach

11. The use of a RETA as a mechanism for channeling TA resources has substantially reduced the time and administrative costs required for proposing, reviewing, developing and securing sub-project approval. At the same time, there have been drawbacks associated with channeling Facility resources through a RETA. There have been delays and complications in contracting when sub-projects have had financing from RETA 6337 and other ADB RETAs (i.e. sub-project 8) and when resources were mobilized from other development partners to co-finance specific sub-projects (sub-project 6). There has been a certain loss of identify and recognition for the sub-projects within ADB (as compared to stand-alone TAs) because these are not counted as separate projects or publicized as separate TAs. Finally, while streamlined project formats were included in the RETA 6337 Guidelines, these were different from the standard formats used in ADB TAs, and this was a source of confusion to those preparing the projects, particularly in the early years of the Facility. Efforts were made to overcome these constraints by: (i) revising the RETA to allow it to accept contributions from other partners; (ii) identifying ways of co-financing with resources from multiple RETAs; (iii) providing more publicity to the sub-projects through a web site dedicated to the Facility, and through periodic announcements of Facility events in ADB Today; and (iv) by simplifying the Guidelines and having the Secretariat staff confirm the use of the shortened proposal form with the sub-project officers. Particular mention should be made of the revisions to the Facility Guidelines in 2007, which: (i) clarified the purpose and eligibility criteria; (ii) added a schedule for proposal submission; (iii) listed the Secretariat and Advisory Panel Members; (iv) clarified that standard ADB TA implementation processes would be followed with the exception of streamlined approval and reporting arrangements; (iv) revised the letter of agreement for the sub-projects and provided a link to a website to download a template for this; (v) clarified and explained the

cost-sharing and percentage shares of the four output types; and (vii) clarified the documentary requirements at the sub-project concept and proposal stage.

12. Another inadvertent drawback of the way in which the RETA was structured was the use of predefined budget outlay requirements by specific cost categories (i.e. 90% of the funding after contingencies used for consultants). This meant that sub-projects couldn't be costed on the basis of "sub-project needs" but were budgeted according to pre-identified cost category allocations. In a number of cases, because of the line-item cost-element restrictions, items (i.e. seed capital to start-up new interventions, overseas study tours) were included in project design but were not explicitly budgeted for. In 2008 and 2009, this issue was raised as a concern by several Project Officers, and in the 2009 revision of the RETA Guidelines, it was indicated that the cost allocations provided are merely indicative. Subsequently, there were proposals approved in 2009 with cost-shares that differed from those prescribed in the original RETA.

E. Quality Control

13. Rigorous up-front quality control policies and procedures have been established to ensure that the TA projects are of sufficiently high quality before they are approved. The project concepts are screened by the Secretariat, and after these are approved, a full blown proposal is prepared. This generally involves a fact-finding mission of 1-2 weeks to confirm the validity of the proposed project design, including project goals and objectives, project activities and costs, implementation arrangements and the design and monitoring framework. The full proposal is then examined by two peer reviewers, revised and thereafter subjected to a technical inter-departmental review (with representatives from Regional Sustainable Development Department (RSDD), Consulting Services Office (COSO), co-financing office, technical divisions, and resident mission). The comments made by the peer and technical reviewers are recorded in a matrix, together with the manner in which these have been addressed in a revised project proposal. This is then submitted to the Advisory Committee, which has sector directors assigned to review different categories of project proposals. Once the comments of the Advisory Committee are satisfactorily taken into account, the sub-project proposal is then approved and can be implemented. Should major changes in the project goals, scope or implementing arrangements be required, then the revised proposal is screened again by the originating division director, SARD Director General, Facility Secretariat and the Advisory Committee. The Project Screening mechanisms have resulted in a set of relatively high-quality sub-projects. Each of the sub-project designs has been examined against a set of standard project quality criteria. In all cases, the project rational was clearly identified. The sub-project design and monitoring frameworks provide clear results-chain from impacts, outcomes, outputs, to project activities, and these provide a clear structure for monitoring and evaluating sub-project performance. Project activities are clearly identified, sequenced, and are linked to the achievement of project outputs and outcomes. Project risks are elaborated and institutional arrangements for implementation are described and justified. Some 10 sub-projects were rejected at the concept stage due either to lack of compliance with the Guidelines, insufficient country ownership, poorly articulated project design, and insufficient Funding in the Facility for that category of project (see Appendix 6). A robust quality screening process is important because the Facility encourages sub-projects with novel (i.e. untested) designs and implementation arrangements.

F. Implementation, Monitoring and Evaluation

14. Implementation procedures have followed those for normal ADB advisory TA projects. The main modes of implementation for the sub-projects were by: (i) ADB headquarters staff; (ii) government executing or implementing agency; (iii) ADB resident mission staff; (iv) local non-governmental organizations (NGOs); and (v) United Nation's specialized agencies. ADB's resident mission staff was involved in the design of just 2 of the 12 sub-projects. With one exception, all other sub-projects are supervised from ADB headquarters. Staff tend to combine TA follow-up in the field with other missions. Those sub-projects managed from the resident missions, tend to receive a significantly higher level of field supervision. On average, however, turnover of project officers has been less in the Facility sub-projects than the ADB average. Facility sub-projects are monitored through normal TA processes, with the preparation of TA performance reports, which are to be prepared biannually.

15. Most of the sub-projects include some level of built-in monitoring and evaluation (M&E) which cannot be adequately implemented because funds are not available for M & E arrangements and sub-project surveys. Financial monitoring has been done through the normal ADB system, which provides quarterly information on contracts, fund distribution, and disbursements. SAOC and Secretariat Staff have also participated in annual consultations with Government and AusAID representatives to review progress made in the Facility. AusAID has expressed concern regarding implementation and disbursement progress and reporting on outcomes and impacts. Mission leaders are responsible for preparing TA completion reports within 3 months of the physical completion of a sub-project. Completion reports have not yet been finalized for the two completed subprojects.

III. PROGRAM REVIEW

A. The Subprojects

Coverage

16. Shortly after the Facility Secretariat was established, a call for Proposals was issued. In November 2006, the first two sub-projects were approved, of which one (i.e. Rural Development in Pakistan) was subsequently cancelled. As of August 2009, a total of 12 projects had been approved, for a total commitment amount of \$5.47 million, which was some 95% of available Facility Resources of \$5.747 million (see Table 1). Of the 12 approved sub-projects, five are multi-country (or regional exercises) and seven pertain to activities in specific countries⁷. Of those sub-projects which have been approved, sub-project 2 has been completed, and sub-project 7 is about to be completed. Implementation is underway for other sub-projects except 12, which will be effective shortly. The projects have covered a wide range of topics, all of which are ultimately aimed at accelerating achievement of the MDGs. The topics covered are (by sub-project): 1) anticorruption and good governance at the local level in Bhutan; 2) a study of intra-regional trade and investment in South Asia; 4) enhancing internal audit in Maldives; 5) capacity building for introducing regulatory impact assessments in Bhutan; 6) strengthening capacity for conflict sensitivity and good governance in Sri Lanka; 7) developing a clustered cities model for South Asia; 8) encouraging gender-responsive decentralized governance in Nepal; 9) identifying best practices for municipal solid waste management in South Asia; 10) analysis of regional economics of climate change (cleaner technology options); 11) innovative

⁷ Of the seven national sub-projects, number 8 on Gender-Responsive Decentralized Governance in Asia provides financing for the Nepal portion of a three country pilot project.

strategies for technical and higher education in South Asia; 12) promoting women's entrepreneurship in Bangladesh; and 13) enhancing local governance in Nepal by contracting out services. Of the various thematic categories eligible for financing, 6 of the projects (by number and volume) are in the area of enhanced governance; 2 apiece are in the areas of regional cooperation and integration and urban development, and one apiece are in the areas of human resource development and inclusive growth. Of the 12 approved projects, 10 are classified as innovative interventions, one (sub-project 2) as a regional cooperation and integration initiative, and one (sub-project 9) as an information dissemination activity. Countries covered under Facility sub-projects have included Bangladesh, Bhutan, India, Maldives, Nepal and Sri Lanka. Three proposals for new innovative sub-projects had been submitted to the Facility Secretariat. These are: i) Making City-Cluster Economic Development Operational in Sri Lanka, which is a follow-up to Sub-project 7; ii) Capacity Building for South Asia Regional Cooperation on Climate-Feasibility Study and Institutional Gap Analysis, which is aimed at improved regional cooperation to address climate change; and iii) a Green Transport Initiative in Bhutan, involving pilot projects for low-energy transport interventions.

Sub-Project Classification

17. A key feature of the Guidelines was the classification of projects into different categories of interventions, and to then prescribe the volume of funding that should be allocated to each--- i.e. 75% allocated for Innovative Interventions; 5% for targeted assessments; 15% for regional cooperation and integration, and 5% for information dissemination. Applying this classification system has been difficult at times because of an overlap between the categories. For example, several of the country-specific sub-projects have been important interventions but have had sub-components aimed at making targeted policy assessments, and also at disseminating findings and lessons. In addition, the relatively small funding allocated for information dissemination may have discouraged projects that were aimed at drawing, distilling and publicizing good practice lessons, although this can be a particularly valuable way of catalyzing change.

Additionality

18. One of the conditions for the approval of project resources was that they should be additional to those projects that were planned for in the country level. Accordingly, in the first years of the Facility, those TA projects that were listed in the Business Plans were not eligible to be financed. In practice, this was disadvantageous because priority was accorded by the ADB country teams to delivering the TA projects identified in the Business Plan. This also implied that TA projects that were piggy-backed to the implementation of ADB loans could not be financed, despite the fact that the potential for adapting innovations was high in those cases. Starting in 2008, these rules were relaxed, and funding was provided for a sub-project that was piggy-backed to an ongoing ADB loan (sub-project 13 which was approved in July 2007 for implementation in 2008). A challenge remains, however, to improve the integration between the use of Fund resources and the interventions identified in the annual DMC Business Plans.

Limited India Access

19. The project was structured so that India would have only limited access to the Facility--- i.e. for projects of a regional character. This was predicated on the assumption that India had sufficient institutional capacity to address its national challenges associated with achieving the MDGs. While India does have tremendous institutional capacity, this is not evenly distributed.

Several of the poorer Eastern states face severe poverty reduction and institutional capacity challenges, particularly in areas such as public-private partnerships and fostering inclusive development that are integral to ADB's assistance strategy and program. Beyond the India coverage so far by the Facility, more could be directed to poorer states.

Beyond Consultancy Inputs

20. There are two areas, however, where the quality of the project designs could be improved. First, and in line with requirements set in the RETA Guidelines, close to 90% of sub-project expenditures have been allocated to consultancy costs. While for many of the sub-projects, a relatively high level of consultancy inputs may be appropriate, for others, and particularly for those piloting new institutional arrangements to deliver services, this may not be the case. In some cases, more expenditures need to be allocated to information dissemination and outreach---for example, in the case of sub-Project 2 (Inter-regional Trade and Investment study), there was a need to reallocate expenditures to facilitate report editing and publication costs. In other cases, more resources should be devoted to operationalizing pilots---in the case of sub-project 13, seed-capital grants are to be made available for local government to pilot contracting-out services, but such grants are not explicitly included in the sub-project budget. The relatively high proportion of funding reserved for consultancy inputs has also precluded, for example, visits to neighboring countries to examine how internal audit systems are organized and rolled-out (i.e. Sub-Project 4). Similarly, none of the sub-projects includes an explicit budget-line for monitoring and evaluation, which may limit the extent to which findings and lessons can be captured and scaled-up.

Scaling-up Innovations

21. Since the sub-projects are designed to be “innovative”, sub-project proposals should state clearly how these will be “scaled-up” or how the new knowledge or institutional approaches will be applied on a wider scale. The ability to scale-up effectively is critical if interventions piloted under the Facility are to be appropriately sustained in the future and their impact multiplied. Several of the sub-projects (i.e. numbers 4, 5, 6, 9, 11 and 12) clearly indicate that the findings will inform new ADB investment operations. But in other sub-projects, while the project proposals include a specific section on “scope for replication/use in other countries”, these focus more on identifying those aspects which will be of wider interest or applicability, rather than on identifying specifically how the innovations will be scaled-up or integrated into future ADB operations, public policies or government programs. For example, sub-project 1 (Support for Anti-corruption and Good Governance at the Local Level) notes that the interventions could be scaled-up to further districts in Bhutan or to other countries, but does not state how this could come about. Similarly, sub-project 8 declares that this intervention will increase understanding and help provide a conceptual framework for promoting gender and good governance in local governments, and will help identify regional gender and governance issues for future ADB loans and TAs. How this improved understanding and conceptual framework will translate into actual components of future ADB loans and TAs is left unsaid.

B. Use of Facility Resources

Approval, Commitment and Disbursement

22. While safeguarding project quality, there has been a steady increase in the ratio of project commitments and disbursements to resources available in the Facility. As of 15 January

2010, a total of \$5,470 million has been approved from AusAID resources, \$0.82 million in 2006, \$1.9 million in 2007, 0.5 million in 2008 and \$2.3 million in 2008 (Table 3). Total commitment during this period amounted to \$3,364 million. Total disbursement stood at \$1,643 million.

Table 3: Sub-Project Commitment and Disbursements

No.	Country	Title	Total AusAID Amount (US\$ '000)	Approval	Division	Implementation Status As of 15 January 2010)			
						Expected Completion Date	Committed (US\$ '000)	Disbursed (US\$ '000)	Disb. Rate
01	BHU	Support for Anticorruption and Good Governance at Local Level	500	17-Nov-2006	SAFM	3-Dec-2010	456	330	72%
02	REG	Study on Intraregional Trade and Investment in South Asia	320	17-Nov-2006	SAOC	30-Sep-2009	313	268	86%
04	MLD	Enhancing Internal Audit in Maldives	500	20-Jul-2007	SAFM	20-Jun-2010	402	193	48%
05	BHU	Capacity Building for Introducing Regulatory Impact Assessment	400	20-Jul-2007	SAFM	31-Dec-2010	308	110	36%
06	SRI	Strengthening of Conflict Sensitivity and Governance in Sri Lanka	500	29-Nov-2007	SLRM	31-Dec-2010	401	123	31%
07	REG	Clustered Cities Development: Innovative Interventions in South Asia	500	29-Nov-2007	SAUD	29-Oct-2009	500	474	95%
08	NEP	Gender-Responsive Decentralized Governance in Asia	500	2-Oct-2008	RSGS	30-Jun-2011	500	29	6%
09	REG	Best Practices for Municipal Solid Waste Management in South Asia: A New Knowledge Product	300	29-Apr-2009	SAUD	29-Jul-2010	0	0	-
10	REG	Regional Economics of CC Part 1 - Cleaner Technologies and Options	500	29-Apr-2009	SAOC	29-Feb-2010	339	113	33%
11	REG	Innovative Strategies for Technical and Higher Education for HRD in South Asia	500	29-Apr-2009	SANS	29-Jun-2011	125	3	2%
12	BAN	Promoting Women Entrepreneurship in Bangladesh	500	13-Aug-2009	SAFM	13-Aug-2012			
13	NEP	Nepal: Enhancing Local Governance	450	13-Aug-2009	SAFM	13-Oct-2011	20	-	-
TOTAL			5,470				3,364	1,643	

Source: ADB. Facility Project Files. Manila.

Note: REG – Regional SAFM - South Asia Financial Management Division SAUD – South Asia Urban Development Division, SLRM – Sri Lanka Resident Mission

Approval and commitments were made at different points in time beginning in 2006 and disbursement followed the same pattern. About one half of the Facility resources were approved only in 2009. The disbursement rate of the sub-projects approved in 2006 is in excess of 70%, and that of projects approved in 2007 averages 56%. The more recently approved projects (2008 and 2009), exhibit relatively low levels of disbursements except subproject 10 approved in 2009 which has already disbursed 33%.

23. Slow disbursement is due to start-up delays as the majority of projects requiring a 4-6 month “start-up” period and the need to provide sufficient time for the delivery of services against which payments are then made. A number of factors explain the relatively lengthy start-up including: (i) a need to revise and fine-tune sub-project design after approval; (ii) time required to secure executing agency approval of proposed contract scope and consultant selection; (iii) changes in the political setting, executing agency staff and other minor changes in institutional arrangements; (iv) difficulties in identifying suitable consultants who could be available on short-notice; (v) the need to wait for complementary Programs to start; and (vi) slow responses by the Government to requests to select and field consulting teams. Nonetheless, taking the period 2006-2009 as a whole, the following can be concluded: (i) solid progress was made in building a pipeline of approved sub-projects; (ii) low disbursement rates in early years reflect the realities of establishing a new facility and approving and developing a pipeline of high-quality eligible projects; (iii) steady progress has been made in boosting the disbursement rate (i.e. in implementing projects) once a pipeline of approved projects was established. Disbursement delays have been addressed expeditiously by the project sub-managers. Supervision missions have been used to identify and resolve bottlenecks, to secure Government approvals, and to make mid-course changes in project scope and cost elements. For the period of September 2009 to March 2010, disbursements are forecast at \$1.7 million or approximately 20% more than was disbursed between November 2006 and September 2009. On average Facility sub-projects have been implemented as, and in many instances, more expeditiously than other ADB advisory TAs.

C. Subproject Assessment

24. An overview of the performance of each subproject is presented in Table 4. For each subproject, a “top-down” and “bottom-up” assessment was carried out to develop a complete profile drawing on current and anticipated sub-project progress. The top-down assessment consists of an analysis of goals and output, strategic assessment, institutional assessment, and ADB performance. On the other hand, the bottom-up assessment looks at relevance, effectiveness, sustainability and outcome and impact. Appendix 7 presents project profiles of the outputs of each sub-project. Complete top-down and bottom-up assessments of individual projects are presented in subproject case studies (Appendix 8).

25. The DPPSA is anchored around innovation. All sub-projects have strong built in innovative elements dealing with development challenges that range from governance (e.g., Sub-project Support for Anticorruption and Good Governance at Local Level) to climate change (e.g., Sub-project Regional Economics of Climate Change in South Asia Part 1 — Cleaner Technologies and Options), gender (e.g., Sub-project Gender-Responsive Decentralized Governance in Asia) and urban development (e.g., Sub-project Clustered Cities Development: Innovative Interventions in South Asia). Innovations are reflected in methodological approaches as well as in efforts to foster institutional strengthening. Arrangements are underway to

disseminate knowledge about innovative approaches to countries of the region and other Asian countries.

26. Targeted assessment reports as envisaged under the regional TA will be available through the outcome of several Sub-projects, namely Study on Intraregional Trade and Investment in South Asia, Strengthening of Conflict Sensitivity and Governance in Sri Lanka, Best Practices for Municipal Solid Waste Management in South Asia: A New Knowledge Product, Capacity Building for Introducing Regulatory Impact Assessment in Bhutan, Regional Economics of Climate Change in South Asia Part 1 — Cleaner Technologies and Options, and Innovative Strategies in Technical and Higher Education for Accelerated Human Resource Development in South Asia. These would provide insight into regional trade potential, how to incorporate the impact of civil conflict into post-conflict rehabilitation and development projects, alternative options for solid waste management, cleaner technologies for climate change adaptation and technical and higher education.

27. Successful regional workshops were held and are planned to promote trade cooperation reviewing the outcome of country case studies on intraregional trade and investment in South Asia and to disseminate information on city cluster economic development, solid waste management, cleaner technology options and policy options for technical and higher education.

D. Top-down Assessment

Goals and Output

28. Subprojects financed from the Facility are designed to achieve sustained progress made by participating developing member countries (DMCs) in South Asia toward attaining the MDGs through different measures such as good governance, environmental improvement, mitigation of conflict risks and the impact of conflict on development, gender equity, regional cooperation and integration, urban development and management, and development of more effective and relevant education systems. These measures are strongly built into subprojects at various stages of implementation and those about to be launched.

29. **Good governance** at all levels of government will be reflected in reduced corruption and mismanagement of resources, and improved public accounting, financial management system, transparency and budget execution, greater capacity for—and accountability in—service delivery, and increased own-source revenue, regulatory impact assessment and mitigation of conflict risks and the impact of conflict on development. Considerable progress is under way on good governance under various subprojects in Bhutan, Maldives and Sri Lanka. Capacity building at center and sub national level for good governance and anticorruption as well as improved financial management is under way in Bhutan. The Anti Corruption Commission (ACC) has been active. Simplification of Financial Rules and Regulations (FRR) including Finance and Accounting Manual (FAM) is enhancing effectiveness of the Royal Audit Authority and reducing abuse of funds. Work on mitigation of conflict risks and the impact of conflict on development is being carried out in Sri Lanka by the Conflict Sensitivity Advisor. This work is enhancing impact of projects on conflict-affected beneficiaries and others potentially negatively affected by project. In Bhutan capacity building is under way to undertake regulatory impact assessment of proposed new regulations (e.g., Enterprise Registration Bill) for promotion of a vibrant micro, small and medium enterprise (MSME) sector with active private sector participation. Nepal is well poised to benefit from improvement of local governance at the municipal level.

Table 4: Development Partnership for South Asia: AusAID and ADB - Fund Use and Outcome and Impact

Table 4: Development Partnership for South Asia: AusAid and ADB - Fund Use and Outcome and Impact																			
		Country	Approval	Status as at	Financing (\$)				TA Amount (\$)										
No.	Title				ADB	Others	Government	Total	AusAid Amount Approved	Total Committed	Total Disbursement as at 8 January 2009	AusAid Disb. Rate (commitment/ approval)	AusAid Disb. Rate (disbursement/ commitment)	AusAid Disb. Rate (disbursement/ approval)	Project link	Strategy 2020	Client buy in	Outcome and impact (actual and anticipatory)	
1	Support for Anticorruption and Good Governance at Local Level	Bhutan	5-Dec-2006	15-Jan-2010 Ongoing			AusAid 500,000	166,650	666,650	500,000	456,345	330,000	91%	72%	66%	Linked to government's efforts to improve governance and capacity development	Second driver of change: Good governance and capacity development	Very strong - Strong commitment for governance reform and anticorruption campaigns has been displayed by the new government.	1. Enhanced good governance and improved financial management system (transparency and accountability at all levels) 2. Strengthened capacity of selected institutions to reduce corruption and mismanagement and abuse of public resources 3. Improved local services and increased development/ MDG impact
2	Study on Intra-regional Trade and Investment in South Asia	Bangladesh, India, Nepal, Pakistan and Sri Lanka	5-Dec-2006	15-Jan-2010 Ongoing			AusAid 320,000		320,000	320,000	313,238	268,000	98%	86%	84%	Trade facilitation TAs and investment projects	Core specialization in regional cooperation and integration	Strong - India and Bangladesh have agreed to improve trade and transit facilities between two countries and also with Nepal and Bhutan.	1. Sustainable approaches to regional cooperation developed 2. Increased inter and intra-regional trade 3. Increased income and employment 4. Enhanced MDG impact
4	Enhancing Internal Audit in Maldives	Maldives	20-Jul-2007	15-Jan-2010 Ongoing			AusAid 500,000	167,000	667,000	500,000	402,000	193,000	80%	48%	39%	Strengthening of the Public Accounting System under the Economic Recovery Program	Core specialization in Financial Sector Development	Very strong - Government has implemented substantial internal reform in accounting and audit policies and institutions.	1. Improved public accounting and budget execution 2. Improved service delivery at all levels 3. Increased development/ MDG impact of budget execution
5	Capacity Building for Introducing Regulatory Impact Assessment in Bhutan	Bhutan	20-Jul-2007	15-Jan-2010 Ongoing			AusAid 400,000	140,000	540,000	400,000	308,000	110,000	77%	36%	28%	Linked to Micro, Small, and Medium-Sized Enterprise Sector Development Program	Second driver of change: Good governance and capacity development	Very strong - The government is using it to assess the impact of a proposed law on enterprise registration which will facilitate SME development with ADB support from an on-going project.	1. Improved enterprise registration, licensing and clearance for business start up 2. Increased investment in micro, small, and medium-sized enterprises 3. Increased income and employment 4. Enhanced MDG impact
6	Strengthening of Conflict Sensitivity and Governance in Sri Lanka	Sri Lanka	29-Nov-2007	15-Jan-2010 Ongoing			AusAid \$500,000 Norway \$300,000 Sweden 288,000		1,088,000	500,000	933,000	AusAid \$123,000 Norway \$40,000 Sweden \$201,000	AusAid 80% Norway 81% Sweden 85%	AusAid 31% Norway 16% Sweden 70%	AusAid 25% Norway 13% Sweden 17%	Linked to Eastern and North Central Provincial Road Project, Greater Colombo Waste Water Management Project, Strengthening of Fiscal Management Institutes Program, National Highway Sector Project, Road Sector Development Project, Southern Provincial Rural Economic Advancement Project, Southern Transport Development Project, Tsunami Area Affected Rehabilitation Project, Emergency Assistance Loan (proposed) and Northern Provincial Roads Projects (proposed)	Second driver of change: Good governance and capacity development	Very strong for governance and weak for conflict sensitivity - The government and donor partners is using project input for improving project design, project governance, conflict assessment and redressment, procurement, project implementation, capacity building for governance and conflict sensitivity, knowledge management for conflict sensitivity, road maintenance, mediation, legal framework, and the work of bribery commission, finance commission and public service commission.	1. Improved project design for conflict sensitivity and governance 2. Procurement and implementation authority decentralized to provincial authorities to reduce delays and improve impact 3. Road Maintenance Trust Fund will improve road quality, reduce transport cost, increase trade and income and employment 4. Use of Mediation Boards to deal with road related disputes will reduce lead time and bring forward economic impact of roads 5. Enhanced capacity of regionally based lawyers to advise local contractors to perfect bidding documents so as to have more benefits flow to local community increasing income and employment 6. Enhanced capacity of bribery commission to detect and reduce corruption and thereby improve development impact of projects 7. Improved capacity of the Finance Commission and provincial budget officials to adopt PEFA (Public Expenditure and Financial Accountability) assessments for their budgets thereby enhancing development impact of budget 8. Improved transparency, uniformity, and predictability in Public Service Commission decision making due to organized information 9. Increased production, income, employment and MDG impact for conflict-affected and other beneficiaries
7	Clustered Cities Development: Innovative Interventions in South Asia	Bangladesh, India and Sri Lanka	29-Nov-2007	15-Jan-2010 Ongoing			AusAid 500,000		500,000	500,000		473,909	0%	#DIV/0!	95%	Linked to future public-private partnership investment possibilities in participating countries	Core Specialization in infrastructure	Very strong - Governments and industry leaders have expressed interest in pursuing the concept of industry clusters as investment projects.	1. Increased investments in industry clusters 2. Increased production, income and employment 3. Enhanced development/MDG impact
8	Gender-Responsive Decentralized Governance in Asia	Nepal	2-Oct-2008	31-Dec-2009 Work to begin in earnest with change of TA Team Leader of the contractor	500,000		AusAid 500,000		1,000,000	500,000	500,000	29,000	100%	6%	6%	Linked to government willingness to introduce gender budgeting and ADB support for improved governance at national and subnational levels and gender equity	Second and third driver of change: Good governance and gender equity	Very strong - Nepal is committed to gender sensitive good governance.	1. Economic advancement of disadvantaged women 2. Improved service delivery 3. Improved family and children welfare 4. Enhanced development/MDG impact
9	Best Practices for Municipal Solid Waste Management in South Asia: A New Knowledge Product	Bangladesh, India, Nepal and Sri Lanka	29-Apr-2009	18-Jan-2010 Minor change in scope delayed start up. Consultant hiring almost complete			AusAid 300,000		300,000	300,000	499,947	0	167%	0%	0%	Linked directly to ADB project operations by SAUD	Core specialization in environment including climate change	Strong - Given the current and growing problem of municipal waste management, participating governments and municipalities are willing to use best practices identified by the Sub-project.	1. Increased investments in organic waste management projects 2. Improved environment and health 3. Increased income and employment 4. Enhanced development/MDG impact
10	Regional Economics of Climate Change in South Asia Part 1 - Cleaner Technologies and Options	Bangladesh, Bhutan, India, Maldives, Nepal and Sri Lanka	29-Apr-2009	21-Jan-2010 Work initiated			AusAid 500,000 DFID 700,000		1,200,000	500,000	339,048	113,000	68%	33%	23%	Linked directly to ADB South Asia project and technical assistance operations in climate change	Core specialization in environment including climate change	Strong - In view of the significant threat posed by climate change on the participating countries, governments and the private sector are looking for adopting cleaner technology options.	1. Increased investments in cleaner technology projects 2. Improved environment and health 3. Increased income and employment 4. Enhanced development/MDG impact
11	Innovative Strategies in Technical and Higher Education for Accelerated Human Resource Development in South Asia	Bangladesh, Bhutan, India, Maldives, Nepal and Sri Lanka	29-Apr-2009	21-Jan-2010 TA signed and work to begin as consultant hiring is about to be completed for technical and vocational education			AusAid 500,001		500,000	500,000	125,000	3,000	25%	2%	1%	Buils on experiences of projects under implementation in Bangladesh and Nepal and Sri Lanka. The sub-project will open up opportunities for future investments in technical and vocational education in the region	Core specialization in education	Very strong - Participating countries are very strongly committed to improving the quality and effectiveness of technical and higher education through innovative techniques including ICT.	1. Increased investments in technical and higher education 2. Increased supply of highly skilled manpower 3. Increased production, income and employment 4. Enhanced development/MDG impact
12	Promoting Women's Entrepreneurship in Bangladesh	Bangladesh	13-Aug-2009	18-Jan-2010 Start up awaiting TA agreement signing			AusAid 500,000	160,000	660,000	500,000			0%	0%	0%	Linked to SME development project in Bangladesh	Third driver of change: Gender equity	Very strong - Commitment comes from the Bangladesh Women's Chamber of Commerce (BWCC) whose capacity will be enhanced.	1. Increased number of professional women entrepreneurs 2. Increased investments in enterprises owned and operated by women 3. Increased income and employment of women 4. Improved family and children welfare 5. Enhanced development/MDG impact
13	Nepal: Enhancing Local Governance	Nepal	1-Sep-2009	15-Jan-2010 Ta agreement signed, consultants recruited and work started			AusAid 450,000	50,000	500,000	450,000	19,500		4%	0%	0%	Linked to ADB support for improved governance at national and subnational levels in Nepal	Second driver of change: Good governance and capacity development	Very strong - The Subproject is linked to the Local Self-Governance Act, 1999 and Local Self-Governance Regulation (LSGR) 1999, legally endorsing the concept of self governance and devolution of authorities to LRs.	1. Improved resource allocation to local governments for development projects 2. Improved local governance and effective implementation of development projects with greater welfare impact 3. Enhanced development/MDG impact
					500,000	700,000	683,650	7,941,650	5,470,000	3,363,953									

Source: Progress Reports.

30. **Environmental improvement** will be achieved through development of cleaner technologies contributing to the global reduction of greenhouse gas (GHG) emissions in the long run and improved municipal solid waste management with organic waste components. The search for cleaner technologies is well under way with completion of country reports for Bangladesh, Bhutan, Maldives, Nepal and Sri Lanka and commencement of work on energy modeling and marginal abatement cost (MAC) curve analysis. Work on identification of appropriate method of organic waste management suitable for different cities in South Asia is also about to be commenced.

31. Two subprojects are geared towards promotion of **gender equity** through more transparent, gender-equitable and socially-inclusive governance at decentralized level in Nepal and by enhancing capacity of women entrepreneurs and associations to fully access the financial resources and services in Bangladesh. In Nepal, inconsistencies and gaps in policies, legal and intergovernmental fiscal frameworks will be studied, gender-responsive budgeting initiatives in decentralized governance piloted, and capacity of selected women representatives and groups to effectively participate in local government enhanced. In Bangladesh, the subproject will improve women's access to financial resources, support financial and legal literacy of women's entrepreneurs and associations, and enhance women entrepreneurs' managerial capacity, technical skills, productivity, and competitiveness. Both are at the commencement stage but once implemented, they are expected to have a positive impact.

32. A study on **regional cooperation and integration** has been completed and published. Implementation of the study recommendations would open-up opportunities for trade facilitation and increased investment. The findings were published in a book that was launched officially at the Second SAARC Economic Summit in Delhi in December 2009 in the presence of key South Asian policymakers and Government officials from South Asia including the SAARC Secretary General.

33. Innovative methods of urban development is sought through inclusive service delivery for **Clustered Cities Economic Development (CCED)** which aims at developing urban areas to support industry clusters on the basis of comparative advantage. A study of Bangladesh, India and Sri Lanka has been completed and the next stage is to take the concept forward with concrete investments and policy support.

34. Development of more **effective and relevant education systems** in South Asia will depend on innovative approaches in policies, strategies and long-term strategic plans in the education sector. This will be translated into increased investments in technical and higher education, increased supply of highly skilled manpower, increased production, income and employment and enhanced development/MDG impact.

35. The pursuit of goals and output by subprojects financed by the Facility is rated as highly satisfactory.

Strategic Assessment

36. As designed and implemented, all subprojects are consistent with focus areas of the Development Partnership Program for South Asia (DPPSA), ADB Strategy 2020 and respective country strategy and priorities as elaborated in Country Partnership and Strategy and country planning and strategy documents (Table 4). Strategic alignment was included as a sub-project screening criteria to ensure that the sub-projects were closely integrated with the main thrusts

and focus of ADB's assistance efforts in the region. On balance, there has been a high degree of alignment between the goals and objectives of the Facility sub-projects and ADB's corporate, regional and country strategy priorities. Of the approved sub-projects, sub-projects 4 (enhancing internal audit in Maldives), 5 (regulatory impact assessment in Bhutan), 6 (strengthening conflict sensitivity and governance in Sri Lanka), 11 (innovative strategies in technical and higher education), and 12 (promoting women's entrepreneurship in Bangladesh) were well-anchored in the prevailing Country Partnership Strategies (CPSs) and were explicitly linked to either ongoing or prospective future lending programs⁸. Sub-projects 7 (clustered cities) and 9 (best practices for municipal solid waste management) were designed to contribute to urban development thrusts in SARD CPSs and to inform prospective urban development projects that were in the pipeline in the region. Sub-project 2 (intra-regional trade and investment) was focused on filling a knowledge gaps and promoting reform in one of the key operational objectives of the South Asia Regional Cooperation Program—i.e. facilitating trade and investment. Sub-projects 8 (gender-responsive decentralized governance) and 10 (regional economics of climate change) were focused on addressing areas that are drivers of change in ADB's Strategy 2020 (i.e. gender equity) and a core area of future ADB involvement (i.e. environment/climate change).

37. **Institutional Assessment.** All subprojects are designed to meet important challenges in the region. They are directly linked to ongoing and proposed projects financed by ADB and/or linked to specific development strategies pursued by the governments concerned in relation to achieving MDG goals. For example, the subproject on Enhancing Internal Audit in Maldives is linked to the Public Accounting System under the ADB's emergency Economic Recovery Program Loan – the largest single lending operation by ADB to the Maldives - and the subproject on Capacity Building for Introducing Regulatory Impact Assessment in Bhutan is linked to the Micro, Small, and Medium-Sized Enterprise Sector Development Program.

38. All concerned governments are strongly committed to the goals and objective of each subproject, and there is ample evidence that sub-project assistance has been institutionalized. The conflict sensitivity work in Sri Lanka is being carried out in compliance with governments' approach to the development of conflict-affected beneficiaries. In Bhutan, a sub-project consultant has reviewed the nation's Financial Rules and Regulations and is currently revising the country's Financial and Accounting Manual. In Maldives an Internal Audit Unit has been established and operationalized and the government has issued public finance regulations consistent with international public sector accounting standards.

39. **Value Addition.** The **good governance** subprojects will enhance government's capacity at central and local level to reduce service delivery costs, improve service delivery and enhance economic impact on households, reduce corruption and abuse of resources, make local governments stronger, undertake assessment of impact (costs and benefit) of regulations, improve financial management and audit, and respond better to the needs of conflict-affected beneficiaries. Positive evidence is available from projects implemented in Bhutan, Maldives and Sri Lanka.

40. Value added in **environment** subprojects are to be derived from capacity building and adoption of cleaner technologies and from the best practices in legal, institutional, technological and management methods of solid waste management. Significant progress has been made

⁸ See the list of country partnership strategies and the regional partnership strategy in the Source listings at the end of this report.

with the search for cleaner technologies while the work on municipal solid waste management is about to be started. The cleaner technology TA will contribute to preparing the first ever analysis on the regional economics of climate change in South Asia (i.e. a mini-Stern report) in a region that is one of the most vulnerable to climate change in the world.

41. **Gender equity** subprojects will enable DMC officials and ADB staff to access lessons and good practices to improve the gender responsiveness of policy, planning, budgeting, and project design, and will create a level playing field for women entrepreneurs by identifying constraints and opportunities to women's entrepreneurship, implementing advocacy initiatives for enforcement of gender-responsive regulations and policy reform, strengthening technical capacity of selected women's entrepreneurs and associations, and disseminating findings and identification of follow-up initiatives. The two relevant subprojects are at early stages but promise significant value addition when implemented.

42. Value addition of the subproject in **regional cooperation** and integration is in the publication of country case studies as well as in the analysis of impact of non-tariff barriers on trade and investment in the region. Recommended policies and actions will assist the governments to be proactive in trade and investment promotion contributing to increased income and MDG impact. More important, all multicounty subprojects have important implications for deepening regional cooperation and integration.

43. The added value in **Clustered Cities Economic Development (CCED)** comes from multisector analysis carried out and potential sectors identified with comparative advantage for the CCED approach, inducing functional industry clusters on the basis of comparative and location advantage, ranking of cities by competitiveness (based on multiple criteria) and listing of law, regulations, incentive, credit, tax holiday/concession playing a decisive role in geographic concentration/clustering of significant industries driven by the private sector.

44. As for the **education** subproject, value addition is in terms of identifying innovative approaches in policies, strategies and long-term strategic plans in the education sector which will make education systems more effective and will improve the quality of education.

45. Strategic alignment of subprojects with the goals and objectives of the Facility and with ADB policies and strategies is rated as highly satisfactory.

ADB Performance as Facility Manager

46. **Administration and internal coordination.** Most subprojects were prepared, reviewed, revised and approved within the average stipulated time of six weeks but the signing and start up took about six months. Program funds have been committed and disbursed in accordance with date of approval, consultant payment provisions (output based/monthly/working days) and work progress. Funds allocated for eight subprojects approved between December 2006 and April 2009 was either fully committed or close to it except in one case in which only two-thirds of the amount has been committed so far. Disbursement rates (as % of commitment and approvals) of six subprojects are highly satisfactory or satisfactory though with the benefit of about a year's extension of the closing date which is normal for most ADB administered TA. Two of these subprojects have been completed. Implementation of one subproject approved in 2008 has been seriously delayed due to delays in consultant recruitment and a lack of progress of work by consultants. Funds are fully committed but disbursement is less than 10%. The closing date has been extended by one year. Similar extension will be required for yet another

subproject on climate change in order to commit and disburse the approved amount. These concerns are being addressed, however. Of the remaining four subprojects, one has been delayed by minor change in scope, one by time taken for consultant recruitment and two by slow response of recipients in signing the TA agreement. On the whole it is expected that all approved amounts for various subprojects will be committed and disbursed with some modest extension of the sub-project closing date.

47. Implementation of the eight subprojects that are at an advanced stage of implementation was delayed in several cases and the closing date of many of the sub-project has had to be extended. This was due to slow initial response of the government (e.g., TA agreement signing), time taken for consultant recruitment, late start up of work by consultants and operational difficulties faced in the field and the need to complete all payments as per project contracts. Lack of funds dedicated to monitoring and supervision has created problems, in a small number of cases, during implementation. The Government offered to fill the gap in at least one case in Nepal.

48. As noted above, the program is administered by the South Asia Country Coordination and Regional Cooperation Division (SAOC) of the SARD of ADB. Initially this was undertaken by a senior SAOC staff, assisted by a full-time consultant. In 2009, the Director SAOC assumed responsibilities for this, with the assistance of a highly-experienced and capable national-consultant manager. Coordination between SAOC and the project implementation division is strong during project concept development, review and approval, but it is less so during implementation. In practice, the feedback from TA supervisor to SAOC on implementation progress (consultant recruitment and work progress and quality of work done) has been sporadic. In addition, there seems to be a general problem of lack of internal coordination and sharing of experiences between subprojects under DPPSA. So far it is the dynamism, dedication and high level of professionalism of both SAOC and the subproject originating divisions that has enabled the program to reach the level it has reached.

49. **Coordination with AusAID and other agencies.** ADB shares approval notifications and documents with AusAID, prepares an annual report for AusAID and provides on request inputs to AusAID for its internal reporting purposes. Program development and implementation is coordinated with AusAID and other donors through periodic reporting specially through the Steering Committee.

50. AusAID has expressed certain reservations, which runs across the partnership program: (i) not enough reporting on what has been achieved--i.e. information is captured at output level, not outcome and impact; (ii) implementation progress is slow; (iii) reporting needs to be scaled up; and (iv) Australian visibility is inadequate. SAOC has made efforts to address each of these concerns, and in many instances, efforts to bolster Australian visibility have faltered due to a inability of Australian officials able to participate in Facility events.

51. According to this midterm review, consultant recruitment, project start up, disbursement and implementation progress in most subprojects is in line with other ADB technical assistance operations and in line with project approval and loan signing dates, and consultants' payment plan and work plan. The completion date of many subprojects has been extended by a year or so which is again in line with other ADB TA implementation. In just a few cases, implementation delays have been experienced due to delay in TA agreement signing, slow response of recipients, delay in consultant recruitment and start of work, change in the scope of subproject,

weak performance of consultant and inadequate supervision. ADB is taking steps to address these concerns.

52. **Financial mobilization.** Tremendous progress has been made in mobilizing resources to complement Facility resources. As of 15 January 2010, total resource mobilization is \$7,941,650, of which AusAID's contribution is \$5,470,000; Norway \$300,000 for subproject 6; Sweden \$288,000 for subproject 6; DFID \$700,000 for subproject 10; Government \$683,650 mostly in kind (Bhutan contributed \$166,650 for subproject 1, Maldives \$167,000 for subproject 4, Bhutan \$140,000 for subproject 5, Bangladesh \$160,000 for subproject 12 and Nepal \$50,000 for subproject 13); and ADB \$500,000. This would amount to a leveraging of 45% of additional resources for each dollar contributed by AusAID to the facility.

53. **Portfolio management.** The portfolio has generally been well-managed. SAOC has managed well the implementation of the RCI subproject. Implementation of the climate change subproject has improved with the appointment of a dedicated consultant at headquarters. Staff of the implementing divisions in SARD have done a commendable job of administering project implementation despite limited funds and staff time. Implementation progress has been satisfactory to highly satisfactory except where significant delays have been experienced. On the whole, both SAOC and the implementing division staff input is significant and of outstanding quality.

54. **The Costs of Operating the Facility.** Developing and managing a portfolio of small, innovative sub-projects has been a costly undertaking. As part of the Facility Agreement, ADB was eligible to receive 5% of the total resources provided by the Government of Australia for program administration. As of September 2009, ADB has charged some \$70,372 to the Facility for administration costs, or an average of about \$23,460 per year. ADB has expended an estimated \$48,000 per annum to manage the facility, including \$28,000 for the time and mission costs of a program manager, and \$20,000 for the time and mission costs of the SAOC Director. In addition, the average annual cost to ADB of designing and supervising a sub-project is estimated at \$47,000 per annum, which includes the costs of 21 days staff time per year for a sub-project leader, 24 days per year of project support, and a annual 14 day supervision mission. This implies that the total costs of initiating, screening and supervising sub-project implementation were approximately \$188,000 in 2007 (for 4 ongoing sub-projects), \$282,000 in 2008 (for 6 sub-projects), and approximately \$470,000 in 2009 (for 10 ongoing sub-projects). ADB has invested close to \$1.1 million dollars in Facility Management costs, adding together the costs to administer, design and deploy Facility resources, over the period of 2007-2009. This underscores that the costs of establishing and managing such a Trust Fund are both quite high and are largely indirect, in the sense that the bulk of the costs are in the form of ADB professional staff time. That a considerable amount has been invested is also a clear sign of the seriousness on the part of ADB staff and management to making efficient and effective use of scarce Facility resources.

55. **Drawing Lessons from the Facility.** As sub-projects have begun to mature, more effort has been made by the Secretariat to identify results and draw lessons from the facility. A report entitled "Case Studies of Outcomes and Impacts" was prepared by the Secretariat in October 2009. That report summarizes the key results of several of the more advanced sub-projects and describes the ways in which these sub-projects are expected to have a wider impact. While this is an exemplary start at results-reporting, more effort is needed to draw

lessons, both from what has worked well in the sub-projects and what has not. Efforts also need to be made, through seminars, web-site dissemination, and short good-practice notes, to bring these findings and lessons to the attention of a wider audience, in ADB, AusAID and elsewhere. In an effort to strengthen overall sub-project implementation including portfolio performance, the Secretariat has introduced a 6 months forward planning program. This program requires Mission Leaders to indicate key performance benchmarks on sub-project implementation over the coming six months. The Secretariat uses this as an effective monitoring instrument to ensure timely program implementation.

56. ADB performance as project manager is rated as highly satisfactory.

Overall Top-Down Assessment.

57. All subprojects are designed well fully consistent with the strategic thrust of DPPSA, country strategy and priority, link with projects and ADB Strategy 2020. Implementation progress and disbursement performance are satisfactory except in a few cases in which delays have been experienced due to signing, consultant hiring, supervision and slow work progress by consultants. Actual and anticipated outcome and impact in terms of governance, environment, gender, regional cooperation, urban development and education are substantial, which will contribute to positive MDG impacts. ADB has performed well in administering the subproject and coordinating with other interested parties. ADB's portfolio management performance is highly satisfactory. There have been some instances of weak supervision by Mission Leaders due to staff turnover, but this has been addressed in a timely manner. One must also note that all subprojects are innovative and are implemented in an environment of capacity constraints and severe development challenges.

58. Overall top-down assessment is highly satisfactory.

E. Bottom-up Assessment

Relevance

59. All subprojects are highly relevant within the context of government's commitment to improve governance, reduce corruption and improve service delivery at the local level, improve the environment, promote gender equity and regional cooperation, support city cluster economic development, and introduce innovative educational practices to maximize development/MDG impact.

Effectiveness and Efficiency

60. Sub-projects have been designed with clear expected outputs and outcomes, and have been structured so as to foster efficient resource use. Experts have been fielded or are in the process of being fielded. Most experts in the field are achieving the goals and objectives of their respective assignments.

61. In Nepal, financial rules and procedures are being reviewed and revised to have a new Financial and Accounting Manual. Computerization and equipment procurement has progressed well improving operational efficiency and service delivery. Procurement reforms have contributed to accountability and transparency, addressing issues of mal-governance and

malfeasance at the local level. In Maldives, capacity building training has been geared to boosting internal audit capacities. Consultants' have facilitated implementation of the Public Accounting System (PAS) and introduction of Internal Audit Function in ministries and agencies. In Bhutan training in regulatory impact assessment is helping in the drafting of new enterprise regulations. Improved project design and implementation with good governance and enhanced sensitivity to the needs of conflict-affected beneficiaries are under way in Sri Lanka. Similarly, local capacity building and efficient service delivery are built into support for decentralized local governance in Nepal.

62. In the **environment area**, effectiveness and efficiency considerations are reflected in the search for best practices in municipal solid waste management through composting and in encouraging use of cleaner technologies and options.

63. The Program will help introduce decentralized gender responsive governance in Nepal, thereby promoting **gender equity**. Policy reform and gender-budgeting pilot projects at decentralized level will lay the foundation for effective and efficient participation of women in local governance. Empowerment of women's entrepreneurship and associations in Bangladesh will be an effective way of achieving economic advancement of women.

64. On **regional cooperation**, a series of policy workshop were an effective conduit for bringing out policy options for trade and investment facilitation and the publication resulting from the sub-project has been an effective tool for dissemination of knowledge to policy makers and other practitioners.

65. For **CCED**, industry competitiveness analysis through meetings and workshops with focused groups has identified lead sectors for cluster development. In Sri Lanka, Euro standard training in rubber was introduced. An apparel hub, IT park and a rubber city are identified as possible follow-up projects. Supporting investment in a number of areas have already been identified including training, a testing facility, power, water and sewerage, and fiber optic cables.

66. Efficiency and effectiveness in technical and higher **education** is sought by targeting specific groups of people for skills and higher level training, building on previous successes and drawing on best practices in the South Asia region and elsewhere.

Sustainability

67. Sustainability of subprojects is built into government and agency and other stakeholders' ownership. For example, in Bhutan both the Royal Audit Authority and the Anticorruption Commission have seriously taken up the challenge of improving financial management and reducing corruption. In Maldives, as part of institutionalization of the internal audit activities, a Code of Ethics, Internal Audit Charter and Audit Committee Charter were developed for implementation by MOFT. In addition, the draft Internal Audit Manual was prepared in August 2008 and is under ongoing development and review. The methodology for regulatory impact assessment has general applicability to all acts and regulations. In Sri Lanka, the sustainability of governance and conflict sensitivity work will be assured by recruitment of dedicated staff in SLRM and intensive and focused training of ministry and agency officials. In Nepal, sustainability of decentralization triggered by the Local Governance Act 1999 is built into the empowerment of municipalities, private sector and women.

68. Sustainability of environmental initiatives under the Facility is built into the knowledge access and empowerment of municipal officials to address solid waste management problems and identification of cleaner technologies and options drawing on best practices in the region and elsewhere. With respect to the latter, sustainability will depend on the success of training, technology transfer and the extent to which cleaner technologies are economically viable.

69. Progress on gender equity depends on government commitment which appears to be strong for both subprojects financed by the Facility. The centerpiece of the sub-project strategy is women's capacity building. Furthermore, sustainability is built into empowerment of women entrepreneurs and their associations.

70. Investment in and policy recommendations on regional cooperation and integration activities will contribute to sustainable approaches to trade facilitation in South Asia. SAARC's efforts to incorporate trade in services in further trade reform agreements bodes well for efforts to sustain these initiatives.

71. The CCED initiative will be carried forward and sustained through prefeasibility studies, networking, capacity building through training workshops and development of mechanism for implementation by private sector with a link to the Government. Furthermore, prefeasibility recommendations of industry specialists/consultants will be reviewed by a private sector Working Committee for endorsement by Government and resource mobilization from ADB, the private sector and other sources.

72. In the case of the educational initiative, sustainability will be provided by deep commitment of policy makers in each participating countries, increased investment in technical and higher education, in the sustained growth of demand for skilled labor and linkages to existing projects in Bangladesh, Nepal and Sri Lanka.

73. Sustainability can also be examined through catalytic impacts and catalytic potential of subprojects.

74. **Catalytic Impacts to Date.** One of the key objectives of the facility is to stimulate innovations that can subsequently be scaled-up or replicated in other parts of the region. There is evidence that the sub-projects are making a catalytic contribution to change in the region, and that the newer projects also have the potential to do so. Examples of sub-project innovations that have already been scaled-up include: (i) the study on intraregional trade and investment included an analysis of the potential benefits of trade-in-services, which was discussed at several SAARC meetings. Thereafter, SAARC has initiated a more detailed follow-up study aimed at preparing a specific framework for trade reform in services (sub-project 2); (ii) implementation of the main measures identified in the strategic plan to develop internal audit capacity in Maldives (prepared under sub-project 4) is one of the main Program conditions of an Economic Recovery Program loan approved in December 2009 as part of larger IMF supported emergency program; (iii) introduction of regulatory impact assessments in Bhutan (under sub-project 5) have improved the ways in which new business laws and regulations are currently being scrutinized and formulated; (iv) training and advice provided by governance and conflict resolution consultants in Sri Lanka (sub-project 6) has helped mainstream these issues in both ADB and partner assistance programs and projects; (v) the Sri Lanka national planning commission aims to adopt the Cluster City development approach and will prepare prefeasibility studies for developing the information technology and rubber industries, while in India, the national capital region planning board is interested in applying this approach to the tourism

industry and possibly for developing the textile complex (sub-project 7); and (vi) a TA aimed at providing business services to women to assist them access SME credit lines was developed for India and was modeled on the approach adopted in sub-project 12.⁹

75. **Catalytic Potential:** Several of the recently initiated sub-projects have the potential to catalyze change on an even wider scale. Development of a series of best-practices for managing municipal organic waste (sub-project 9) is intended to inform the development of municipal waste-management programs, and to inform the preparation of the next generation of ADB waste-management projects in SARD. Development of new strategic approaches for delivering technical and higher education is expected to help catalyze a shift from the public-provider model in the region, and will also inform the next generation of ADB's education projects in the region. Sub-project 10 on the regional economics of climate change will identify barriers to adoption of cleaner technologies and will assess the co-benefits of cleaner technologies and abatement options. Development of marginal abatement curves will provide policy makers with a decision tool that can be used to set priorities and forecast the likely impacts of measures taken to reduce South Asia's impact on global warming. This study will be combined with a follow-up assistance (funded by DFID) on adaptation and impact assessment, and the combination of the two will present the first comprehensive analysis of climate change in the region.

Outcome and Impact

76. All subprojects are at an early or mid stage of implementation except two which are completed. Therefore, it is not possible to make a fuller and definitive statement on impact achievement. Nonetheless, it can be said with confidence that projects under implementation are progressing well and making a positive contribution towards achieving Millennium Development Goals (MDG).

77. Concrete evidence is available on output. In Bhutan, Finance and Accounting Manual (FAM) is being revised. Simplification of FRR including FAM is enhancing effectiveness of the Royal Audit Authority and reducing abuse of funds (Subproject 1). On intraregional trade and investment in South Asia, nine studies were completed and finalized contributing to better understanding of issues and outlining investment and policy options (Subproject 2). In Maldives, an Internal Audit Section has been established and operationalized within the Treasury and Public Accounts Division of MOFT. The government has issued public finance regulations under the framework of the Public Finance Act 2007 that are consistent with international public sector accounting standards (Subproject 4). A Regulatory Impact Assessment (RIA) tool for Bhutan was developed on the basis of international best practices (EU, UK, Canada, and Australia) and discussed at workshops (Subproject 5). Conflict assessment, training, formulation of conflict sensitive policy and guidelines and donor harmonization are under way in Sri Lanka. On governance, assessments have been carried out with special emphasis on financial management, decentralization and devolution, procurement and corruption, capacity development, legal assistance and advice and donor partner coordination will improve project design, service delivery and development impact (Subproject 6). Three country case studies on CCED has been completed for Bangladesh, India and Sri Lanka. These studies have introduced new and alternative urban development approach. Cities were ranked according to their competitiveness and multisector analysis was carried out to identify industry clusters with comparative advantage in markets providing more income opportunities. Successful awareness

⁹ ADB. 2009. Case Studies of Outcomes and Impacts. FACILITY Secretariat. Manila.

building has taken place through twelve roundtables, four in each country. Roundtables in each country were successful in recommending clustering in India of engineering, auto parts and textile in the National Capital Region, in Bangladesh of leather, food and textile and garments in Dhaka Capital Region and in Sri Lanka of rubber, IT and apparel in the Colombo Metropolitan Region (Subproject 7). On climate change, the first regional consultation and five national experts' workshops were held in five participating countries to initiate the study bringing out suggestions on study focus, project deliverables, data, and training on MAC curve and energy modeling. Draft country reports have been completed for Bangladesh, Bhutan and Nepal. The Sri Lanka country report is being finalized and the Maldives report is under preparation. These reports have compiled detailed information on agriculture and energy sectors, greenhouse gas emissions, impacts and vulnerability to climate change and mitigation options (Subproject 10).

78. Selected outcomes for which some evidence is available and others which are anticipated are the following:

- Enhanced good governance and improved financial management system (transparency and accountability at all levels of government) (Subprojects 1 and 13).
- Strengthened capacity of selected institutions to reduce corruption and mismanagement of resources (Subprojects 1, 4, 6 and 13).
- Improved public accounting and budget execution (Subproject 4).
- Improved service delivery (Subprojects 1, 4, 6, 8 and 13).
- Improved enterprise registration, licensing and clearance for business start up (Subproject 5).
- Increased investment in micro, small, and medium-sized enterprises (Subproject 5 and 12).
- Improved project design with conflict sensitivity and governance to respond to needs of conflict-affected beneficiaries (Subproject 6).
- Increased investments in industry clusters (Subproject 7).
- Increased investments in organic waste management projects (Subproject 9).
- Increased investments in cleaner technology projects (Subproject 10).
- Improved environment and health (Subprojects 9 and 10).
- Increased investments in technical and higher education (Subproject 11).
- Increased supply of highly skilled manpower (Subproject 11).
- Increased number of professional women entrepreneurs (Subproject 12).
- Increased investments in enterprises owned and operated by women (Subproject 12).
- More transparent, gender-equitable and socially-inclusive governance at decentralized level (Subproject 8).
- Economic advancement of women (Subprojects 8, 12 and 13).
- Sustainable approaches to regional cooperation developed (Subproject 2).
- Increased inter and intraregional trade (Subproject 2).
- Increased income and employment (All Subprojects).

79. A complete statement on project outcome and impact can only be made after a reasonable period has elapsed .

Innovation

80. Innovation is a key requirement of the Facility. Much attention is paid to this aspect during project design and review. A number of innovative features have been incorporated into the subprojects approved so far, namely

- Development of practical governance and anticorruption tools (Subproject 1).
- Development of relevant management and good governance modules on offer at relevant institutions (Subprojects 1, 4, 5, 6, 8 and 13).
- Preparation of a strategic management plan in Maldives that would establish the internal audit function (Subproject 4).
- Establishment of the organizational structure, institutional framework and operations of the internal audit office (Subproject 4).
- Regulatory impact assessment (RIA) introduced new techniques of learning by doing in legal and regulatory reform (Subproject 5).
- A participatory process of combining advanced methodologies of RIA from developed countries with operational challenges in a developing country (Subproject 5).
- Mainstreaming the work of the Bribery Commission in Sri Lanka (Subproject 6).
- Streamlining information management by the Public Service Commission in Sri Lanka (Subproject 6).
- Mainstreaming conflict sensitivity in project design (Subproject 6).
- Improvement of municipal governance with transparency and accountability in Nepal (Subproject 13).
- Women voluntarism, developing skills of women experts and trainers and placing them in local government as volunteers in Nepal (Subproject 13).
- Small-scale projects in municipalities of Nepal with private sector participation (Subproject 13).
- Identification of innovative best practices in composting of municipal solid waste (Subproject 9).
- Identification of best practices in cleaner technologies and options (Subproject 10).
- Development of the capacity of participating financial institutions (PFIs) in Bangladesh to address the needs of women's entrepreneurs (Subproject 12).
- Exchange of information and ideas working towards regional cooperation and integration (Subproject 2).
- Training for effecting handling of regional trade and investment issues (Subproject 2).
- New approaches to cluster city development and identification of industry clusters (Subproject 7).
- Participatory approach to policy formulation (Subprojects 2, 4, 7 and 9).
- A balanced approach to the development of technical and higher education vis a vis basic education (Subproject 11).

Overall Bottom-up Assessment

81. All subprojects are relevant, effective and efficient, sustainable and innovative and will contribute positively to the realization of MDG goals of South Asian countries. The bottom-up assessment is satisfactory.

IV. CONCLUSIONS, LESSONS AND RECOMMENDATIONS

A. Conclusions and Key Lessons

82. In its first three years of operation, the Facility has come into operation and has proven to be an efficient and effective vehicle for financing innovative ADB TA projects in South Asia. RETA 6337 was prepared to provide a vehicle for channeling Facility funding and to provide a more detailed framework and operational guidance on the use of Facility resources. Within SAOC, a Secretariat and an Advisory Panel have been established, and both are operating successfully. Streamlined procedures have been established for submitting project proposals combined with rigorous up-front quality control procedures. To date, some 12 sub-projects have been approved for funding, of which 8 are effective and 4 are in the start-up phase. The project has committed \$5.47 million out of \$5.747 million in resources provided, and as of 1 December, some 31% of available resources, or \$1.73 million, have been disbursed. Disbursement performance has been as good if not better than other ADB Trust Funds and while there are some delays, sub-projects are being implemented as planned. All of the sub-projects are “innovative” and are in keeping with the goals and objectives of the Facility, of ADB and of the country assistance strategies and programs in South Asia. The quality of sub-project design is high, and considerable attention is paid to identifying and managing project risks in the design and monitoring framework, although more attention is warranted to needs-based costing, M&E and to scaling-up results to ensure sustainability. SAOC has managed the Facility well and has mobilized additional resources, from other partners, ADB TAs and the DMC Governments to complement assistance provided under the Facility.

83. Facility sub-projects are already starting to pay off. Progress has been made in building institutional capacity for internal audits, establishing regulatory impact assessments, enhancing attention to good governance and conflict sensitivity in ADB projects, and in establishing new ways of conceptualizing and designing urban development initiatives. Already there are follow-up projects being planned by ADB and Governments in the region that build on the outputs and outcomes of these sub-projects. Likewise, ongoing sub-projects are aimed at extremely important targets, including amongst others, improvements in the way higher and vocational education are delivered and managed, municipal organic waste is handled, services are delivered at a local level, and ways climate change policies are formulated.

84. **The Facility can be deemed a success.** It is organized properly, has clear operating rules and arrangements, and is well-managed. It provides a relatively low transaction cost approach to funding important TA initiatives which has improved SARD's ability to be responsive to its DMC clients and considerably reduces TA processing time compared to other TA funding schemes. It encourages flexible and novel project designs. It has provided much-needed funding for innovative, quick-response interventions which collectively have the potential to catalyze meaningful improvement in MDG performance in the region. The sub-projects that have been identified are already generating important results, and these are being scaled-up on a wider basis. A number of important lessons have been learned from the experiences of the Facility to date, including:

- **Establishing a New Facility Takes Time.** A year or so of start-up time is required to establish basic operating structures and procedures, and to begin developing a pipeline. Disbursements are inevitably low in the early years of any new Facility.

- **Innovative Projects and Quality Control.** Up-front quality control has been essential to ensure that innovative interventions benefit from the wider knowledge found within SARD.
- **Results Take Time to Come About.** The sub-projects have generally under-estimated the time required to implement innovative interventions. A period of a few years is needed to see the first important results, particularly in areas such as capacity building. With innovative projects, time is needed to change mindsets, and there is a need to stay the distance and see innovations through.
- **Spreading One's Bets.** Not all of the Facility-funded innovative interventions are likely to pay-off as planned. Some will, and some components of individual sub-projects certainly will. Those that do pay off are likely to have benefits well in excess of the costs involved. Distributing resources amongst an array of innovative (but risky) sub-projects helps to ensure that there will be important payoffs.

B. Recommendations

85. **Facility replenishment.** In light of the progress made with the utilization of resources of the Facility, its expected outcome and impact, and the keen interest and commitment of the recipient governments and with a view to maintaining momentum of a wide range of innovative approaches to address challenging issues in South Asia, it is recommended that the Government of Australia continue its commitment to timely replenishment of the Facility at the same real level as the initial grant amount of A\$11 million prior to its being fully committed. A discussion to this effect could be initiated on submission of the Mid-term review report.

86. **Stronger involvement of project divisions in implementation.** Project initiating divisions have to pay more attention to implementation follow up. This will imply increased allocation of staff/consultant time and travel money.

87. **Strengthening SAOC.** ADB's South Asia Country Coordination and Regional Cooperation Division (SAOC) should be provided with adequate resources from the DPPSA Facility to maintain a national consultant in the program Secretariat for the duration of the Program who would continued to be responsible for subproject processing, administration, coordination, and reporting and information dissemination. The Consultant (to replace the recently departed Secretariat program manager) should continue to report to the Director of SAOC.

88. **Program Tracking.** Efforts will need to be made to track progress and draw lessons from the success and failures of the sub-projects. M&E needs to be explicitly budgeted and supported in the project sub-proposals, and more attention in progress reports needs to be accorded to interim results and the likelihood of sub-project success. As sub-projects mature, the Mission Leaders and the divisions responsible for the sub-projects should play a more active role in distilling and disseminating key findings and lessons, initially within ADB, but also to external stakeholders.

89. **Information sharing.** Steps should be taken to improve the flow of project information between SAOC and project initiating divisions. Mission leaders have to ensure SAOC receives all information about project implementation progress in time and on a continuing basis. The

key is to ensure that Mission Leaders regularly update the implementation template and directly update the project entry in the Facility Website.

90. **Subproject link with ADB operations.** Each subproject should have stronger links with ongoing and proposed ADB and/or other donor-financed projects and programs. Facility programming and development of subprojects should be fully integrated into the process of ADB's Country Partnership Strategy formulation. Lessons learnt from each subproject should be fed back into ADB's Country Partnership Strategy (CPS) and Regional Cooperation Strategy and Program (RCSP).

91. **New focus.** Governments of the region have expressed interest in pilot infrastructure for mitigating adverse impacts of climate change and promoting alternative energy sources. These areas should be considered for increased financing from the Facility in the future. Efforts should also be made to encourage sub-project proposals that are aimed at improving infrastructure delivery and services in ways that foster inclusive growth and social development in the region. This would also enable the Facility to be more closely aligned with two of the key AusAID priorities in the region—i.e. water and sanitation, and energy security.

92. **Australian profile.** Australian visibility can be enhanced by various means: (i) increased Australian participation in subproject related events like press conference at project kick-off, steering committee meetings, workshops and book/report launching; (ii) publication and distribution of program/Subproject brochures; (iii) establishment, updating and maintenance of program/subproject website; (iv) hosting brown-bag seminars and other outreach events within ADB to discuss sub-project findings; (v) announcing new sub-projects and other important Facility events in ADB today; and (v) keeping AusAID staff informed about sub-project M&E initiatives and providing AusAID officials with the opportunity to participate in sub-project M&E missions.

93. **Country Coverage.** The Facility was initially designed to cover the SAARC countries, but Pakistan and Afghanistan have made negligible use of it despite considerable encouragement by SAOC and Facility Managers to do so. Although these countries now fall outside of ADB's South Asia Regional Department, they should continue to be encouraged to submit proposals. At the same time, consideration should be accorded to allowing the poorer States of India access to Facility resources for country-specific as well as regional projects. The poorer States of India should have more access to Facility resources because this is where the majority of South Asia's poor are found; because tackling poverty challenges in these States will require innovative approaches; and because lessons from innovations in these States could play an important role in informing poverty reduction efforts elsewhere in the region.

94. **Needs-Based Funding.** Within the limit of \$500,000 per sub-project¹⁰, financing for the sub-projects should be based on sub-project "needs" rather than targeting 90% of sub-project financing for consultancy costs. For innovative projects, flexible funding arrangements (rather than strict category costing) should be encouraged.

¹⁰ The Mid-Term Review examined the case for raising the funding limit for sub-projects but found little rational to do so. Larger TAs would likely shift the focus from innovative interventions to more full-fledged capacity building programs. Rather than implement a larger-sized sub-project, it may be more appropriate to implement a series of smaller innovative TAs, and scale-up those parts that are shown to be efficient and effective after each sub-project is completed.

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List of Persons Met/Interviewed

A. Asian Development Bank

1. Bruno Carrasco (Facility Director)
2. Abid Hussain (Advisory Committee)
3. Soo-Nam Oh (previous Facility Manager)
4. Cheryl de Leon (Program Manager-Consultant)
5. Gambhir Bhatta (Manager Sub-project 1 and 13)
6. Chia-Hsin Hu (Manager Sub-projects 1 and 5)
7. Sunsuke Bando (Manager Sub-project 2)
8. Kyung-Nam Shin (Manager Sub-project 4)
9. Nimali Wickremasinghe (Manager Sub-project 6)
10. KeyongAe Choe (Manager Sub-project 7)
11. Sonomi Tanaka (Manager Sub-project 8)
12. Ron Slanger (Manager Sub-project 9)
13. Newin Sinsiri (Manager Sub-project 10)
14. Brajesh Panth (Manager Sub-project 11)
15. Francesco Tornieri (Manager Sub-project 12)
16. Mila Navoa (Cofinancing Project Manager)
17. Samantha Hung (Subproject 8)
18. Irish (Subproject 8)
19. Nick Tenajas (Consultant Subproject 11)
20. Harsha Fernando (Governance Advisor, Subproject 6)
21. Keith Fitzgerald (Conflict Advisor, Subproject 6)
22. Richard Volkes (Country Director, Sri Lanka Resident Mission)
23. Govinda Bista (Consultant, Subproject 1)
24. M Thiruchelvam (Project Implementation Specialist, Sri Lanka Resident Mission)

B. Others

1. Gopal Menon (AusAID Program Manager)
2. Mark Bailey (Counsellor Development Cooperation for South Asia, AusAID, Colombo, Sri Lanka)
3. Zoe Keeler (Assistant Representative, UNDP, Colombo, Sri Lanka)

4. B.H.M. Ratnasiri (Secretary, Ministry of Enterprise Development and Investment Promotion, Government of Sri Lanka)
5. S. Janaka Sri Chandraguptha (Additional Secretary, Ministry of Enterprise Development and Investment Promotion, Government of Sri Lanka)
6. A.H.M.U. Aruna Bandara (Director, Ministry of Enterprise Development and Investment Promotion, Government of Sri Lanka)
7. Veranjan Kurukulasuriya (Director Research, National Physical Planning Department, Government of Sri Lanka)
8. Dr. Prathap Ramanujam (Secretary, Ministry of Urban Development and Sacred Area Developemnt, Government of Sri Lanka)
9. K.S.S. Shanaka Kariyawasam (Project Officer, SEVANATHA Urban Resource Centre, Sri Lanka)
10. Saliya Dharmawardena (Director, Budgets and Needs Assessment, Finance Commission, Colombo)
11. Malanie Gamage (Deputy Director General, External Resources Division, Ministry of Finance and Planning, Government of Sri Lanka)
12. Justice Ismail (Chairman, Bribery Commission – Met with Director General)
13. Secretary Public Service Commission, Government of Sri Lanka
14. Dinisha Ratanyke (Assistant Secretary, Ministry of Nation Building and Estate Infrastructure, Government of Sri Lanka)
15. Richen Dorji (Head, Micro, Small and Medium Enterprise Division, Ministry of Economic Affairs, Royal Government of Bhutan)
16. Richen Wangdi (Head Development Cooperation Division, Gross National Happiness Commission, Royal Government of Bhutan)
17. Budhiman Rai (Senior Accounts Officer, Royal Audit Authority, Royal Government of Bhutan)
18. Tshering Dorji (Senior Accounts Officer, Debt Management Division, Department of Public Accounts, Royal Government of Bhutan)

APPENDIX 1: TERMS OF REFERENCE OF THE MID-TERM REVIEW

A. Background

The Australia-ADB South Asia Development Partnership Facility (the Facility) established on 8 June 2006 supports RETA 6337, the first and only program under which the objectives of the Facility are implemented, through a grant from the government of Australia (A\$11 million or about US\$8.5 million). Replenishment of the Facility is done through an annual contribution of A\$2 million. The total contribution to the Facility has now reached A\$7 million (about US\$ 5.7 million) of which, US\$5.4 have been committed to ongoing subprojects. RETA 6337 supports subprojects (stand-alone or piggy-backed TA-type interventions) with innovative approaches to address key development challenges in South Asia. The envisaged outcome is to have subprojects implemented, evaluated, documented, and disseminated within the region and to other Asian countries. Now on its 3rd year of operation, AusAID has requested for a Mid-term review to assess the Facility's operations and actual progress against goals set forth during the establishment of the Facility.

B. Objectives/Purpose of the Assignment:

The Mid-Term Evaluation Report will provide critical inputs to AusAID's quality at implementation review/process in February 2010. The Quality at Implementation (QAI) report is completed at least once a year, typically in preparation for AusAID's Annual Performance Report. It provides assessment and ratings on the quality of activity implementation. The objectives of the review are:

1. To examine the quality and overall progress made in relation to the components of the design and monitoring framework (includes impact, outcome, inputs and outputs).
2. To assess the institutional management processes, efficiency and workload.
3. To examine the opportunities and challenges faced during the implementation and identify the barriers/bottlenecks/diversions that may impact the performance and focus of the program for the remaining time.
4. Based on the review and lessons learned provide recommendations to strengthen the implementation of the second half of the program period.

C. Scope of Work

The Mid-term Review (MTR) will be undertaken in close coordination with ADB and AusAID. A team of 2 consultants will execute the MTR, one with Program Management/Project Design and the other with Monitoring and Evaluation experience respectively. The Project Management assignment requires the services of an individual international consultant for 35 working days. The Project Management Expert must have university level qualifications in economics, law or international political economy. S/he should have extensive experience in assisting developing country government institutions or international development finance institutions in strategy planning/formulation. The M&E assignment requires the services of an individual international consultant for 30 working days. The M&E Expert must have university level qualifications in finance, urban development, economics, law or international political economy. S/he should have extensive experience in conducting evaluation reviews for international finance institutions.

D. Detailed Tasks

Project Management Expert: To assess the Facility's performance and effectiveness the consultant will:

- (i) Conduct desk reviews of relevant documents/reports (i.e. annual reports submitted to AusAID) and discussions with relevant ADB projects staff.
- (ii) Conduct a brief consultation mission in Manila to meet with Project Officers.
- (iii) Assess the extent of successes (or shortcomings) with focus on project strategy, approaches, design, management structure, implementation arrangements, funds flow, time taken for processing of individual proposals and overall progress of the Facility in relation to targets, coverage, access and quality/intensity of the interventions.
- (iv) Prepare a set of recommendations to sustain these successes (or remedy the shortcomings) for the remaining term of the Facility. This will also include suggestions for any mid-course adjustment of the eligibility criteria, prioritized areas, and design and implementation arrangements. The set of recommendations should also outline how to enhance AusAID and ADB partnership through convergence of strategies in the region through the Facility.
- (v) Evaluate the performance of the Facility with emphasis on its catalytic contribution to drive change in the region/country(ies) and/or sector(s) of focus or prioritized areas.
- (vi) Draw lessons on the likelihood of achieving the overall RETA 6337 outcome (to have innovative approaches implemented, evaluated, documented and disseminated within the region and to other Asian countries) based on the experiences during the first half of implementation.
- (vii) Review monitoring and evaluation system in place, and suggest possible improvements in the framework for monitoring progress.
- (viii) Examine the value addition of the Facility in promoting or driving change in the region and to ADB's Strategy 2020.
- (ix) Consolidate M&E Expert inputs on the assessment of performance and effectiveness of selected subprojects.
- (x) Submit draft final report by 22 January 2010, and the final report by 29 January 2010.
- (xi) The team of consultants will be responsible for presenting and submitting the final mid-term evaluation report documenting impact, inputs, processes, outputs and outcomes and covering points in their respective TORs of no more than 40 pages of main text (excluding appendices) to be submitted to ADB and AusAID by end-January 2010.

Monitoring and Evaluation (M&E) Expert: To assess the performance and effectiveness of selected subprojects in achieving overall outcomes and impacts, the consultant will:

- (xii) Formulate and recommend qualitative sampling parameters for subprojects.
- (xiii) Conduct desk reviews of relevant documents/reports (i.e. back-to-office reports, aide memoires and 6-monthly reports of subprojects) and discussions with ADB projects staff and relevant stakeholders.
- (xiv) Undertake field visits to 2 countries and gather relevant stakeholders' perspectives on the implementation of subprojects.
- (xv) Prepare questions to collect primary data/information from ADB projects staff or relevant stakeholder groups.
- (xvi) Collect relevant secondary data/information.
- (xvii) Conduct an in-depth analysis of the clarity, logic and coherence of the subproject design with respect to the needs of the developing member country (DMC) or region.
- (xviii) Analyze the manner in which the subprojects addressed the problems, appropriateness of strategies and achievability of objectives (both immediate and long-term) as well as attainability of planned outputs and activities within the time frame and with the personnel and inputs provided in the subproject documents.
- (xix) Evaluate the performance of subprojects with emphasis on its contribution to drive change in the region/country(ies) and/or sector(s) of focus or prioritized areas.
- (xx) Take stock of the key risks in areas such as financial sector, urban development, public financial management or policy and institutional environment as identified by subprojects, which eventuated and were managed to minimize the adverse impact on the delivery of results.
- (xxi) Assess the extent of successes (or shortcomings) of selected subprojects with a focus on earlier-approved, mid-course and/or completed subprojects.
- (xxii) Prepare a set of recommendations to sustain these successes (or remedy the shortcomings) for the remaining term of the subprojects and for future subprojects.
- (xxiii) Identify impact and outcome achieved by completed subprojects.
- (xxiv) The team of consultants will be responsible for presenting and submitting the final mid-term evaluation report documenting impact, inputs, processes, outputs and outcomes and covering points in their respective TORs of no more

than 40 pages of main text (excluding appendices) to be submitted to ADB and AusAID by end-January 2010.

E. Output/Reporting Requirement:

Mid-term Review of the Facility and RETA 6337: Development Partnership Program for South Asia.

Appendix 2: Key Milestones of the Facility

DATE	EVENT
2006	
7 June	ADB Board approval of the establishment of Australia-ADB South Asia Development Partnership Facility (the Facility)
8 June	Signing of Memorandum of Understanding on Channel Financing between the Government of Australia and ADB
18 August	ADB Board approval of RETA 6337: Development Partnership Program for South Asia (DPPSA)
29 June	1 st contribution from AusAID (A\$2 million)
17 August	2 nd contribution from AusAID (A\$1 million)
11 October	Launch of the DPPSA Guidelines for the first year of operation: July 2006–June 2007
5 December	Approval of Batch #1 subprojects (subprojects 1–2 were approved)
2007	
23 February	Proposals for Batch #2 were deferred for further improvement and possibly resubmission for the next batch
28 June	Launch of the RETA and Facility website to serve as an avenue of awareness-raising
20 July	Approval of Batch #3 subprojects (subprojects 3–5 were approved)
7 August	Submission of the first Annual Report to AusAID (July 2006–June 2007)
25 October	3 rd contribution from AusAID (A\$2 million)
29 October	1 st Annual Consultation between AusAID and ADB, Thailand
29 November	Approval of Batch #4 subprojects (subprojects 6-7 were approved)
20 December	Revised Guidelines
2008	
11 February	ADB finalized grant cofinancing agreements with Norway and Sweden (for Subproject 6)
24 March	Review of proposals for Batch #5 was cancelled due to lack of competent proposals
7 April	Submission of semi-annual progress report to AusAID (Jul–Dec 2007)
21 August	4 th contribution from AusAID (A\$2 million)
15 September	2 nd Annual Consultation between AusAID and ADB, Thailand
2 October	Subproject 8 was approved (in lieu of Batch #6)
2009	
13 March	Submission of Annual Progress Report to AusAID (Jan-Dec 2008)
29 April	Approval of Batch #7 subprojects (subprojects 9-11 were approved)
13 August	Approval of Batch #8 subprojects (subprojects 12-13 were approved)

APPENDIX 3: ADVISORY PANEL AND SECRETARIAT MEMBERS

ADVISORY PANEL

Bruno Carrasco, Director, SAOC (Chair)
Hun Kim, Director, SAUD
Takashi Matsuo, Officer-in-Charge, SANS
Ashok Sharma, Director, SAFM
Pil-Bae Song, Director, CWEN
Ramesh Subramaniam, Director, CWFM
Matthew Westfall, Director, CWSS

SECRETARIAT (Technical Review)

Consistency with CPS/COBP/RCSP

Tadateru Hayashi, Country Programs Specialist, SAOC (India)
Abid Hussain, Principal Economist (Bhutan and Maldives)
Anjum Ibrahim, Country Specialist, CWOC (Afghanistan)
Jeffry Kongoasa, Country and Regional Cooperation Specialist, SAOC (Bangladesh, Nepal and Sri Lanka)
Newin Sinsiri, Senior Economist (Regional Cooperation), SAOC
Norio Usui, Economist, CWOC (Pakistan)

Urban and inclusive growth

Gulfer Cezayirli, Principal Urban Development Specialist, SAUD or
KyeongAe Choe, Principal Urban Development Specialist, SAUD or
Shakeel Khan, Urban Development Specialist, CWUS

Governance and inclusive growth

Gambhir Bhatta, Governance Specialist, SAGF (Governance) or
Sonomi Tanaka, Principal Social Development Spec (Gender and Development), RSGS

Education, health, water and other social services; inclusive growth

Ayago Inagaki, Senior Education Specialist, SANS or
Kenichi Yokoyama, Principal Water Resources Management Specialist, SANS

Inclusive growth (rural development)

Lourdes Adriano, Principal Agriculture Sector Specialist, RSDD-AR
Allan Kelly, Principal Project Economist, AFRM

Overall Administration

▲ Cheryl De Leon, Secretariat, Program Manager, SAOC (Secretariat)

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Appendix 4: PROJECT ELIGIBILITY CRITERIA

General Criteria	<p>The proposed interventions</p> <ul style="list-style-type: none"> • must be implemented within the participating DMCs during the RETA period (2006-2011); • must be consistent with ADB policies and strategies, CPSs/COBPs/RPSs and road maps relevant to the proposed project; • must focus on one or more of the five prioritized areas; • should normally request maximum funding of \$500,000. • must address one or more of the prioritized areas; <ul style="list-style-type: none"> • Design and Monitoring Framework has clear outcomes, provides a good structure for monitoring and evaluation, and has been endorsed by Director/Country Director; and • must be in addition to, and not substitute for, ongoing or programmed activities.
Output-specific Criteria¹	<p>Innovative Interventions (75%) Proposed pilot interventions should</p> <ul style="list-style-type: none"> • have a 25% partner contribution, in cash and/or in kind²; • have sustainable project benefits; • use participatory approaches with strong collaboration among stakeholders; • demonstrate innovation; • have potential for upscaling or replication; and • have government support for direct financial flow to NGOs, if appropriate <p>Regional Cooperation and Integration (15%) Proposed activities should</p> <ul style="list-style-type: none"> • include enhancing regional cooperation and integration among DMCs in South Asia and supporting their efforts to cooperate and integrate with other parts of the economies within and outside Asia and • among others, strategically important regional conferences, workshops, and assessments on regional cooperation and integration. <p>Targeted Analytical Studies (5%) Proposed analytical studies should</p> <ul style="list-style-type: none"> • aim at enhancing the analytical basis for policy dialogue and raising awareness on, and building capacity for addressing, the five key development challenges selected for the RETA. <p>Information Dissemination Activities (5%) Proposed activities should</p> <ul style="list-style-type: none"> • aim at removing problem-specific regulatory, policy-related, institutional, organizational, social, technical, and financial barriers to improving environmental management at the local level, including PPP opportunities and working with NGOs; • have strong linkages to ADB operations so that the findings of the assessments will be implemented; and • prioritize the relationships between improved basic service delivery and its impact on the livelihoods, health, and vulnerability of the poor. • focus on the development challenges and eligible activities identified for the RETA; • focus on good practices and lessons learned in conjunction with DPPSA activities; • aim at replication of best practices and lessons learned in conjunction with DPPSA activities for practical application in participating DMCs and other DMCs in Asia; • prioritize activities that improve basic service delivery and positively impact the livelihoods, health, and vulnerability of the poor; and • prioritize activities that encourage PPP opportunities and working with NGOs.

¹ The percentage shares of the four output types are indicative numbers. If a project has multiple outputs, its key output will be counted, based on the project's major impact.

² The country cost-sharing is not applicable to regional and small-scale projects.

APPENDIX 5: PROPOSAL PREPARATION, REVIEW, AND APPROVAL PROCESS

1. Eligibility Review and Proposal Submission		2. Peer and Interdepartmental Review	
Task	Responsibility	Task	Responsibility
Concept paper	Project Officer	Peer review (Technical quality assurance)	2 staff from proposing division
		Legal matters	OGC
		Consultants/ procurement	COSO
		Environment and social issues	RSES and RSGS
Eligibility review	Secretariat	Disbursement	CTL
		Cofinancing	OCO
		Enhanced governance	SAGF, CWGF, RMs
		Urban infrastructure and service delivery	SAUD, SANS, CWSS, RMs
Fact-finding mission (if necessary)	Project Officer	Inclusive growth	SAUD, SANS, CWSS, CWAE, RMs
		Human resource development	SAUD, SANS, CWSS, RMs
		Regional cooperation and integration	SAOC, CWOC, OREI, RMs
		Submission of revised proposal	Project Officer

3. Secretariat's Review		4. Advisory Panel Approval	
Task	Responsibility	Task	Responsibility
Consistency with CPS/ COBP/ RPS	SAOC/ CWOC N. Sinsiri, A. Hussain, J. Kongoasa, T. Hayashi, A. Ibrahim or N. Usui	Chair	SAOC Y. Kojima
Education, health, water and other social services; inclusive growth	SANS K. Yokoyama	Member (Urban development and inclusive growth)	SAUD H. Kim
Urban development and inclusive growth	SAUD K. Choe or G. Cezayirli		
Governance and inclusive growth	RSCG S. Nicoll, C. Buentjen or R. Ahmad	Member (Governance and inclusive growth)	SAGF A. Sharma
Inclusive growth (rural development)	CWAE A. Kelly or L. Adriano	Member (Education, health, and inclusive growth)	SANS F. Roche
Urban development and inclusive growth	CWSS S. Khan	Member (Urban development and inclusive growth)	CWSS M. Westfall
Overall administration	SAOC S.N. Oh	Member (Governance and inclusive growth)	CWGF R. Subramaniam
Support overall administration	SAOC C. De Leon	Member (Inclusive growth - rural development)	CWAE K. Matsunami
Submission of final proposal	Project Officer	Approval of proposal	Panel

APPENDIX 6: PROJECTS WHICH WERE REFUSED

CONCEPT PAPER TITLE	YEAR SUBMITTED	REASON(S) FOR REFUSAL
1. Micro-Clean Energy Initiative Development for South Asia	2009	Advisory Panel recommendations: (i) The role of microfinance institutions (MFIs) in clean energy development is not convincing. Fundamentally, the link between clean energy, alternative energy and MFIs has to come out. In addition, the title needs to be changed to clearly identify the role that MFIs play in the subproject. (ii) The reason for special focus only to Bangladesh and Nepal is not clear. (iii) Include micro and macro levels for Output 3. (iv) If necessary, conduct a fact finding mission to have government agencies and MFIs/NGOs play a more active role in the subproject. (v) The impact of the subproject may not be significant. (vi) Project Officer is requested to revise and resubmit the proposal to the Panel, and a meeting can be convened to review the proposal after the issues have been addressed.
2. Implementation Framework for a Regional Managing Hazardous Wastes Facility		Put off pending completion of an ongoing managing hazardous wastes RETA. Once this RETA/study is done, the governments will have a better idea what they would like assistance in.
3. Sri Lanka: Strengthening Capacity for Climate Change Adaptation		Climate change (CC) in itself is not included in the eligible areas. Considering the emerging importance of CC, we have encouraged a couple of times RMT members to consider including the CC-related TA as a component of "investment projects in the eligible areas."
4. Support for India's National Climate Change Action		India is eligible only if part of a subproject with regional coverage, and for regional cooperation and integration activities.
5. Labor Migration and Remittance in South Asia	2008	Did not push through.
6. People's Republic of Bangladesh: Capacity Development for Madrasah Education		Did not materialize, SANS wanted to prioritize an education sector strategy first.
7. Improving Transparency and Governance Through Free Access to Laws	2007	Supplier/ADB-driven proposal.
8. Knowledge Sharing in Urban Water Supply and Sanitation Sector in South Asian Cities		At the time the proposal was received, information dissemination activities were allotted only 5% of total AusAID funds.
9. Promotion of Good Governance at Local Level and Effective Service Delivery in Nepal		MOF was not keen on taking up projects not focused on capacity building and decentralization at that time.
10. Conflict and Governance in AFG, SRI, NEP and SRI	2006	Only needed \$80,000 for additional funding.

APPENDIX 7: Sub-Project Progress by Key Area and Output

(expected and progress to date)

Key Area	Subproject	Outcome
Enhanced Governance	Bhutan: Support for Anticorruption and Good Governance at Local Level	Preparation, simplification and dissemination of regulation manuals helped increase the capacity of financial staff and improve accountability framework at the national and local levels. Provision of state-of-the-art IDEA® data analysis software and other related hardware has contributed to effective operations of the Royal Audit Authority. The software helped increase the effectiveness of accountants, analysts and auditors in making analysis feasible and practical.
	Maldives: Enhancing Internal Audit	The strategic management plan and audit manual provided an overall direction for development of a robust internal audit function within the Ministry of Finance and Treasury. Provision of education and training to develop capacity of internal audit staff is ongoing.
	Sri Lanka: Strengthening of Conflict Sensitivity and Governance	The subproject will provide governance assessment inputs to ADB's Sri Lanka resident mission and development partners to better incorporate aspects of socio-political context in the preparation of strategies, assistance programs, project designs and implementation.
	Bhutan: Capacity Building for Introducing Regulatory Impact Assessment in Bhutan	Two acts/laws will be piloted with regulatory impact assessment. Activities have been identified to achieve an enhanced legal and regulatory framework and improved governance for the government to deliver better policy and regulations, particularly pertaining to Micro, Small and Medium Enterprises (MSME).
	Nepal: Gender-Responsive Decentralized Regional Cooperation and Integration Governance in Asia (CAM, INO, NEP)	Practical lessons learned for use by ADB, governments, civil society organizations, and funding agencies will be disseminated to improve the gender-responsiveness of policy, planning, budgeting, and project design.
	Nepal: Enhancing Local Governance	Stronger local governance through greater capacity for—and accountability in—service delivery, and increased own-source revenue in selected municipalities.

Key Area	Subproject	Outcome
	Regional: Study on Intraregional Trade and Investment in South Asia	To promote regional cooperation and integration through intraregional trade, the potential of and obstacles to intraregional trade and investment were assessed and recommendations were formulated to guide South Asian Association for Regional Cooperation's (SAARC) and its member countries' policy formulation process.
	Regional: Economics of Climate Change in South Asia Part 1 – Cleaner Technologies and Options	Better alignment of ADB operations with the need of the participating countries for addressing climate change challenges.
Urban Infrastructure and Service Delivery	Regional: Clustered Cities Development (CCD) - Innovative Interventions in South Asia	The subproject introduced CCD as an innovative urban local economic development approach. Key government officials relevant to urban, economic planning, industry development and business leaders in growth potential industries have been consulted and participated in three rounds of seminar, held in each country.
	Regional: Best Practices for Solid Waste Management in South Asia: A New Knowledge Product	Government officials are more equipped with new knowledge and awareness in identifying, advocating, designing, and implementing improved SWM systems.
Human Resources Development	Regional: Innovative Strategies in Technical and Higher Education for Accelerated Human Resource Development in South Asia.	Enhanced capacity of policy makers in the South Asia region to integrate innovative approaches in policies, strategies and long-term strategic plans in the education sector to enhance quality and relevance of education to accelerate human resource development.
Inclusive Growth	Bangladesh: Promoting Women's Entrepreneurship	Enhanced capacity of women entrepreneurs and associations to fully access the financial resources and services earmarked for women small- and medium-sized enterprises under the ADB Loan: BAN 36200 Small and Medium Enterprise Development Project.

Source: RETA Project Secretariat. September 2009. Manila.

APPENDIX 8: Sub-Project Case Studies

Development Partnership Program for South Asia (DPPSA): AusAID and ADB

Sub project 1: RETA No. 6337 (REG) Support for Anticorruption and Good Governance at Local Level (SAFM)

Countries covered: Bhutan

Criteria	Explanation/Comments
Top-Down Assessment	
Goals and Output	
<p>Sustained progress made by participating DMCs in South Asia toward attaining the Millennium Development Goals</p> <p>Enhancement of good governance through stronger action against corruption and mismanagement of resources, and greater accountability and transparency in public sector service delivery</p>	<p>Improved financial management system (transparency and accountability), good governance at center and sub national level and reduced corruption will lay the foundation for good governance at local level which in turn will improve service delivery that will have greater development/Millennium Development Goals (MDG) impact than otherwise.</p>
<p>Strengthen the institutional capacity of selected governance and anticorruption agencies in Bhutan</p> <p>Raise awareness and skills at the district and local levels on how to improve management of resources, and to adhere to the various requirements (e.g., on procurement) that emanate from the center</p> <p>Contribute to good governance including enhanced service delivery in Bhutan.</p>	<p>Capacity building at center and sub national level for good governance and anticorruption as well as improved financial management is under way. Consultant has reviewed Financial Rules and Regulations (FRR) and is currently revising the Finance and Accounting Manual (FAM). Field observations are being made both at the level of Dzongkhags (districts) and Gewogs (villages). Workshops and interactions are being used for confirmation and validation. Considerable progress has been made in Paro and Poonakha districts in terms of improved governance and service delivery. The Anti Corruption Commission (ACC) has been active. Simplification of FRR including FAM is enhancing effectiveness of the Royal Audit Authority and reducing abuse of funds including those held in current deposit account of local governments outside the current budgetary framework.</p>
Strategic Assessment	
Overall (The Facility, ADB 20/20, AusAID Vision and Country Strategy and Priority)	The subproject relates to the governance and capacity development focus area of the Development Partnership Program for South Asia (DPPSA), which is also the second driver of change in ADB Strategy 2020.
Institutional Assessment (The processes, sector link, efficiency, effectiveness, capacity building and innovation)	<p>The subproject is integrated into the development process of the country. It is linked to government's efforts to improve governance and reduce corruption.</p> <p>The Government is committed to governance reform and anticorruption campaigns.</p> <p>The ACC has been active, but mainstreaming anticorruption activities has not been strongly evident yet, particularly at the local level.</p> <p>This mainstreaming is already evident in the work of the RAA and others at the local level. The audit software that was made possible through support from the sub-project has enabled field-based auditing to be improved. The Government has taken steps to establish a Civil Society Organization authority.</p> <p>Relevant laws have been drafted but their approval has taken some time; this is understandable given that Parliament has recently been revamped and its agenda is substantial.</p> <p>To distinguish between gift giving and bribery, the Government has issued clear guidelines. A civil service code of ethics has been contemplated which should help in this regard.</p>

Criteria	Explanation/Comments
	The imbalance between branches of government has begun to be more pronounced in recent times; this is evident not only between the branches of government but also within the legislature e.g., between the National Assembly and National Council (the former elected and the latter not so).
Value Addition (Overall Effects and Impact)	The subproject will enhance government's capacity at central and local level to improve service delivery contributing to MDG goals by strengthening the institutional capacity of selected governance and anticorruption agencies to help them better fulfill their statutory mandates.
ADB performance	
Administration and internal coordination	<p>Total commitment: \$466,345 or 91% of the approved amount which is highly satisfactory. The project closing was extended by one year but this is normal for most ADB administered TA. It is projected that the entire approved amount will be committed.</p> <p>Total disbursement: \$330,000 (rounded) or 72% of commitment and 66% of approved which is satisfactory in relation to the consultant payment provisions in the contracts and work progress. It is projected that the entire committed amount will be disbursed as scheduled under extended closing.</p> <p>The project was prepared, reviewed, revised and approved within the average stipulated time of six weeks but the signing and start up took about six months.</p> <p>The subproject implementation was delayed and the closing date had to be extended due to time taken for consultant recruitment, late start up of work by consultants and operational difficulties faced in the field and the need to complete all payments as per project contracts. Not having a project officer on the ground has also hindered progress to some extent. Lack of funds for monitoring and supervision, especially for travel has created problem with implementation. The Government offered to fill the gap.</p> <p>The program is administered by the South Asia Country Coordination and Regional Cooperation Division (SAOC) of the South Asia Regional Department (SARD) of ADB. This subproject implementation is being coordinated by a dedicated and highly competent staff of South Asia Financial Management (SAFM) division at ADB headquarters. According to the mid-term review, SAFM personnel are deeply committed to the subproject goals and objective and are providing high quality supervision and direction.</p>
Coordination with AusAID and other agencies	<p>ADB shares approval notifications and documents with AusAID, prepares annual report for AusAID and provides on request inputs to AusAID for its internal reporting purposes.</p> <p>ADB is coordinating with development partners in providing capacity development assistance and governance support. Program development and implementation is coordinated with AusAID and other donors through periodic reporting specially through the Steering Committee.</p> <p>There is scope for improvement in reporting quality and frequency. Australian visibility can be enhanced by various means: (i) increased Australian participation in subproject related events like press conference at project kick-off, steering committee meetings, workshops and book/report launching; (ii) publication and distribution of program/subproject brochures; (iii) establishment and maintenance of program/subproject website.</p>
Financial mobilization	AusAID - \$500,000 and Government – \$166,650.
Capacity building and tech support	Capacity deficits continue to exist but development partners, including ADB, are providing targeted assistance.

Criteria	Explanation/Comments
	Procedural delays could derail speedy delivery of such assistance. The Royal Audit Authority (RAA) is supported in preparation of its various manuals for improved accountability framework at the national and local levels. Work in this period consisted of peer review and revision of manuals (e.g., FAM).
Portfolio management	SAFM which has done a commendable job of administering project implementation on ground despite limitation of fund and staff time. Implementation progress has been highly satisfactory. SAFM staff input is significant and of outstanding quality.
AusAID performance	
Administration and internal coordination	Internal coordination and feedback between AusAID field staff and headquarters and the Secretariat seem to have worked well.
Coordination with ADB and other agencies	AusAID headquarter and field offices/personnel play off-hand with regard to project development, processing, implementation and monitoring and evaluation. Due to staff limitation, participation in subproject events (e.g., workshop or report launching) has been sporadic. AusAID relies on ADB for periodic reporting. ADB has also briefed AusAID officials in Delhi and Sri Lanka. AusAID coordinates well with other development partners in relevant areas of concern addressed by DPPSA.
Administration of the Facility	On AusAID side DPPSA is administered by the Delhi office manned by experienced development practitioner and thinker. In addition AusAID participates in Steering Committee review if feasible. Due to staff shortage, communication difficulty and reporting problems AusAID has not always been fully on top of project progress. Also there has been some misreading of information on disbursement and implementation progress.
Financial mobilization	AusAID provided \$500,000 for the subproject.
Capacity building and tech support	Outside the subproject financing, AusAID has not provided funding for monitoring by ADB or capacity building for monitoring by the recipients.
Portfolio management	AusAID has relied exclusively on ADB for portfolio management.
Overall Top Down Assessment	The subproject is designed well fully consistent with the strategic thrust of DPPSA, country strategy and priority, link with projects and ADB Strategy 2020. Implementation progress and disbursement performance are satisfactory. Outcome and impact in terms of governance, anticorruption and service delivery are substantial. There has been significant capacity building. ADB has performed well in administering the subproject and coordinating with other interested parties. ADB's portfolio management performance is highly satisfactory. This has been achieved when the project is innovative and is implemented in an environment of critical capacity constraints where the authorities are confronted with a wide range of atypical development challenges.
Bottom-up Assessment	
Relevance	The subproject is highly relevant within the context of government's commitment to improve governance and reduce corruption and improve service delivery at local level to maximize development/MDG impact.
Effectiveness and Efficiency	Procurement of IDEA software for Royal Audit Authority (RAA) completed. There have been delays due to procedural complexities. Procurement of office equipment for the Procurement Office (PPPD) is underway and expected delivery of these goods is early August 2009. Fielding of experts under way.

Criteria	Explanation/Comments
	Outside TA scope support was provided to the Government for procurement reforms. This addressed issues of mal-governance and malfeasance at the local level.
Sustainability	The government owns the agenda, and the efforts are not likely to stop at the end of the project; both the Royal Audit Authority and the Anticorruption Commission have keenly taken on the work.
Innovation, outcome and Impact	<p>Outcome and impact</p> <p>This subproject is mid stage of implementation. Therefore, it is not possible to make a fuller and definitive statement on impact achievement. Nonetheless, it can be said with confidence that project implementation is progressing well and making contribution towards achieving Millennium Development Goals (MDG). Selected outcomes for which evidence is available are the following:</p> <ol style="list-style-type: none"> 1. Enhanced good governance and improved financial management system (transparency and accountability at all levels of government). 2. Strengthened capacity of selected institutions to reduce corruption and mismanagement of resources at both the level of the districts and the villages. 3. Improved local services and increased development/ MDG impact. <p>A complete statement on project outcome and impact can only be made after a reasonable period has elapsed since completion though the mid-term review findings can be updated during preparation of project completion report.</p> <p>Innovation</p> <p>A number of innovative features are built into subproject design, namely</p> <ol style="list-style-type: none"> 1. Development of practical governance and anticorruption tools. 2. Development of relevant management and good governance modules on offer at relevant institutions.
Overall Bottom-up Assessment	The subproject is relevant, effective and efficient, sustainable and innovative and it will contribute positively to the realization of MDG goals of Bhutan.

Development Partnership Program for South Asia (DPPSA): AusAID and ADB
Sub project 2: Study on Intraregional Trade and Investment in South Asia (SAOC)
Countries covered: Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka

Criteria	Explanation/Comments
Top-Down Assessment	
Goals and Output	
Sustained progress made by participating developing member countries (DMCs) in South Asia toward attaining the Millennium Development Goals through regional cooperation and integration (RCI).	Trade liberalization will contribute to increased output, trade income and employment and Millennium Development Goals (MDG).
Facilitate regional cooperation and integration (RCI) in South Asia, particularly to contribute to regional policy debate on trade in goods and services and investment, and to provide expert advice on the liberalization of trade in services and investment policies in South Asia.	All nine studies completed and finalized contributing to better understanding of issues and outlining investment and policy options.
Regional Cooperation and Integration recommendations and policies	Through SAARC and ADB RCI participating countries are supporting various regional cooperation activities.
Strategic Assessment	
Overall (The Facility, ADB 20/20, AusAID Vision and Country Strategy and Priority)	The subproject relates to the regional cooperation focus area of the Development Partnership Program for South Asia (DPPSA) ADB Strategy 2020. Regional cooperation and integration are an essential element of government and ADB country partnership strategy.
Institutional Assessment (The processes, sector link, efficiency, effectiveness, capacity building and innovation)	The subproject is linked to the emerging openness within South Asia. It is linked to ADB-financed trade facilitation technical assistance grants (TAs) and investment projects in participating countries. All governments are committed to promoting regional cooperation and integration. The studies completed provided input for South Asian Association for Regional Cooperation (SAARC) work and also for policy articulation by participating countries. Training was satisfactory.
Value Addition (Overall Effects and Impact)	Country case studies published except one which failed to meet quality criteria. Recommended policies and actions will assist the governments to be proactive in trade and investment promotion contributing to increased income and MDG impact.
ADB performance	
Administration and internal coordination	Total commitment: \$313,238 or 98% of the approved amount which is highly satisfactory but the project had the benefit of extended closing by more than one year. This is normal for most ADB administered TA. Total disbursement: \$268,000 (rounded) or 86% of commitment and 84% of approved which is highly satisfactory in relation to the consultant payment provisions in the contracts and work progress under extended closing date. It is projected that the entire amount committed will not be disbursed as scheduled. The saving will be ploughed back into the Facility for future grants.

Criteria	Explanation/Comments
	<p>The project was prepared, reviewed, revised and approved within the average stipulated time of six weeks but the signing and start up took about six months.</p> <p>SAOC administered and completed the subproject very efficiently. All consultants completed their assigned studies. Consultant recruitment was timely. Consultant quality was satisfactory. Report submission had some delays delaying project completion but report quality satisfactory. Information flow between project staff and the Secretariat was smooth.</p> <p>Internal coordination within ADB between SAOC, Consulting Services (COSO) and the Office of Cofinancing Operations (OCO) worked smoothly.</p>
Coordination with AusAID and other agencies	<p>ADB shares approval notifications and documents with AusAID, prepares annual report for Aus AID and provides on request inputs to Aus AID for its internal reporting purposes.</p> <p>ADB is coordinating its regional cooperation and integration work with other donors.</p> <p>In the case of this subproject, implementation was timely, report was published but coordination with AusAID was limited. Although invited, AusAID representative did not participate in the workshop held in Manila.</p>
Financial mobilization	AusAID - \$320,000.
Capacity building and tech support	The studies and workshops provided opportunity for capacity building of the participants.
Portfolio management	The subproject management by South Asia Office of Coordination SAOC) was excellent as reflected in the quality of the reports produced and timely completion of most reports. ADB staff input is significant and of outstanding quality.
AusAID performance	
Administration and internal coordination	Internal coordination and feedback between AusAID field staff and headquarters and the Secretariat seem to have worked well.
Coordination with ADB and other agencies	AusAID headquarter and field offices/personnel play off-hand with regard to project development, processing, implementation and monitoring and evaluation. Due to staff limitation, participation in subproject events (e.g., workshop or report launching) has been sporadic. AusAID relies on ADB for periodic reporting. ADB has also briefed AusAID officials in Delhi and Sri Lanka. AusAID coordinates well with other development partners in relevant areas of concern addressed by DPPSA.
Administration of the Facility	On AusAID side DPPSA is administered by the Delhi office manned by experienced development practitioner and thinker. In addition AusAID participates in Steering Committee review if feasible. Due to staff shortage, communication difficulty and reporting problems AusAID has not always been fully on top of project progress. AusAID also missed an opportunity by not participating in the book launching ceremony.
Financial mobilization	AusAID provided \$320,000 for the subproject.
Capacity building and tech support	Outside the subproject financing, AusAID has not provided funding for monitoring by ADB or capacity building for monitoring by the recipients.
Portfolio management	AusAID has relied exclusively on ADB for portfolio management from project processing to implementation and monitoring.
Overall Top Down Assessment	<p>The subproject is designed well fully consistent with the strategic thrust of DPPSA, country strategy and priority, and ADB Strategy 2020.</p> <p>Implementation progress and disbursement performance are highly</p>

Criteria	Explanation/Comments
	satisfactory. Outcome and impact in terms of development of sustainable approaches to regional cooperation, increased inter and intraregional trade, increased income and employment and enhanced MDG impact are likely to be substantial over the longer term. ADB has performed well in administering the subproject and coordinating with other interested parties. ADB's portfolio management performance is highly satisfactory. This has been achieved when the project is innovative and is implemented in an environment of critical capacity constraints where the authorities are confronted with a wide range of atypical development challenges.
Bottom-up Assessment	
Relevance	All studies are highly relevant in relation to emerging concerns of SAARC countries.
Effectiveness and Efficiency	Policy Workshop was quite successful in terms of attendance and active participation. There was difficulty in updating data and tables of all nine studies. The quality and substance of the automobile study was found wanting to merit a separate chapter.
Sustainability	Investment in and policy recommendations on regional cooperation and integration activities will contribute to sustainable approach to trade facilitation in South Asia.
Innovation, outcome and Impact	Outcome and impact The study publication has provided a strong tool to policy makers in South Asia to decide on necessary package on measures to facilitate regional trade and investments. A complete statement on project outcome and impact can only be made after a reasonable period has elapsed since completion. Innovation A number of innovative features are built into subproject design, namely 1. Exchange of information and ideas working towards regional cooperation and integration. 2. Training for effecting handling of regional trade and investment issues.
Overall Bottom-up Assessment	The subproject is relevant, effective and efficient, sustainable and innovative and it will contribute positively to the realization of MDG goals of South Asia.

Development Partnership Program for South Asia (DPPSA): AusAID and ADB
Sub project 3: Rural Development Projects Review (Cancelled)
Country covered: Pakistan

Criteria	Explanation/Comments
Top-Down Assessment	
Goals and Output	
Sustained progress made by participating DMCs in South Asia toward attaining the Millennium Development Goals	
Strategic Assessment	
Overall (The Facility, ADB 20/20, AusAID Vision and Country Strategy and Priority)	
Institutional Assessment (The processes, sector link, efficiency, effectiveness, capacity building and innovation)	
Value Addition (Overall Effects and Impact)	
ADB performance	
Administration and internal coordination	Cancellation of this project resulted from insufficient inter-departmental coordination within ADB.
Coordination with AusAID and other agencies	
Financial mobilization	
Capacity building and tech support	
Portfolio management	
AusAID performance	
Administration and internal coordination	
Coordination with ADB and other agencies	
Administration of the Facility	
Financial mobilization	
Capacity building and tech support	
Portfolio management	
Overall Top Down Assessment	
Bottom-up Assessment	
Relevance	
Effectiveness and Efficiency	

Criteria	Explanation/Comments
Sustainability	
Innovation, outcome and Impact	
Overall Bottom-up Assessment	

Development Partnership Program for South Asia (DPPSA): AusAID and ADB
Sub project 4: Enhancing Internal Audit in Maldives (SAFM)
Countries covered: Maldives

Criteria	Explanation/Comments
Top-Down Assessment	
Goals and Output	
Sustained progress made by participating DMCs in South Asia toward attaining the Millennium Development Goals through improved public accounting and budget execution	Improved public accounting and budget execution will improve service delivery thus increasing development/ Millennium Development Goals (MDG) impact of budget execution.
<p>The subproject will enhance an internal audit function and the quality of governance to provide an independent and objective opinion to the Financial Controller, Accounting Officers, and Management of the Government of Maldives on risk management, control and governance. This activity will expedite institutional reorganization and capacity building aiming to enhance efficiency, accountability, and transparency of the public accounting and budget execution</p> <p>Specific outputs will include: Framework for internal audit reports prepared Internal audit manual implemented Internal audit functions rolled out in other line ministries and agencies New financial regulations implemented</p>	<p>As part of the preparation for the TA, Ministry of Finance and Treasury (MOFT) established the Internal Audit Section within the Treasury and Public Accounts Division. MOFT has endorsed human resource policy and mandate of the Internal Audit Unit. Head and staff of the Internal Audit Unit have been appointed. The internal Audit Unit has been operationalized through the revision of existing internal audit guidelines and conducting training on new guidelines. The government has issued public finance regulations under the framework of the Public Finance Act 2007 that are consistent with international public sector accounting standards.</p> <p>The Government of Maldives prepared a strategic management plan.</p>
Strategic Assessment	
Overall (The Facility, ADB 20/20, AusAID Vision and Country Strategy and Priority)	The subproject relates to the governance and capacity development focus area of the Development. Partnership Program for South Asia (DPPSA), which is also the second driver of change in ADB Strategy 2020.
Institutional Assessment (The processes, sector link, efficiency, effectiveness, capacity building and innovation)	<p>The subproject is closely linked to the governance sector reform process in Maldives. It is linked to and has made significant contribution to the design of the ongoing Economic Recovery Program Loan.</p> <p>The new government is strongly committed to ongoing reform initiatives. The internal audit section will be strengthened as it will report directly to the Minister.</p> <p>Prior to the loan approval and as part of the first tranche condition, the Government has implemented substantial internal reform in accounting and audit policies and institutions. More are planned as second tranche actions. MOFT will complete a comprehensive internal audit manual based on a risk based auditing consistent with the public accounting system. MOFT will have the Internal Audit Unit commence implementation of public finance regulations based on revised accounting</p>

Criteria	Explanation/Comments
	standards. MOFT will roll-out internal audit module under the Public Accounting System. The Internal Audit Unit will implement pilot internal audits of at least two budget agencies.
Value Addition (Overall Effects and Impact)	The subproject has assisted the government to put in place arrangements for improved internal audit functions which will lead to more efficient use of government resources improving service delivery and eventually impacting positively on the country's MDG goals.
ADB performance	
Administration and internal coordination	<p>Total commitment: \$402,000 or 80% of the approved amount which is highly satisfactory with the benefit of one year extension of the closing date but this is normal for most ADB administered TA. It is projected that the entire approved amount will be committed.</p> <p>Total disbursement: \$192,000 (rounded) or 48% of commitment and 39% of approved which is highly satisfactory in relation to the consultant payment provisions in the contracts and work progress under the extended closing period. It is projected that the entire amount committed will be disbursed as scheduled.</p> <p>The project was prepared, reviewed, revised and approved within the average stipulated time of six weeks but the signing and start up took about six months.</p> <p>The subproject implementation was delayed and the closing date had to be extended due to time taken for consultant recruitment, late start up of work by consultants, and more intensive and extensive work done by consultants to provide inputs into the design of follow up program loan and also to the implementation of the internal audit component of the loan. Lack of funds for monitoring and supervision, especially for travel has created problem with implementation. The Government offered to fill the gap.</p> <p>The program is administered by the South Asia Country Coordination and Regional Cooperation Division (SAOC) of the South Asia Regional Department (SARD) of ADB. This subproject implementation is being coordinated by a dedicated and highly competent staff of South Asia Financial Management (SAFM) division at ADB headquarters. According to the mid-term review, SAFM personnel are deeply committed to the subproject goals and objective and are providing high quality supervision and direction. Nonetheless, coordination and information sharing between SAOC and SAFM seem to be weak. Otherwise, internal coordination within ADB between SAOC, SAFM, Consulting Services (COSO) and the Office of Cofinancing Operations (OCO) on resource mobilization, commitment and disbursement is working smoothly.</p>
Coordination with AusAID and other agencies	<p>ADB shares approval notifications and documents with AusAID, prepares annual report for AusAID and provides on request inputs to Aus AID for its internal reporting purposes.</p> <p>ADB is coordinating its financial sector development work with other donors.</p> <p>The subproject has performed well against AusAID critique of project progress, the rate of disbursement and reporting. According to this midterm review, reporting could be improved and Australian visibility could be enhanced by various means: (i) increased Australian participation in subproject related events like press conference at project kick-off, steering committee meetings, workshops and book/report launching; (ii) publication and distribution of program/subproject brochures; (iii) establishment and maintenance of program/subproject website.</p>
Financial mobilization	AusAID 500,000; Government \$167,000.

Criteria	Explanation/Comments
Capacity building and tech support	Capacity building is provided to other user line ministries beyond MOFT. Comprehensive human resource trainings provided by consultants. More training and seminar opportunities are being provided to enhance human resource capacity and assist the operationalization of the functions. The consultants assisted with building the internal audit capacity of the Internal Audit Section's staff through on the job, one-to-one training and workshops.
Portfolio management	Portfolio management by SAFM was highly satisfactory. There was no undue delay in project implementation. SAFM staff input is significant and of high quality.
AusAID performance	
Administration and internal coordination	Internal coordination and feedback between AusAID field staff and headquarters and the Secretariat seem to have worked well.
Coordination with ADB and other agencies	AusAID headquarter and field offices/personnel play off-hand with regard to project development, processing, implementation and monitoring and evaluation. Due to staff limitation, participation in subproject events (e.g., workshop or report launching) has been sporadic. AusAID relies on ADB for periodic reporting. ADB has also briefed AusAID officials in Delhi and Sri Lanka. AusAID coordinates well with other development partners in relevant areas of concern addressed by DPPSA.
Administration of the Facility	On AusAID side DPPSA is administered by the Delhi office manned by experienced development practitioner and thinker. In addition AusAID participates in Steering Committee review if feasible. Due to staff shortage, communication difficulty and reporting problems AusAID has not always been fully on top of project progress.
Financial mobilization	AusAID provided \$500,000 for the subproject.
Capacity building and tech support	Outside the subproject financing, AusAID has not provided funding for monitoring by ADB or capacity building for monitoring by the recipients.
Portfolio management	AusAID has relied exclusively on ADB for portfolio management from project processing to implementation and monitoring.
Overall Top Down Assessment	The subproject is designed well fully consistent with the strategic thrust of DPPSA, country strategy and priority, link with projects and ADB Strategy 2020. Implementation progress and disbursement performance are satisfactory. Outcome and impact in terms of public accounting and budget execution and service delivery are substantial. There has been significant capacity building. ADB has performed well in administering the subproject and coordinating with other interested parties. ADB's portfolio management performance is highly satisfactory. This has been achieved when the project is innovative and is implemented in an environment of critical capacity constraints where the authorities are confronted with a wide range of atypical development challenges.
Bottom-up Assessment	
Relevance	The Internal Audit Manual, timing schedule, job descriptions, internal audit programs, time recording system were developed for Internal Audit Section to be used as a basis for implementation internal audit activities.
Effectiveness and Efficiency	Due to the replacement of the Head of Internal Audit, the implementation is being delayed. Adequate delivery of training to meet with the demand of trainees. Most of the consultants' inputs had been utilized on activities relating to Public Accounting System (PAS) implementation.

Criteria	Explanation/Comments
	The draft Position Paper on Resourcing Alternatives for Internal Audit Function was prepared for discussion.
Sustainability	<p>As part of institutionalization of the internal audit activities, Code of Ethics, Internal Audit Charter and Audit Committee Charter were developed for implementation by MOFT.</p> <p>The draft Internal Audit Manual was prepared in August 2008 and is under ongoing development and review.</p> <p>The draft Introduction to Performance Audit Manual was prepared for discussion.</p>
Innovation, outcome and Impact	<p>Outcome and impact</p> <p>This subproject is at an advanced stage of implementation. A complete statement on project outcome and impact can only be made after a reasonable period has elapsed since completion though the mid-term review findings can be updated during preparation of project completion report. At this time it can be said with confidence that the project is progressing well and making contribution towards achieving Millennium Development Goals (MDG). Selected outcomes for which evidence is available are the following:</p> <ol style="list-style-type: none"> 1. Improved public accounting and budget execution. 2. Improved service delivery. 3. Increased development/ MDG impact of budget execution. <p>Innovation</p> <p>A number of innovative features are built into subproject design, namely</p> <ol style="list-style-type: none"> 1. The ADB consultants assisted the Government of Maldives to prepare a strategic management plan that would establish the internal audit function within the MOFT. 2. ADB consultants also assisted the establishment of the organizational structure, institutional framework and operations of the internal audit office.
Overall Bottom-up Assessment	The subproject is relevant, effective and efficient, sustainable and innovative and it will contribute positively to the realization of MDG goals of Maldives.

Development Partnership Program for South Asia (DPPSA): AusAID and ADB
Sub project 5: Capacity Building for Introducing Regulatory Impact Assessment in Bhutan (SAFM)
Countries covered: Bhutan

Criteria	Explanation/Comments
Top-Down Assessment	
Goals and Output	
Sustained progress made by participating DMCs in South Asia toward attaining the Millennium Development Goals by promoting a vibrant MSME sector and active private sector participation for a broad-based, sustainable economic growth	Appropriate legal and regulatory framework in the context of Micro, Small, and Medium-Sized Enterprise Sector Development Program will increase enterprise (MSME) registration, increase investment and foster income and employment growth that will contribute to the attainment of Millennium Development Goals (MDG).
Provide an appropriate framework and mechanism allowing all relevant stakeholders to participate in discussions and to form opinions for the purpose of lawmaking and review of its impacts. Strengthen the Government's capacity to fully think through and understand the consequence of possible and actual interventions in all the relevant sectors for delivering sound policy, clear and predictable laws and regulations, essential for facilitating private sector operations and for avoiding corruption in business practices, in the country. Develop an appropriate RIA methodology and framework for law reviewers and policy makers, and pilot RIA on business laws for an improved enterprise environment and over the long-term attain wide adoption of the RIA in all sectors that helps the Government agencies delivers better policy.	Regulatory Impact Assessment (RIA) tool for Bhutan was developed on the basis of international best practices (EU, UK, Canada, and Australia) and discussed at workshops to sensitize participants on its application to MSME. Subsequently knowledge transfer was carried out through capacity building training. Two task forces have been established to apply RIA technique to specific problems on a pilot basis, namely enterprise registration, licensing and clearance for business start up and effectiveness of incentives for entrepreneurship development program (EDP). The former will help drafting of the proposed Enterprise Registration Bill. Success of RIA depends on infrastructure, human resources, and government willingness to take hard decisions, and lead agencies ability to convince decision makers. Presently, not all conditions are met in Bhutan which has the additional problem of having no database. Also, qualitative assessment on the basis of assumption is an issue in Bhutan. Achieving TA output will hinge on making headway with meeting preconditions. More resources and additional inputs from experts will be required.
Strategic Assessment	
Overall (The Facility, ADB 20/20, AusAID Vision and Country Strategy and Priority)	Strong government commitment to carry out RIA of (a) the forthcoming Enterprise Regulation Act (ERA) including improving start up procedures; and (b) setting up an institutional framework for a micro, small and medium-sized enterprises policy. The project is consistent with priorities set in Gross National Happiness Commission's (GNHC's) Tenth Plan (2010-2015). The project is very timely as Bhutan is in the process of building a modern regulatory framework in the context of a new constitution and government calling for institutional and policy reforms in order to improve governance. The project complies with the second driver of change of ADB's Strategy 2020: good governance and capacity development.
Institutional Assessment (The processes, sector link, efficiency, effectiveness, capacity building and innovation)	The project is linked to the inclusive development process of the Gross National Happiness Commission (GNH) of Bhutan focusing on the MSME sector. It is piggybacked to the proposed MSME Sector Development Program included under the country program for 2007. The government commitment is very strong. The government is using it to

Criteria	Explanation/Comments
	<p>assess the impact of a proposed law on enterprise registration which will facilitate SME development with ADB support from an on-going project.</p> <p>The project addresses two key constraints to SME development namely, current rules are not conducive for prospective investors and access to finance is difficult. The RIA initiative is new to Bhutan. Workshops have created awareness; training has created knowledge base on tools of RIA among participants. It is an innovative approach whose application will help Bhutan to curb out meaningful laws and regulations with perceptible desired outcome and impact. Two task forces are at work to assess (i) enterprise registration procedures, and (ii) effectiveness of incentives provided through Entrepreneurship Development Program (EDP) and EDP loan scheme (subsidized loan).</p>
Value Addition (Overall Effects and Impact)	Bhutan will have access to new modern methodology for assessing impacts of rules and regulations and decision makers will be able to make informed choices among alternative options. The positive impact of any regulation will be maximized and negative impact minimized.
ADB performance	
Administration and internal coordination	<p>Total commitment: \$308,000 or 77% of the approved amount which is satisfactory with the benefit of one year closing extension but this is normal for most ADB administered TA. It is projected that the entire approved amount will be committed.</p> <p>Total disbursement: \$110,000 (rounded) or 36% of commitment and 28% of approved which is consistent with the consultant payment provisions in the contracts and work progress under the extended closing period. It is projected that the entire amount committed will be disbursed as scheduled.</p> <p>The project was prepared, reviewed, revised and approved within the average stipulated time of six weeks but the signing and start up took about six months.</p> <p>The subproject implementation was delayed and the closing date had to be extended due to time taken for consultant recruitment, late start up of work by consultants and the time take to implement the work plan of the consultants.</p> <p>This subproject implementation is being coordinated by a dedicated and highly competent staff of South Asia Financial Management (SAFM) division at ADB headquarters. According to the mid-term review, SAFM personnel are deeply committed to the subproject goals and objective and are providing high quality supervision and direction. Consultants have been carrying out training activities as scheduled. Consultant recruitment was timely. Consultant quality is satisfactory. Coordination and information sharing between SAOC and SAFM seem to be working well. Feedback on project progress from SAFM to SAOC is adequate. Internal coordination within ADB between SAOC, SAFM, Consulting Services (COSO) and the Office of Cofinancing Operations (OCO) on resource mobilization, commitment and disbursement is working smoothly.</p>
Coordination with AusAID and other agencies	<p>ADB shares approval notifications and documents with AusAID, prepares annual report for AusAID and provides on request inputs to AusAID for its internal reporting purposes.</p> <p>ADB is coordinating with development partners in providing capacity development assistance and governance support. Program development and implementation is coordinated with AusAID and other donors through periodic reporting specially through the Steering Committee.</p> <p>According to this midterm review, consultant recruitment, project start up, disbursement and implementation progress is in line with other ADB</p>

Criteria	Explanation/Comments
	technical assistance operations. There is scope for improvement in reporting quality and frequency. Australian visibility can be enhanced by various means: (i) increased Australian participation in subproject related events like press conference at project kick-off, steering committee meetings, workshops and book/report launching; (ii) publication and distribution of program/subproject brochures; (iii) establishment and maintenance of program/subproject website.
Financial mobilization	AusAID \$400,000 (others) with government adding \$140,000 totaling \$540,000 for the TA.
Capacity building and tech support	This subproject has strong built in capacity building and technical assistance support in tools of regulatory impact assessment. The techniques taught to workshop participants are being applied to concrete real life issues related to MSME development in Bhutan.
Portfolio management	SAFM which has done a commendable job of administering project implementation on ground despite limitation of fund and staff time. Implementation progress has been highly satisfactory. SAFM staff input is significant and of outstanding quality.
AusAID performance	
Administration and internal coordination	Internal coordination and feedback between AusAID field staff and headquarters and the Secretariat seem to have worked well.
Coordination with ADB and other agencies	AusAID headquarter and field offices/personnel play off-hand with regard to project development, processing, implementation and monitoring and evaluation. Due to staff limitation, participation in subproject events (e.g., workshop or report launching) has been sporadic. AusAID relies on ADB for periodic reporting. ADB has also briefed AusAID officials in Delhi and Sri Lanka. AusAID coordinates well with other development partners in relevant areas of concern addressed by DPPSA.
Administration of the Facility	On AusAID side DPPSA is administered by the Delhi office manned by experienced development practitioner and thinker. In addition AusAID participates in Steering Committee review if feasible. Due to staff shortage, communication difficulty and reporting problems AusAID has not always been fully on top of project progress. Also there has been some misreading of information on disbursement and implementation progress.
Financial mobilization	AusAID provided \$400,000 for the subproject.
Capacity building and tech support	Outside the subproject financing, AusAID has not provided funding for monitoring by ADB or capacity building for monitoring by the recipients.
Portfolio management and AusAID visibility	AusAID has relied exclusively on ADB for portfolio management.
Overall Top Down Assessment	The subproject is designed well fully consistent with the strategic thrust of DPPSA, country strategy and priority, link with projects and ADB Strategy 2020. Implementation progress and disbursement performance are satisfactory. Outcome and impact in terms of improved business environment and investments are like to be substantial. Significant capacity building efforts are under way and positive outcome is already evident in the assessment of regulatory impact of specific laws prepared by members of two task forces trained by the subproject. ADB has performed well in administering the subproject and coordinating with other interested parties. ADB's portfolio management performance is highly satisfactory. This has been achieved when the project is innovative and is implemented in an environment of critical capacity constraints where the authorities are confronted with a wide range of atypical development challenges.

Criteria	Explanation/Comments
Bottom-up Assessment	
Relevance	RIA of (a) the forthcoming Enterprise Regulation Act (ERA) including improving start up procedures; and (b) setting up an institutional framework for a micro, small and medium-sized enterprises policy will be highly relevant.
Effectiveness and Efficiency	<p>Training activities and EA performance satisfactory.</p> <p>Experts are familiar with tools but not so much with specific areas of concern such as economics and business. On the other hand, participants in training have limited exposure to the tools and are also not always familiar with economics and business. These two factors are limiting effectiveness of RIA technology transfer.</p> <p>Effectiveness and efficiency could be enhanced by experts themselves carrying out RIA for a specific topic and presenting it to politicians. Training program should have had included sessions on actual application of RIA to a real world situation.</p>
Sustainability	The methodology for regulatory impact assessment can be applied to all other acts and regulations.
Innovation, outcome and Impact	<p>Outcome and impact</p> <p>This subproject is at mid stage of implementation. Therefore, it is not possible to make a fuller and definitive statement on impact achievement. Nonetheless, it can be said with confidence that projects under implementation are progressing well and making contribution towards achieving Millennium Development Goals (MDG). Selected outcomes for which evidence is available are the following:</p> <ol style="list-style-type: none"> 1. Improved enterprise registration, licensing and clearance for business start up. 2. Increased investment in micro, small, and medium-sized enterprises. 3. Increased income and employment. 4. Enhanced MDG impact. <p>A complete statement on project outcome and impact can only be made after a reasonable period has elapsed since completion though the mid-term review findings can be updated during preparation of project completion report.</p> <p>Innovation</p> <p>A number of innovative features are built into subproject design, namely</p> <ol style="list-style-type: none"> 1. New techniques of learning y doing in legal and regulatory reform. 2. A participatory process of combining advanced methodologies from developed countries with operational challenges in a developing country.
Overall Bottom-up Assessment	The subproject is relevant, effective and efficient, sustainable and innovative and it will contribute positively to the realization of MDG goals of Bhutan.

Development Partnership Program for South Asia (DPPSA): AusAID and ADB
Sub project 6: Strengthening of Conflict Sensitivity and Governance in Sri Lanka (SLRM)
Countries covered: Sri Lanka

Criteria	Explanation/Comments
Top-Down Assessment	
Goals and Output	
Sustained progress made by participating DMCs in South Asia toward attaining the Millennium Development Goals by mitigating conflict risks and the impact of conflict on development and adopting good governance practices at all levels of government	Improved governance and conflict and adverse impact sensitive project design and implementation will Increased production, income and employment, improved quality of life and overall Millennium Development Goals (MDG) impact especially for conflict-affected beneficiaries and others potentially negatively affected by project.
Assist SLRM to more effectively design, implement, and monitor country strategies and projects taking into account conflict related issues and good governance. Assist other development partners to incorporate into their programs conflict sensitivity and good governance. Liaise with Government with regard to ADB operations on conflict sensitivity and good governance	<p>Conflict Sensitivity</p> <p>Conflict assessment, training, formulation of conflict sensitive policy and guidelines and donor harmonization are under way. These will lead to conflict and adverse impact sensitive project design and implementation and improved project service/resource delivery to conflict-affected beneficiaries.</p> <p>Governance</p> <p>Governance assessments has been carried out with special emphasis on financial management, decentralization and devolution, procurement and corruption, capacity development, legal assistance and advice and donor partner coordination will improve project design, service delivery and development impact.</p>
Strategic Assessment	
Overall (The Facility, ADB 20/20, AusAID Vision and Country Strategy and Priority)	Conflict sensitivity and good governance and capacity building are in line with ADB's long term strategy, CPS and expressed priorities of the Government of Sri Lanka (GoSL). The subproject relates to the governance and capacity development focus area of the Development Partnership Program for South Asia (DPPSA), which is also the second driver of change in ADB Strategy 2020. The Government is committed to governance reform and anticorruption campaigns as well as conflict sensitive development interventions.
Institutional Assessment (The processes, sector link, efficiency, effectiveness, capacity building and innovation)	<p>The subproject is linked to GoSL's governance reform and post conflict adjustment process. It is linked to a wide range of ADB-financed projects in Sri Lanka (ongoing and proposed) including Eastern and North Central Provincial Road Project, Greater Colombo Wastewater Management Project, Fiscal Management Reform Program, Emergency Assistance Loan and Jaffna Water Supply Project, Northeast Coastal Community Development Project and Northern Road Connectivity Project.</p> <p>Conflict sensitivity and good governance is being incorporated into ADB projects in Sri Lanka. Governance analysis includes legal structure and system; devolution under 13th amendment; safeguards with regard to fund transfer and project budgets; harmonization of project accountability mechanisms; and inter-phase of project linked institutions. The conflict sensitivity analysis includes ground realities, subproject selection criteria, beneficiaries' perspectives on needs, challenges, and possibilities related to projects, identification of risks and strategies for risk aversion, awareness building within project team and identification of some opportunities for project to have positive impact on conflict-affected beneficiaries.</p>

Criteria	Explanation/Comments
	<p>Government commitment is strong for governance reform and for making projects more sensitive to the needs of conflict-affected beneficiaries and others who may be adversely affected by projects like road construction.</p> <p>Strong capacity building efforts are underway on both governance and conflict sensitivity for wide range of stakeholders including ADB, NGO, Road Development Authority, Bribery Commission, Finance Commission and the Public Service Commission.</p> <p>A monitoring system is to track these aspects during implementation and enable adjustments to projects based on feedback is not in place.</p>
Value Addition (Overall Effects and Impact)	The subproject will enhance government's capacity to improve project design for improved governance and conflict sensitivity thereby improving service delivery that will benefit conflict-affected and other beneficiaries and enhance MDG impact
ADB performance	
Administration and internal coordination	<p>As of 31 October, the amount disbursed was \$122,989 out of Australian contribution of \$506,000, \$20,571 out of Norwegian contribution of \$300,000 and \$159,544 out of Swedish contribution of \$288,000.</p> <p>Total AusAID commitment: \$400,000 or 80% of the approved amount which is highly satisfactory though the subproject closing is extended by one year. It is projected that the entire approved amount will be committed.</p> <p>Total AusAID disbursement - \$123,000 (rounded) or 31% of commitment and 25% of approved which is satisfactory in relation to the consultant payment provisions in the contracts and work progress as well as the need to have Swedish fund disburse fast to meet deadline. It is projected that the entire committed amount will be disbursed as scheduled under the extended closing deadline.</p> <p>The project was prepared, reviewed, revised and approved within the average stipulated time of six weeks but the signing and start up took about six months.</p> <p>Having high level consultants with experience on the ground has helped implementation progress to a great extent.</p> <p>The subproject implementation was delayed and the closing date had to be extended due to time taken for consultant recruitment, late start up of work by consultants and operational difficulties faced work progress as scheduled and the need to complete all payments as per project contracts. Extension of closing date by one year or more is normal for most ADB administered TA.</p> <p>At the subproject level, The Sri Lanka Resident Mission (SLRM) of ADB with assistance from two resident consultants has managed the program under the guidance of the Country Director who has been closely involved with the implementation of the subproject. The quality of consultants' reports to the Steering Committee was sometimes inadequate. The AusAID representative in Sri Lanka made this point. This problem has been addressed as evidenced by the quality of the latest status report presented to the Steering Committee and also provided to the Mid-term Review Mission.</p>
Coordination with AusAID and other agencies	The ADB Conflict Sensitivity (CS) Advisor worked with the World Bank Conflict Advisor to coordinate, harmonize and improve conflict sensitivity tools and enhance organizational capacity. No documentation was available to support what was actually achieved. An informal survey of current CS practices in Sri Lanka (CHA, SafeWorld, EU, JICA and others) is under way although it is not clear what would come out of such a survey.

Criteria	Explanation/Comments
	<p>The Conflict Advisor attended donor, development partner, and NGO meetings and fora on recovery and development in the North.</p> <p>A presentation was made on Conflict Sensitivity in Development to the Development Partner Support Group (DPSG).</p> <p>The governance specialist has been very effective in coordinating efforts with AusAID and other development partners including Norway, Sweden and UNDP. Advice on governance, legal issues, and devolution has been provided to development partners including UNDP, World Bank, GTZ, and JICA. A presentation was made at the DPSG on the 13th amendment and project formulation within the devolution norm. Papers written by the Governance Specialist on the 13th amendment and public service were shared with development partners as and when requested.</p> <p>There is now a stronger collaboration between the development partners on governance and conflict sensitivity issues. There is also a convergence of understanding what needs to be done in the future including the shape and form of deep seated governance reform to address outstanding issues.</p> <p>A seminar on Negotiation Skills and Strategy training for development partners is scheduled.</p> <p>ADB shares approval notifications and documents with AusAID, prepares annual report for AusAID and provides on request inputs to AusAID for its internal reporting purposes.</p> <p>ADB is coordinating with development partners in providing capacity development assistance and governance support. Program development and implementation is coordinated with AusAID and other donors through periodic reporting specially through the Steering Committee.</p> <p>AusAID has expressed certain reservations, which runs across the partnership program: (i) not enough reporting on what has been achieved. Information is captured at output level, not outcome and impact; (ii) implementation progress is slow; (iii) reporting is inadequate, needs to be scaled up; and (iv) Australian visibility is inadequate.. In this instance Australian representative participates regularly in Steering Committee meetings.</p>
Financial mobilization	Resources have been mobilized from Aus AID (\$506,000), Norway (\$300,000) and Sweden (\$288,000).
Capacity building and tech support	<p>Both the Conflict Advisor and the Governance Specialist have contributed to capacity building at various levels. In the case of governance there was direct recognition and appreciation of the contribution made by the Specialist but no similar response was forthcoming for the contribution on Conflict Sensitivity though the Conflict Advisor carried out training of ADB (SLRM) staff on negotiation and conflict management and government staff (e.g. of Road Development Authority) on grievance redress mechanisms and more training has been requested by various government bodies.</p> <p>Capacity audit of the Eastern Provincial Council was carried out.</p> <p>A project proposal for capacity development was formulated by closely liaising with government counterparts including the Secretary to the President and the National Administrative Reforms Council.</p> <p>Capacity building workshops were held or are planned for (i) officials of the Bribery Commission; (ii) lawyers and senior public officials of the Eastern Province; (iii) provincial council staff and Finance Commission (FC).</p> <p>Advice/inputs were provided into review and new Guide on improving Grievance Redress Mechanisms.</p>

Criteria	Explanation/Comments
	<p>Workshop was held on capacity building needs in Grievance Redress Mechanisms.</p> <p>Workshops were held on Negotiation and Consensus-building for Sri Lanka's chambers of commerce to assist in their negotiations with the Government of Sri Lanka (GoSL) and inputs were provided into budget, fiscal and trade policies.</p>
Portfolio management	<p>On the whole, ADB through SLRM has done a good job of managing the project, administratively as well as operationally. While the governance specialist in SLRM was able to work with greater visibility and effectiveness, the same is not true of the Conflict Advisor given the sensitivity of the government to the issues in hand. ADB project staff was more forthcoming in incorporating governance concerns than conflict sensitivity concerns. The Conflict Sensitivity Advisor was not able to do as much filed work as the job demanded due to security concerns thus limiting impact on the field. Because of time limitation aspects of capacity building and knowledge management work of the Conflict Sensitivity Advisor may never be completed.</p> <p>The preparation and dissemination of conflict and good governance related assessments have not materialized to the extent anticipated. Conflict and governance-related monitoring indicators are included in project monitoring plans but not yet reported on.</p> <p>Conflict sensitivity inputs were provided for the proposed Emergency Assistance Loan (EAL) and a conflict assessment was prepared for northern reconstruction under EAL. This was reflected primarily in subproject selection criteria. Arrangements are being put in place to follow up during implementation.</p>
AusAID performance	
Administration and internal coordination	Internal coordination and feedback between AusAID field staff and headquarters and the Secretariat seem to have worked well.
Coordination with ADB and other agencies	AusAID headquarter and field offices/personnel play off-hand with regard to project development, processing, implementation and monitoring and evaluation. Due to staff limitation, participation in subproject events (e.g., workshop or report launching) has been sporadic. AusAID relies on ADB for periodic reporting. ADB has also briefed AusAID officials in Delhi and Sri Lanka. AusAID coordinates well with other development partners in relevant areas of concern addressed by DPPSA.
Administration of the Facility	On AusAID side DPPSA is administered by the Delhi office manned by experienced development practitioner and thinker. In addition AusAID participates in Steering Committee review if feasible. Due to staff shortage, communication difficulty and reporting problems AusAID has not always been fully on top of project progress. Also there has been some misreading of information on disbursement and implementation progress.
Financial mobilization	AusAID provided \$500,000 for the subproject.
Capacity building and tech support	Outside the subproject financing, AusAID has not provided funding for monitoring by ADB or capacity building for monitoring by the recipients.
Portfolio management	AusAID has relied exclusively on ADB for portfolio management.
Overall Top Down Assessment	The subproject is fully consistent with the strategic thrust of DPPSA, country strategy and priority, link with projects and ADB Strategy 2020. Implementation progress and disbursement performance are satisfactory. Outcome and impact in terms of governance and conflict sensitivity are substantial. There has been significant capacity building. More under way. ADB has performed well in administering the subproject and coordinating with other interested parties especially the World Bank and

Criteria	Explanation/Comments
	UNDP. ADB's portfolio management performance is satisfactory though there are some shortcomings. This has been achieved when the project is innovative and is implemented in an environment of critical capacity constraints where the authorities are confronted with a wide range of atypical development challenges.
Bottom-up Assessment	
Relevance	Both conflict sensitivity and governance issues are highly relevant for Sri Lanka.
Effectiveness and Efficiency	<p>On governance, much has been achieved in terms of strengthening capacity of the Bribery Commission, Finance Commission and the Public Service Commission. On conflict sensitivity, training has been provided to ADB staff in Sri Lanka and the staff of Road Development Authority.</p> <p>Strong governance components have been incorporated into ADB operations. ADB projects are now more conflict sensitive than before.</p> <p>Governance and legal advice has been provided on various project related issues including procurement and contract management thereby facilitating project implementation.</p> <p>Capacity building governance workshops contributed to (i) improving the effectiveness of the Bribery Commission and the Finance Commission; (ii) identification of the gap between UNCAC and the Sri Lankan legal framework; (iii) improved understanding in the East of contract law, procurement and ADR to complement infrastructure investments; and (iv) improved understanding of the implications of the 13th amendment to the Constitution and public financial management.</p> <p>The Governance Specialist provided input on project related issues including procurement, portfolio performance review, and implementation of the legal, governance and anti corruption component of the Tsunami Assistance Project (e.g., training of judges). Input was provided on governance, legal assistance and other related service in respect of internally displaced persons (IDPs).</p> <p>The Conflict Advisor provided support to Country Director on SLRM briefings and responses to international and BoD questions regarding projects and progress on humanitarian situation in Sri Lanka.</p>
Sustainability	<p>It is envisaged that by the end of the project two new national officer positions will be allocated to SLRM to take forward ADB's work on governance and conflict sensitivity.</p> <p>ADB Country Partnership Strategy (CPS) for Sri Lanka includes a pilot approach to capacity development that seeks to strengthen ownership and ensure the sustainability and effectiveness of capacity development programs.</p> <p>101 officers are trained in bribery and corruption and these officers have been empowered. Information sheet has been developed and equipment provided to computerize information. An in-house training center has been established in the auditorium of the Bribery Commission reducing dependence on expensive external facilities.</p> <p>On conflict sensitivity, more training will be organized for various government bodies on request. Many requests have already been processed. More are under way.</p>
Innovation, outcome and Impact	The major governance outcome of the RETA is capacity building of the relevant ministries through ADB projects, Bribery Commission (investigative equipment and training), Public Service Commission (equipment, training and e-library), Finance Commission (PEFA workshop training selected staff) and the Ministry of Justice (judges training). This has improved service delivery by these entities significantly.

Criteria	Explanation/Comments
	<p>An innovative, small-scale project in governance was developed with the Public Service Commission, based on a need identified internally, to assimilate and streamline all decisions with regard to public administration. This would facilitate accurate, uniform, and transparent decision making and enhance public access to information.</p> <p>The number of complaints received by the Bribery Commission has increased.</p> <p>Investigative equipment provided to the Bribery Commission has enhanced its capacity to investigate though these are yet to be deployed in the field.</p> <p>While conflict sensitivity and good governance aspects have been incorporated into ADB projects designs, there is no strong evidence that ADB input has found way into project design of other development partners.</p> <p>Outcome and impact</p> <p>This subproject is at an advanced stage of implementation. A complete statement on project outcome and impact can only be made after a reasonable period has elapsed since completion though the mid-term review findings can be updated during preparation of project completion report. It can be said with confidence that projects under implementation are progressing well and making contribution towards achieving Millennium Development Goals (MDG). Selected outcomes for which evidence is available are the following:</p> <ol style="list-style-type: none"> 1. Improved project design for conflict sensitivity and governance. 2. Procurement and implementation authority decentralized to provincial authorities to reduce delays and improve impact 3. Road Maintenance Trust Fund will improve road quality; reduce transport cost, increase trade and income and employment. 4. Use of Mediation Boards to deal with road related disputes will reduce lead time and bring forward economic impact of roads. 5. Enhanced capacity of regionally based lawyers to advise local contractors to perfect bidding documents so as to have more benefits flow to local community increasing income and employment. 6. Enhanced capacity of bribery commission to detect and reduce corruption and thereby improve development impact of projects. 7. Improved capacity of the Finance Commission and provincial budget officials to adopt PEFA (Public Expenditure and Financial Accountability) assessments for their budgets thereby enhancing development impact of budget. 8. Improved transparency, uniformity, and predictability in Public Service Commission decision making. 9. Increased production, income, employment and MDG impact for conflict-affected and other beneficiaries. <p>Innovation</p> <p>A number of innovative features are built into subproject design, namely</p> <ol style="list-style-type: none"> 1. Mainstreaming the work of the Bribery Commission. 2. Streamlining information management by the Public Service Commission. 3. Mainstreaming conflict sensitivity in ADB and other donor-funded project design.
Overall Bottom-up Assessment	<p>The subproject is relevant, effective and efficient, sustainable and innovative and it will contribute positively to the realization of MDG goals of Sri Lanka provide the work done so far on governance and conflict sensitivity is mainstreamed into ADB project operations in a significant way. There is also need to prune activity list of the conflict sensitivity advisor to focus on what would bring maximum return in terms of MDG impact which is to channel project benefits to conflict-affected</p>

Criteria	Explanation/Comments
	beneficiaries. Emphasis here has to be on the populations affected by the civil conflict and not so much on road construction related disputes for which mechanisms are already in place in ADB.

Development Partnership Program for South Asia (DPPSA): AusAID and ADB

Sub project 7: Clustered Cities Economic Development (CCED): Innovative Interventions in South Asia (SAUD)

Countries covered: Bangladesh, India and Sri Lanka

Criteria	Explanation/Comments (specific refer to Sri Lanka)
Top-Down Assessment	
Goals and Output	
Sustained progress made by participating DMCs in South Asia toward attaining the Millennium Development Goals by enhancing inclusive service delivery for Clustered Cities Economic Development (CCED)	Improved service delivery, infrastructure and enabling policy and institutional framework will increase investments in industry clusters thus increasing production, income and employment and creating enhanced development/MDG impact. Concerned authorities in Bangladesh, India and Sri Lanka are willing to take this path.
Identify innovative solutions for CCED management, and increase awareness on solutions and innovative interventions for CCED management	<p>Successful awareness building has taken place through twelve roundtables, four in each country.</p> <p>Roundtables in each country were successful in introducing new and alternative urban development approach which included the assessment framework of CCED; i.e., cities ranking method for assessing their competitiveness, multi-sector analysis for evaluation, and potential sector of industries which would provide more income opportunities with comparative advantages in markets. The result was recommended clustering in India of engineering, auto parts and textile in the National Capital Region), in Bangladesh of leather, food and textile and garments in Dhaka Capital Region and in Sri Lanka of rubber, IT and apparel in the Colombo Metropolitan Region.</p> <p>Potential for innovative intervention has gotten governments and industry leaders interested in pursuing the concept of industry clusters as investment projects.</p>
Strategic Assessment	
Overall (The Facility, ADB 20/20, AusAID Vision and Country Strategy and Priority)	<p>The subproject relates to the innovation focus area of the Development Partnership Program for South Asia (DPPSA) and core specialization of infrastructure (urban development) in ADB Strategy 2020. Governments and industry leaders have expressed interest in pursuing the concept of industry clusters as investment projects.</p> <p>New and alternative urban development approach introduced.</p> <p>Some of the governments do not have a coherent strategy for urban development. The RETA work will contribute to innovative approaches to city development and cluster investment through capacity building and information generation and identification of strategic interventions.</p> <p>The land issue is important given its scarcity. Private land is available but cost is high. Governments are willing to acquire land as appropriate for CCED, help with satellite development and introduce appropriate tax and credit as well as other financial incentives.</p> <p>Location and incentive are important for rubber located in Southern areas of Sri Lanka and dominated by foreign capital which does not produce much value added.</p> <p>Location diversification of the IT campus in Colombo and the University of IT in Malway is required. Jaffna is a potential area for IT development.</p>

Criteria	Explanation/Comments (specific refer to Sri Lanka)
	<p>The strategy for apparel is to cluster these (now scattered) to improve cost competitiveness, improve design and quality in order to retain and improve upon current world market share. Four strategic factors identified for apparel are location, cost, quality/design and incentive. With rural urban divide being thin, CCED can be taken beyond urban limits.</p> <p>The CCED approach together with industrial clustering can be directly linked to Government's perspective of population relocation to urban clusters away from Colombo and the central fragile area towards the North-Central zone, North (Jaffna), East (Batticalo) and South.</p>
Institutional Assessment (The processes, sector link, efficiency, effectiveness, capacity building and innovation)	<p>The subproject is linked to participating governments' evolving urban development process seeking innovative approaches to meet emerging challenges of rapid urbanization. It is also linked to future public-private partnership investment possibilities in participating countries. In Sri Lanka, there is possible links to ADB-financed projects like Northern Community Reform and Development Project in conflict affected areas and the Northern Coastal Development Project for Tsunami Affected areas.</p> <p>Governments and industry leaders have expressed interest in pursuing the concept of industry clusters as investment projects. Governments also fully subscribe to the view that the CCED approach should be pursued through public private partnership (PPP).</p> <p>Capacity building took place through workshops and roundtables and consultation meetings with respective governments and other stakeholders.</p>
Value Addition (Overall Effects and Impact)	<p>Multisector analysis carried out and potential sectors identified with comparative advantage for CCED approach.</p> <p>The focus has been on inducing functional industry clusters on the basis of comparative and location advantage.</p> <p>Competitiveness of cities analyzed on the basis of a number of criteria and cities ranked accordingly for CCED approach.</p> <p>Geographic concentration/clustering of significant industries examined to see how it has been driven by the private sector with support from BOI (law, regulations, incentive, credit, tax holiday/concession).</p>
ADB performance	
Administration and internal coordination	<p>Total commitment: \$500,000 or 100% of the approved amount which is highly satisfactory.</p> <p>Total disbursement: \$474,000 (rounded) or 95% of both commitment and approved which is also highly satisfactory reflecting excellent performance in terms of work progress and disbursement.</p> <p>The project was prepared, reviewed, revised and approved within the average stipulated time of six weeks but the signing and start up took about six months.</p> <p>Reputed consultants were hired. Consultant recruitment was delayed but report submission was timely and report quality was good. Coordination with certain member country was problematic as government response was slow delaying consultant fielding.</p> <p>The subproject implementation was delayed and the closing date had to be extended due to time taken for consultant recruitment, late start up of work by consultants and time taken to complete field work. Local consultants especially in Sri Lanka were highly competent and monitored project progress very closely. They have worked very well with government and civil authorities. Follow up in Sri Lanka is very likely to result in substantial investment proposals for public and private sectors.</p>

Criteria	Explanation/Comments (specific refer to Sri Lanka)
	This subproject implementation is being coordinated by a dedicated and highly competent staff of South Asia Urban Development (SAUD) division at ADB headquarters. According to the mid-term review, SAUD personnel are deeply committed to the Subproject goals and objective and have been providing high quality supervision and direction. Coordination and information sharing between SAOC and SAUD has worked well. Feedback on project progress from SAUD to SAOC was timely and adequate. Similarly, internal coordination within ADB between SAOC, SAFM, Consulting Services (COSO) and the Office of Cofinancing Operations (OCO) on resource mobilization, commitment and disbursement is working smoothly.
Coordination with AusAID and other agencies	ADB shares approval notifications and documents with AusAID, prepares annual report for AusAID and provides on request inputs to AusAID for its internal reporting purposes.
Financial mobilization	AusAID - \$500,000 grant. It appears not to be adequate to do all expected activities and to follow up.
Capacity building and tech support	Public and private officials were made aware of CCED approach through twelve roundtables which prepared them to plan for follow up investments.
Portfolio management	SAUD which has done a commendable job of administering project implementation on ground. Implementation progress has been highly satisfactory. This subproject is only one of two that is completed. ADB staff input is significant and of outstanding quality.
AusAID performance	
Administration and internal coordination	Internal coordination and feedback between AusAID field staff and headquarters and the Secretariat seem to have worked well.
Coordination with ADB and other agencies	AusAID headquarter and field offices/personnel play off-hand with regard to project development, processing, implementation and monitoring and evaluation. Due to staff limitation, participation in subproject events (e.g., workshop or report launching) has been sporadic. AusAID representative only briefly attended one of the roundtables and there was no interaction between AusAID staff and ADB Staff responsible for the subproject. AusAID relies on ADB for periodic reporting. ADB has also briefed AusAID officials in Delhi and Sri Lanka. AusAID coordinates well with other development partners in relevant areas of concern addressed by DPPSA.
Administration of the Facility	On AusAID side DPPSA is administered by the Delhi office manned by experienced development practitioner and thinker. In addition AusAID participates in Steering Committee review if feasible. Due to staff shortage, communication difficulty and reporting problems AusAID has not always been fully on top of project progress. Also there has been some misreading of information on disbursement and implementation progress.
Financial mobilization	AusAID provided \$500,000 for the subproject.
Capacity building and tech support	Outside the subproject financing, AusAID has not provided funding for monitoring by ADB or capacity building for monitoring by the recipients.
Portfolio management	AusAID has relied exclusively on ADB for portfolio management.
Overall Top Down Assessment	The subproject is designed well fully consistent with the strategic thrust of DPPSA, country strategy and priority, link with projects and ADB Strategy 2020. Implementation progress and disbursement performance are highly satisfactory. The approved amount was fully committed and disbursed. It is anticipated that the outcome and impact in terms of increased

Criteria	Explanation/Comments (specific refer to Sri Lanka)
	investment in industry clusters, increased income and MDG goals will be substantial. There has been significant awareness raising and capacity building. ADB has performed very well in administering the subproject and coordinating with other interested parties. ADB's portfolio management performance is highly satisfactory. This has been achieved when the project is innovative and is implemented in an environment of critical capacity constraints where the authorities are confronted with a wide range of atypical development challenges.
Bottom-up Assessment	
Relevance	In the context of ADB focus on urban infrastructure development, the subproject is highly relevant, more so as it focused on three challenging urban environment in South Asia.
Effectiveness and Efficiency	Industry competitiveness analysis through meetings and workshops with focused groups has identified lead sectors for cluster development In Sri Lanka, Euro standard training in rubber was introduced. Identified action projects are apparel hub, IT park and rubber city. The Government suggested that Gem and Jewelry be included in this list. Specific actions required have also been identified, namely, infrastructure, training, testing facility, power, water and sewerage, and fiber optic cables.
Sustainability	The initiative will be carried forward and sustained through prefeasibility studies, networking, capacity building through training workshops and development of mechanism for implementation by private sector with link to government. Prefeasibility recommendations of industry specialists/consultants will be reviewed by private sector Working Committee for endorsement to a public/private Steering Committee for selection and resource mobilization from ADB, private sector and other donors to finance infrastructure (Government 80%, private 20%), training (mostly private with government/donor support) and investment (mostly private with possible donor participation).
Innovation, outcome and Impact	Outcome and impact This subproject is complete. It was only the first phase of the work. Therefore, it is not possible to make a fuller and definitive statement on impact achievement. Nonetheless, it can be said with confidence that the project making contribution towards achieving Millennium Development Goals (MDG). A complete statement on project outcome and impact can only be made after more professional feasibility studies and public-private sector consultations on mobilization of investment resources to carry the concept forward. Selected outcomes at the end of the second phase are anticipated to be the following: 1. Increased investments in industry clusters 2. Increased production, income and employment 3. Enhanced development/MDG impact Innovation The innovative feature built into the subproject design is the following: 1. New approaches to cluster city development and identification of industry clusters.
Overall Bottom-up Assessment	The subproject is relevant, effective and efficient, sustainable and innovative and it will contribute positively to the realization of MDG goals of South Asia.

Development Partnership Program for South Asia (DPPSA): AusAID and ADB
Sub project 8: Gender-Responsive Decentralized Governance in Asia (RSGS)
Countries covered: Nepal

Criteria	Explanation/Comments
Top-Down Assessment	
Goals and Output	
Sustained progress made by participating DMCs in South Asia toward attaining the Millennium Development Goals by promoting more transparent, gender-equitable and socially-inclusive governance at decentralized level in the participating countries	Review and reform of gender related policies and legal framework, introduction of gender-responsive budgeting and capacity building of women to participate in local government will promote economic advancement of women, improve service delivery, improve family and children welfare and enhance development/MDG impact.
<p>Actions to address inconsistencies and gaps in policies, legal and intergovernmental fiscal frameworks submitted to relevant authorities</p> <p>Gender-responsive budgeting initiatives in decentralized governance piloted</p> <p>Capacity of selected women representatives and groups to effectively participate in local government enhanced</p>	Preparatory work by consultants under way. No progress yet on achievement of outputs though the project was approved in October 2008. Consultant recruitment and fielding has been seriously delayed.
Strategic Assessment	
Overall (The Facility, ADB 20/20, AusAID Vision and Country Strategy and Priority)	The subproject relates to the governance and capacity development focus area of the Development Partnership Program for South Asia (DPPSA), which is the second driver of change in ADB Strategy 2020. The subproject also relates to third driver of change in ADB strategy 2020 which is gender equity. The government is committed to gender equity and gender-responsive budgeting.
Institutional Assessment (The processes, sector link, efficiency, effectiveness, capacity building and innovation)	<p>The subproject is linked to selected Asian government's' gender policy development geared to equity and inclusiveness. The subproject is linked to Government of Nepal's willingness to introduce gender budgeting and ADB support for improved governance at national and subnational levels in Nepal.</p> <p>Government commitment is strong as the project will have made significant contribution to the ongoing decentralization process in Nepal making it gender-responsive and gender inclusive.</p> <p>The subproject will build capacity of women representatives in local government.</p>
Value Addition (Overall Effects and Impact)	Value addition is built into the outcome of the subproject which is that DMC officials and ADB staff access lessons and good practices to improve the gender responsiveness of policy, planning, budgeting, and project design thereby improving service delivery, increasing family income and welfare and enhancing MDG goals.
ADB performance	
Administration and internal coordination	Total commitment: \$500,000 or 100% of the approved amount which is highly satisfactory as the full amount approved has been committed.

Criteria	Explanation/Comments
	<p>Total disbursement: \$29,000 (rounded) or 6% of commitment and approved reflects slow progress of work. The contract is output based which means subsequent disbursements will take place at draft and final report completion. It is projected that the entire committed amount will be disbursed in due course.</p> <p>The project was prepared, reviewed, revised and approved within the average stipulated time of six weeks but the signing and start up took about six months.</p> <p>However, there has been delay in consultant recruitment and work start up. This is now being worked out paving the way for accelerated work progress.</p> <p>This project has been managed by the RSGS with ADB playing a supporting role. RSGS has been proactively managing this RETA and made significant efforts to speed-up implementation through hands-on communication with ANUE as the consulting firm. Delays in implementation have been largely due to a degree of unreliability of the team leader and lack of familiarity on the part of ANUE with ADB processes and requirements,. This has, unfortunately, resulted in significant delays in the receipt of deliverables. The subproject completion date has already been extended for six months. Problem seems to be quality of the consulting firm and the team leader. These problems are being addressed to put subproject implementation back on track.</p> <p>The team leader has not yet been changed. A decision has been made to do so, however. ADB has only just received official communication from ANUE in this regard and a replacement team leader has not yet been agreed upon. This is because of the specialized skill set required for this RETA and the limited availability of gender specialists on the consulting market. Only one further extension is anticipated in the early 2010 to take into account this change.</p> <p>The program originating division is now closely monitoring program progress very closely Internal coordination within ADB between SAOC, RSGS, Consulting Services (COSO) and the Office of Cofinancing Operations (OCO) on resource mobilization, commitment and disbursement is working smoothly. According to the mid-term review, RSGS personnel are committed to the subproject goals and objectives. but seem to be having some problem managing the consultants. Project implementation is expected to pick up significantly.</p>
Coordination with AusAID and other agencies	ADB shares approval notifications and documents with AusAID, prepares annual report for AusAID and provides on request inputs to AusAID for its internal reporting purposes.
Financial mobilization	Total TA amount is \$1 million with AusAID contribution of \$500,000.
Capacity building and tech support	In addition to training some 150 women, the project aims to foster capacity development for gender-responsive governance, including through gender budgeting pilots. The imminent final version of the work plan will also include a more detailed monitoring and evaluation framework.

Criteria	Explanation/Comments
Portfolio management	Portfolio management is challenging because Nepal is part of a three country study that includes Cambodia and Indonesia – with different management arrangements.
AusAID performance	
Administration and internal coordination	Internal coordination and feedback between AusAID field staff and headquarters and the Secretariat seem to have worked well.
Coordination with ADB and other agencies	AusAID headquarter and field offices/personnel play off-hand with regard to project development, processing, implementation and monitoring and evaluation. . AusAID relies on ADB for periodic reporting. ADB has also briefed AusAID officials in Delhi and Sri Lanka. AusAID coordinates well with other development partners in relevant areas of concern addressed by DPPSA.
Administration of the Facility	On AusAID side DPPSA is administered by the Delhi office manned by experienced development practitioner and thinker. In addition AusAID participates in Steering Committee review if feasible. Due to staff shortage, communication difficulty and reporting problems AusAID has not always been fully on top of project progress. Also there has been some misreading of information on disbursement and implementation progress.
Financial mobilization	AusAID provided \$500,000 for the subproject.
Capacity building and tech support	Outside the subproject financing, AusAID has not provided funding for monitoring by ADB or capacity building for monitoring by the recipients.
Portfolio management	AusAID has relied exclusively on ADB for portfolio management.
Overall Top Down Assessment	The subproject is designed well and is fully consistent with the strategic thrust of DPPSA, country strategy and priority, link with projects and ADB Strategy 2020. However, implementation progress and disbursement performance are not satisfactory. It is anticipated that the outcome and impact in terms of gender-responsive and inclusive decentralized governance, improved service delivery and economic empowerment of women will be substantial. There is scope for significant awareness raising and capacity building. Steps are being taken to improve performance of the consultants. Two versions drafts of work plans were received in late 2009 and ADB provided substantive comments. However the work plan is currently being revisited to take into account the imminent change in team leader and therefore has yet to be finalized. The Team Leader will be changed to expedite preparation of the finalized work plan and the inception report and implementation of project related activities. One must note however though that the project is innovative and is implemented in an environment of critical capacity constraints where the authorities are confronted with a wide range of atypical development challenges.
Bottom-up Assessment	
Relevance	The subproject is highly relevant from ADB and all donor partner given its focus on gender-responsive and gender inclusive governance reflected in greater women representation and participation in decentralized local governance.
Effectiveness and Efficiency	Policy reform and gender-budgeting pilot projects at decentralized level will lay the foundation for effective and efficient participation of women in local governance.

Criteria	Explanation/Comments
Sustainability	With government commitment project output, outcome and impact should be sustainable. The center piece of strategy is women's capacity building.
Innovation, outcome and Impact	<p>Outcome and impact</p> <p>The subproject is at preliminary stage of implementation facing problems with work progress due to late start up by consultants. Therefore, it is not possible to make a fuller and definitive statement on impact achievement. Nonetheless, it can be said with confidence that if implemented as planned the project will make significant contribution towards achieving Millennium Development Goals (MDG). Selected anticipate outcomes are the following:</p> <ol style="list-style-type: none"> 1. More transparent, gender-equitable and socially-inclusive governance at decentralized level. 2. Economic advancement of women 3. Improved service delivery 4. Improved family and children welfare 5. Enhanced development/MDG impact <p>A complete statement on project outcome and impact can only be made after a reasonable period has elapsed since completion though the mid-term review findings can be updated during preparation of project completion report.</p> <p>Innovation</p> <p>A number of innovative features are built into subproject design, namely</p> <ol style="list-style-type: none"> 1. Gender-responsive budgeting 2. Empowerment of women through more effective participation in local decentralized governance
Overall Bottom-up Assessment	The subproject is relevant, effective and efficient, sustainable and innovative and it will contribute positively to the realization of MDG goals of Nepal provided it is implemented as planned.

Development Partnership Program for South Asia (DPPSA): AusAID and ADB

Sub project 9: Best Practices for Municipal Solid Waste Management in South Asia: A New Knowledge Product (SAUD)

Countries covered: Bangladesh, India, Nepal and Sri Lanka

Criteria	Explanation/Comments
Top-Down Assessment	
Goals and Output	
Sustained progress made by participating DMCs in South Asia toward attaining the Millennium Development Goals through improved municipal solid waste management projects in Bangladesh, India, Nepal and Sri Lanka with organic waste components	Improved environment management in large urban centers of South Asia will contribute to MDG goals.
New knowledge product highlighting organic waste management drawing on success stories Five participatory workshops (4 national and 1 regional)	Of the three ways of disposing of solid waste, landfilling, incineration and composting the latter holds promise. Sharing of knowledge among city officials, academics and non-governmental bodies will bring to light appropriate method of organic waste management suitable for different cities.
Strategic Assessment	
Overall (The Facility, ADB 20/20, AusAID Vision and Country Strategy and Priority)	Solid waste management respond to environmental concerns of the Development Partnership Program for South Asia (DPPSA), ADB Strategy 2020 as well as Country Partnership Strategy (CPS)
Institutional Assessment (The processes, sector link, efficiency, effectiveness, capacity building and innovation)	The subproject is linked to the process of South Asian urban municipalities' search for eco-friendly waste disposal. The subproject is linked directly to ADB project operations by South Asia Urban Development Division (SAUD). Faced with a vast challenge, respective governments as well as municipal authorities are deeply committed to improved municipal waste management method. South Asian cities will be better equipped to deal with municipal solid waste management.
Value Addition (Overall Effects and Impact)	The subproject will bring out the best practices in innovative legal, institutional, technological and management methods of solid waste management in South Asia and relevant developed countries especially with regard to composting.
ADB performance	
Administration and internal coordination	Total commitment: No fund is yet committed. Total disbursement: No fund is yet disbursed. The project was prepared, reviewed, revised and approved within the average stipulated time of six weeks but the signing and start up took about six months. However, there has been delay in consultant recruitment and work start up due to minor revision in scope. The revised document is now approved and consultant recruitment is almost complete paving the way for accelerated work progress. Consultant hiring was delayed but this has now been adequately addressed. This subproject implementation is being coordinated by a dedicated and highly competent staff of South Asia Urban Development

Criteria	Explanation/Comments
	(SAUD) division at ADB headquarters. Coordination and information sharing between SAOC and SAUD seem to be working well. Feedback on project progress from SAUD to SAOC is adequate. Internal coordination within ADB between SAOC, SAUD, Consulting Services (COSO) and the Office of Cofinancing Operations (OCO) on resource mobilization, commitment and disbursement is working smoothly. According to the mid-term review, SAFM personnel are deeply committed to the subproject goals and objective and are providing high quality supervision and direction.
Coordination with AusAID and other agencies	ADB shares approval notifications and documents with AusAID, prepares annual report for AusAID and provides on request inputs to AusAID for its internal reporting purposes.
Financial mobilization	AusAID - \$300,000
Capacity building and tech support	Municipal officials will be empowered with knowledge and operational directions.
Portfolio management	Project staff of SAUD is highly competent and dedicated. However SAUD management of the subproject needs to be improved in terms of acceleration of the work plan.
AusAID performance	
Administration and internal coordination	Internal coordination and feedback between AusAID field staff and headquarters and the Secretariat seem to have worked well.
Coordination with ADB and other agencies	AusAID headquarter and field offices/personnel play off-hand with regard to project development, processing, implementation and monitoring and evaluation. Due to staff limitation, participation in subproject events (e.g., workshop or report launching) has been sporadic. AusAID relies on ADB for periodic reporting. ADB has also briefed AusAID officials in Delhi and Sri Lanka. AusAID coordinates well with other development partners in relevant areas of concern addressed by DPPSA.
Administration of the Facility	On AusAID side DPPSA is administered by the Delhi office manned by experienced development practitioner and thinker. In addition AusAID participates in Steering Committee review if feasible. Due to staff shortage, communication difficulty and reporting problems AusAID has not always been fully on top of project progress. Also there has been some misreading of information on disbursement and implementation progress.
Financial mobilization	AusAID provided \$300,000 for the subproject.
Capacity building and tech support	Outside the subproject financing, AusAID has not provided funding for monitoring by ADB or capacity building for monitoring by the recipients.
Portfolio management	AusAID has relied exclusively on ADB for portfolio management.
Overall Top Down Assessment	Strategic relevance is unquestionable but project administration is poor. The subproject is designed well fully consistent with the strategic thrust of DPPSA, country strategy and priority, link with projects and ADB Strategy 2020. However, no progress has been made with implementation and disbursement due to minor change in scope of the project which delayed project start up. It is anticipated that the outcome and impact in terms of improved solid waste management will be substantial. There is scope for significant awareness raising and capacity building.. Steps are being taken to expedite recruitment of consultants. One must note however though that the project is innovative and is implemented in an environment of critical capacity constraints where the authorities are confronted with a wide range of atypical development challenges.

Criteria	Explanation/Comments
Bottom-up Assessment	
Relevance	The subproject is highly relevant given its focus on municipal solid waste management that will have significant impact the environment.
Effectiveness and Efficiency	Effectiveness and efficiency is built into the search for best practices in municipal solid waste management.
Sustainability	Sustainability is built into the knowledge access and empowerment of municipal officials to address solid waste management problem.
Innovation, outcome and Impact	<p>Outcome and impact</p> <p>The subproject is at preliminary stage of implementation facing problems with work progress due to change in scope and delay in work start up. Therefore, it is not possible to make a fuller and definitive statement on impact achievement. Nonetheless, it can be said with confidence that if implemented as planned the project will make significant contribution towards achieving Millennium Development Goals (MDG). Selected anticipate outcomes are the following:</p> <ol style="list-style-type: none"> 1. Increased investments in organic waste management projects 2. Improved environment and health 3. Increased income and employment 4. Enhanced development/MDG impact <p>A complete statement on project outcome and impact can only be made after a reasonable period has elapsed since completion though the mid-term review findings can be updated during preparation of project completion report.</p> <p>Innovation</p> <p>A number of innovative features are built into subproject design, namely</p> <ol style="list-style-type: none"> 1. Innovative best practices in composting of municipal solid waste will be sought out.
Overall Bottom-up Assessment	The subproject is relevant, effective and efficient, sustainable and innovative and it will contribute positively to the realization of MDG goals of South Asia provided it is implemented as planned.

Development Partnership Program for South Asia (DPPSA): AusAID and ADB
Sub project 10: Regional Economics of Climate Change in South Asia Part 1 — Cleaner Technologies and Options (SAOC)
Countries covered: Bangladesh, Bhutan, Maldives, Nepal and Sri Lanka

Criteria	Explanation/Comments
Top-Down Assessment	
Goals and Output	
Sustained progress made by participating DMCs in South Asia toward attaining the Millennium Development Goals by developing cleaner technologies and contributing to the global reduction of GHG emissions in the long run	The development of cleaner technology options that will help reduce emission of greenhouse gas (GHG) will increase investment in technologies, improve health and productivity and income thus contributing to MDGs.
Assessment of cleaner technology and options Marginal abatement cost curve analysis	<p>Economic analysis will help identify technology gaps, optimal technologies and constraints to adoption of technology.</p> <p>Country specific MAC curve analysis will help identify policy options for adopting cleaner technology options.</p> <p>First regional consultation and five national experts' workshops were held in five participating countries to initiate the study bringing out suggestions on study focus, project deliverables, data, and training on MAC curve and energy modeling. Draft country reports have been completed for Bangladesh, Bhutan and Nepal. Sri Lanka country report is being finalized and the Maldives report is under preparation. These reports have compiled very information on agriculture and energy sectors, greenhouse gas emissions inventory, impacts and vulnerability to climate change and mitigation options. At this point individual country reports are of varied quality which will be standardized by the time reports are finalized. The information gathered in country reports is being used as input for the long term national energy system modeling which is under way to determine least cost energy technologies and options and associated GHG emissions during 2005-2030. The eventual choice of cleaner technologies will come from marginal abatement cost analysis yet to be carried out.</p>
Strategic Assessment	
Overall (The Facility, ADB 20/20, AusAID Vision and Country Strategy and Priority)	The subproject is consistent with ADB, AusAID and country focus on environment and CDM.
Institutional Assessment (The processes, sector link, efficiency, effectiveness, capacity building and innovation)	<p>The subproject is linked to South Asian governments' policy review process for mitigation for the impact of climate change. The subproject is linked directly to ADB South Asia project and technical assistance operations in climate change.</p> <p>All governments are strongly committed to identifying and encouraging adoption of cleaner technology and options.</p> <p>Cleaner technology and policy options identified will be incorporated in investment projects financed by ADB and other donors. Training will build capacity for keeping up with evolving frontier of cleaner technology options.</p>
Value Addition (Overall Effects and Impact)	Each country will be able to draw on mutual experiences and also from developed countries on cleaner technologies as appropriate.
ADB performance	
Administration and internal	Total commitment: \$339,048 or 68% of the approved amount which is

Criteria	Explanation/Comments
coordination	<p>satisfactory. It is not clear if the full amount approved will be committed unless project completion is extended.</p> <p>Total disbursement: \$113,000 (rounded) or 33% of commitment and 23% of approved which is satisfactory in relation to the project cycle, consultant payment provisions in the contracts and work progress. It is not clear if the full amount approved will be committed and disbursed unless project completion is extended.</p> <p>Project administration has so far been weak despite involvement of a SAOC staff and dedicated consultant at headquarters. Staff turnover has been a problem and it seems quality of consultants and output is also a problem. From the output so far received it is not clear how the more involved task of energy modeling and MAC curve analysis will be carried out. Current project completion time is about to expire (February 2010). Project administration office advises the subproject might be extended to March 2010 but that is not enough to commit and disburse the full amount or to complete the work as envisaged.</p> <p>The project was prepared, reviewed, revised and approved within the average stipulated time of six weeks but the signing and start up took about six months.</p> <p>This subproject implementation is being coordinated by a dedicated consultant in SAOC at headquarters under the guidance of a senior staff who is liaising with consultants in the field. Communication with and feedback from consultants in the field is weak. However, information flow between project staff and the Secretariat is smooth. Internal coordination within ADB between SAOC, SAFM, Consulting Services (COSO) and the Office of Cofinancing Operations (OCO) on resource mobilization, commitment and disbursement is working smoothly. According to the mid-term review, while SAOC personnel are deeply committed to the subproject goals and objective, supervision during the initial phase was indifferent partly due to staff turnover. Appointment of a dedicated consultant seems to have improved the situation though field consultants seem to be lagging behind in work progress and reporting which is delayed.</p>
Coordination with AusAID and other agencies	ADB shares approval notifications and documents with AusAID, prepares annual report for AusAID and provides on request inputs to AusAID for its internal reporting purposes.
Financial mobilization	AusAID \$500,000 and DFID \$700,000 for a total of \$1.2 million.
Capacity building and tech support	Training for energy modeling and MAC curve analysis.
Portfolio management	While SAOC staff and consultants associated with this subproject are highly competent, project management needs some improvement to accelerate work progress and improve reporting.
AusAID performance	
Administration and internal coordination	Internal coordination and feedback between AusAID field staff and headquarters and the Secretariat seem to have worked well.
Coordination with ADB and other agencies	AusAID headquarter and field offices/personnel play off-hand with regard to project development, processing, implementation and monitoring and evaluation. Due to staff limitation, participation in subproject events (e.g., workshop or report launching) has been sporadic. AusAID relies on ADB for periodic reporting. ADB has also briefed AusAID officials in Delhi and Sri Lanka. AusAID coordinates well with other development partners in relevant areas of concern addressed by DPPSA.
Administration of the Facility	On AusAID side DPPSA is administered by the Delhi office manned by

Criteria	Explanation/Comments
	experienced development practitioner and thinker. In addition AusAID participates in Steering Committee review if feasible. Due to staff shortage, communication difficulty and reporting problems AusAID has not always been fully on top of project progress. Also there has been some misreading of information on disbursement and implementation progress.
Financial mobilization	AusAID provided \$500,000 for the subproject.
Capacity building and tech support	Outside the subproject financing, AusAID has not provided funding for monitoring by ADB or capacity building for monitoring by the recipients.
Portfolio management	AusAID has relied exclusively on ADB for portfolio management.
Overall Top Down Assessment	The subproject is designed well fully consistent with the strategic thrust of DPPSA, country strategy and priority, link with projects and ADB Strategy 2020. However, reporting is weak. It is anticipated that the outcome and impact in terms of cleaner technology adoption and environmental improvement will be substantial though lack of data may put a limit on what can be achieved with energy modeling and MAC curve analysis. There is scope for significant awareness raising and capacity building. ADB has improved project administration as steps were taken to overcome initial shortcomings. One must note however though that the project is innovative and is implemented in an environment of critical capacity constraints where the authorities are confronted with a wide range of atypical development challenges.
Bottom-up Assessment	
Relevance	The project is highly relevant with respect to addressing the issue of emission of GHG.
Effectiveness and Efficiency	Effectiveness and efficiency will be contingent upon identification of optimal combination of cleaner technologies which in turn will depend on the quality of energy modeling and MAC curve analysis.
Sustainability	Sustainability will depend on the success of training, technology transfer and the extent to which cleaner technologies are marketable.
Innovation, outcome and Impact	<p>Outcome and impact</p> <p>The subproject is at mid stage of implementation facing problems with work progress due to delay in completion of country reports and modeling work. Therefore, it is not possible to make a fuller and definitive statement on impact achievement. Nonetheless, it can be said with confidence that if implemented as planned the project will make significant contribution towards achieving Millennium Development Goals (MDG). Selected anticipate outcomes are the following:</p> <ol style="list-style-type: none"> 1. Increased investments in cleaner technology projects 2. Improved environment and health 3. Increased income and employment 4. Enhanced development/MDG impact <p>Innovation</p> <p>A number of innovative features are built into subproject design, namely Participatory method of identifying technology and policy gaps and sharing of knowledge of best practices</p>
Overall Bottom-up Assessment	The subproject is relevant, effective and efficient, sustainable and innovative and it will contribute positively to the realization of MDG goals of South Asia provided it is implemented as planned.

Development Partnership Program for South Asia (DPPSA): AusAID and ADB
Sub project 11: Innovative Strategies in Technical and Higher Education for Accelerated Human Resource Development in South Asia (SANS)
Countries covered: Bangladesh, Bhutan, India, Maldives, Nepal and Sri Lanka

Criteria	Explanation/Comments
Top-Down Assessment	
Goals and Output	
Sustained progress made by participating DMCs in South Asia toward attaining the Millennium Development Goals by providing support for the development of more effective and relevant education systems in DMCs in the region	Innovative approaches in policies, strategies and long-term strategic plans in the education sector which will make education systems more effective and relevant and improve the quality of education. This will be translated into increased investments in technical and higher education, increased supply of highly skilled manpower, increased production, income and employment and enhanced development/MDG impact.
Targeted assessments of education sectors in selected South Asian countries conducted Innovative policy options for improving inclusive access, quality and for financing the education sector to accelerate human resource development in the region identified Innovative strategies prepared and knowledge products disseminated	Work to be commenced soon as consultant recruitment is about to be completed.
Strategic Assessment	
Overall (The Facility, ADB 20/20, AusAID Vision and Country Strategy and Priority)	The subproject is linked to AusAID focus on innovation, ADB Strategy 2020 core specialization in education and country partnership strategies of participating countries.
Institutional Assessment (The processes, sector link, efficiency, effectiveness, capacity building and innovation)	The subproject is linked to South Asian governments' educational policy review process to make the systems more market responsive producing skills in demand. The subproject builds on experiences of technical and vocational education and training (TVET) projects under implementation in Bangladesh and Nepal and Education for Knowledge Society project in Sri Lanka. The focus is on identifying innovative approaches to building and/or restructuring the educational system to achieve improved quality and access which in turn will enhance absorption of graduates in the labor market. Participating countries are very strongly committed to improving the quality and effectiveness of technical and higher education through innovative techniques including ICT.
Value Addition (Overall Effects and Impact)	Value addition is in innovative approaches in policies, strategies and long-term strategic plans in the education sector which will make education systems more effective and relevant and improve the quality of education.
ADB performance	
Administration and internal coordination	Total commitment: \$125,000 or 25% of the approved amount which is satisfactory given that there was considerable time lapse between TA approval and signing of TA agreement. With the TA management in place at the implementing division SANS, it is projected that the full amount approved will be committed. Total disbursement: \$3,000 (rounded) or 2% of commitment and 1% is

Criteria	Explanation/Comments
	<p>low but with work progress disbursement will pick up. It is projected that the entire committed amount will be disbursed as scheduled.</p> <p>The project was prepared, reviewed, revised and approved within the average stipulated time of six weeks but the signing and start up took about six months.</p> <p>This subproject implementation is being coordinated by a dedicated consultant in SANS at headquarters under the guidance of a senior staff who is liaising with consultants in the field. According to the mid-term review, SANS personnel are deeply committed to the subproject goals and objective though implementation progress during the initial phase was slow partly due to staff turnover. Appointment of a dedicated consultant seems to have improved the situation considerably. Communication with and feedback from consultants in the field is strong.</p>
Coordination with AusAID and other agencies	ADB shares approval notifications and documents with AusAID, prepares annual report for AusAID and provides on request inputs to AusAID for its internal reporting purposes.
Financial mobilization	AusAID \$500,000.
Capacity building and tech support	National and regional policy workshops will help create capacity in identifying policy options for educational reforms to make the system more responsive to changing times.
Portfolio management	Initially portfolio management was indifferent due to staff turnover. It has now improved with the appointment of a dedicated consultant at SANS and greater involvement of a highly competent senior staff.
AusAID performance	
Administration and internal coordination	Internal coordination and feedback between AusAID field staff and headquarters and the Secretariat seem to have worked well.
Coordination with ADB and other agencies	AusAID headquarter and field offices/personnel play off-hand with regard to project development, processing, implementation and monitoring and evaluation. Due to staff limitation, participation in subproject events (e.g., workshop or report launching) has been sporadic. AusAID relies on ADB for periodic reporting. ADB has also briefed AusAID officials in Delhi and Sri Lanka. AusAID coordinates well with other development partners in relevant areas of concern addressed by DPPSA.
Administration of the Facility	On AusAID side DPPSA is administered by the Delhi office manned by experienced development practitioner and thinker. In addition AusAID participates in Steering Committee review if feasible. Due to staff shortage, communication difficulty and reporting problems AusAID has not always been fully on top of project progress. Also there has been some misreading of information on disbursement and implementation progress.
Financial mobilization	AusAID provided \$500,000 for the subproject.
Capacity building and tech support	Outside the subproject financing, AusAID has not provided funding for monitoring by ADB or capacity building for monitoring by the recipients.
Portfolio management	AusAID has relied exclusively on ADB for portfolio management.
Overall Top Down Assessment	Strategic relevance is unquestionable but project administration is weak. The subproject is designed well fully consistent with the strategic thrust of DPPSA, country strategy and priority, link with past successful projects and ADB Strategy 2020. However, project implementation is delayed and reporting to SAOC is weak. It is anticipated that the outcome and impact in terms of skill development through increased investment in innovative approaches to technical and higher education in response to market

Criteria	Explanation/Comments
	demand will be substantial. There is scope for significant awareness raising and capacity building. ADB has improved project administration as steps were taken to overcome initial shortcomings. A dedicated consultant has been recruited to facilitate implementation. One must note however though that the project is innovative and is implemented in an environment of critical capacity constraints where the authorities are confronted with a wide range of atypical development challenges.
Bottom-up Assessment	
Relevance	In the context of changing demand in the labor market and the need to upgrade skill level of new entrants into the labor force, the focus of this subproject on TVET and higher education is highly relevant.
Effectiveness and Efficiency	Efficiency and effectiveness of the subproject comes from targeting specific groups of people, building on previous successes and drawing on best technical and higher education practices in the region and elsewhere.
Sustainability	Sustainability will be provided by deep commitment of policy makers in each participating countries, increased investment in technical and higher education, in the sustained growth of demand for skilled labor and link to existing projects in Bangladesh, Nepal and Sri Lanka.
Innovation, outcome and Impact	<p>Outcome and impact</p> <p>The subproject is at preliminary stage of implementation due to delay in work start up. Therefore, it is not possible to make a fuller and definitive statement on impact achievement. Nonetheless, it can be said with confidence that if implemented as planned the project will make significant contribution towards achieving Millennium Development Goals (MDG). Selected anticipate outcomes are the following:</p> <ol style="list-style-type: none"> 1. Increased investments in technical and higher education 2. Increased supply of highly skilled manpower 3. Increased production, income and employment 4. Enhanced development/MDG impact <p>Innovation</p> <p>A number of innovative features are built into subproject design, namely</p> <ol style="list-style-type: none"> 1. Participatory approach to policy formulation 2. A balanced approach to the development of technical and higher education vis a vis basic education
Overall Bottom-up Assessment	The subproject is relevant, effective and efficient, sustainable and innovative and it will contribute positively to the realization of MDG goals of South Asia provided it is implemented as planned.

Development Partnership Program for South Asia (DPPSA): AusAID and ADB
Sub project 12: Promoting Women's Entrepreneurship in Bangladesh (SAFM)
Countries covered: Bangladesh

Criteria	Explanation/Comments
Top-Down Assessment	
Goals and Output	
Sustained progress made by participating DMCs in South Asia toward attaining the Millennium Development Goals through the development of women's micro- and small/medium-sized entrepreneurship by enhancing capacity of women entrepreneurs and associations to fully access the financial resources and services	No progress to report. TA grant will be signed shortly.
the subproject will: Help assess constraints and opportunities to women's entrepreneurship effective access to the financial resources made available under the Loan Support financial and legal literacy of women's entrepreneurs and associations Enhance women entrepreneurs' managerial capacity, technical skills, productivity, and competitiveness Promote networking among women entrepreneurs' associations, forward and backward linkage industries Develop the capacity of participating financial institutions (PFIs) to address the needs of women's entrepreneurs	No progress to report. TA grant will be signed shortly.
Strategic Assessment	
Overall (The Facility, ADB 20/20, AusAID Vision and Country Strategy and Priority)	The subproject respond to gender and governance I concerns of the Development Partnership Program for South Asia (DPPSA), ADB Strategy 2020 as well as Country Partnership Strategy (CPS)
Institutional Assessment (The processes, sector link, efficiency, effectiveness, capacity building and innovation)	<p>The subproject is linked to the ongoing process of government's policy reform and strategy revision to achieve improved gender balance. The subproject will be directly linked to improving access of entrepreneurs to financial resources earmarked for women under the SME development project in Bangladesh.</p> <p>The government of Bangladesh is very strongly committed to women's development. The Bangladesh Women's Chamber of Commerce (BWCC) whose capacity will be enhanced is deeply committed to the goals and objectives of the subproject.</p> <p>There will be substantial capacity building of the women entrepreneurs and the project</p>
Value Addition (Overall Effects)	The subproject will create a level playing field for women entrepreneurs

Criteria	Explanation/Comments
and Impact)	by identifying constraints and opportunities to women's entrepreneurship, implementing advocacy initiatives for enforcement of gender-responsive regulations and policy reform, strengthening technical capacity of selected women's entrepreneurs and associations, and disseminating findings and identification of follow-up initiatives. These in turn will help increase income and welfare of women by developing micro- and small/medium-sized entrepreneurship.
ADB performance	
Administration and internal coordination	<p>Total commitment: No fund is yet committed.</p> <p>Total disbursement: No fund is yet disbursed.</p> <p>The project was prepared, reviewed, revised and approved within the average stipulated time of six weeks but the signing and start up took about six months. However, there has been some delay in receiving Government concurrences from the Ministry of Commerce (which have now been received) and the Ministry of Women and Children Affairs (pending) for consolidation by the Economic Relations' Division at the Ministry of Finance. ADB staff at the Bangladesh Resident Mission (BRM) have been following up these matters on a weekly basis with the Ministry of Finance.</p> <p>ADB performance is lagging but this has now been addressed. TA agreement will be signed shortly and work will start with hiring of consultants.</p> <p>This subproject implementation is being coordinated by a dedicated and highly competent staff of South Asia Department (SAOD). Nonetheless, progress is slow but coordination and information sharing between SAOC and SAOD is working well. Internal coordination within ADB between SAOC, SAFM, Consulting Services (COSO) and the Office of Cofinancing Operations (OCO) on resource mobilization, commitment and disbursement is working smoothly. According to the mid-term review, SAOD personnel are deeply committed to the subproject goals and objective and are doing their best to achieve implementation progress constrained by delays in receiving Government concurrence.</p>
Coordination with AusAID and other agencies	ADB shares approval notifications and documents with AusAID, prepares annual report for AusAID and provides on request inputs to AusAID for its internal reporting purposes.
Financial mobilization	AusAID - \$500,000; Government \$160,000.
Capacity building and tech support	Women entrepreneurs and associations will be empowered.
Portfolio management	Project staff of SAOD is highly competent and dedicated. ADB staff at the Bangladesh Resident Mission (BRM) has been endeavoring to expedite the project through weekly follow-up meetings with the Ministry of Finance
AusAID performance	
Administration and internal coordination	Internal coordination and feedback between AusAID field staff and headquarters and the Secretariat seem to have worked well.
Coordination with ADB and other agencies	AusAID headquarter and field offices/personnel play off-hand with regard to project development, processing, implementation and monitoring and evaluation. Due to staff limitation, participation in subproject events (e.g., workshop or report launching) has been sporadic. AusAID relies on ADB for periodic reporting. ADB has also briefed AusAID officials in Delhi and Sri Lanka. AusAID coordinates well with other development partners in

Criteria	Explanation/Comments
	relevant areas of concern addressed by DPPSA.
Administration of the Facility	On AusAID side DPPSA is administered by the Delhi office manned by experienced development practitioner and thinker. In addition AusAID participates in Steering Committee review if feasible. Due to staff shortage, communication difficulty and reporting problems AusAID has not always been fully on top of project progress. Also there has been some misreading of information on disbursement and implementation progress.
Financial mobilization	AusAID provided \$500,000 for the subproject.
Capacity building and tech support	Outside the subproject financing, AusAID has not provided funding for monitoring by ADB or capacity building for monitoring by the recipients.
Portfolio management	AusAID has relied exclusively on ADB for portfolio management.
Overall Top Down Assessment	Strategic relevance is unquestionable and delays in the signing of the agreement are being addressed - SAOD and BRM have been taking all steps (including weekly reminders to the Ministry of Finance) since December 2009 to expedite project concurrence. The subproject is designed well, and is fully consistent with the strategic thrust of DPPSA, country strategy and priority, link with projects and ADB Strategy 2020. However, no progress has been made with implementation and disbursement due to slow response from recipients. It is anticipated that the outcome and impact in terms of development of women's micro- and small/medium-sized entrepreneurship will be substantial. There will be significant awareness raising and capacity building. One must note however though that the project is innovative and is implemented in an environment of critical capacity constraints where the authorities are confronted with a wide range of atypical development challenges. The project implementation cannot proceed because the TA agreement has not yet been signed. Project implementation was delayed due to the time taken for TA agreement signing. One must note however though that the project is innovative and is implemented in an environment of critical capacity constraints where the authorities are confronted with a wide range of atypical development challenges.
Bottom-up Assessment	
Relevance	The subproject is highly relevant given its focus on gender equity.
Effectiveness and Efficiency	Effectiveness and efficiency is built into the capacity building and access to financial resources.
Sustainability	Sustainability is built into empowerment of women entrepreneurs and their associations.
Innovation, outcome and Impact	<p>Outcome and impact</p> <p>Implementation of this subproject has not started due to delay in signing of the TA agreement. Therefore, it is not possible to make a fuller and definitive statement on impact achievement. Nonetheless, it can be said with confidence that if implemented as planned the project will make significant contribution towards achieving Millennium Development Goals (MDG). Selected anticipate outcomes are the following:</p> <ol style="list-style-type: none"> 1. Increased number of professional women entrepreneurs 2. Increased investments in enterprises owned and operated by women 3. Increased income and employment of women 4. Improved family and children welfare 5. Enhanced development/MDG impact <p>Innovation</p> <p>A number of innovative features are built into subproject design, namely</p> <ol style="list-style-type: none"> 1. Development of the capacity of participating financial institutions (PFIs)

Criteria	Explanation/Comments
	to address the needs of women's entrepreneurs.
Overall Bottom-up Assessment	The subproject is relevant, effective and efficient, sustainable and innovative and it will contribute positively to the realization of MDG goals of South Asia provided it is implemented as planned.

Development Partnership Program for South Asia (DPPSA): AusAID and ADB
Sub project 13: Nepal: Enhancing Local Governance (SAFM)
Countries covered: Nepal

Criteria	Explanation/Comments
Top-Down Assessment	
Goals and Output	
Sustained progress made by participating DMCs in South Asia toward attaining the Millennium Development Goals through more effective and accountable service delivery at local level by creating stronger local governance through greater capacity for—and accountability in—service delivery, and increased own-source revenue in selected municipalities	No progress yet. Consultants have just been fielded.
Increased capacity in local bodies, including of selected municipalities, to respond to disadvantaged groups and women's groups Increased private sector participation for more effective service delivery and own-source revenue enhancement in municipalities Increased application of accountability mechanisms in local level service delivery	No progress yet. Consultants have just been fielded.
Strategic Assessment	
Overall (The Facility, ADB 20/20, AusAID Vision and Country Strategy and Priority)	The subproject responds to gender and governance I concerns of the Development Partnership Program for South Asia (DPPSA), ADB Strategy 2020 as well as Country Partnership Strategy (CPS).
Institutional Assessment (The processes, sector link, efficiency, effectiveness, capacity building and innovation)	The subproject is linked to government's decentralization process triggered by the Local Self-Governance Act, 1999 and Local Self Governance Regulation (LSGR) 1999. The subproject is linked to ADB support for improved governance at national and subnational levels in Nepal. It will contribute to the strengthening of local municipalities and private sector in Nepal for improved service delivery particularly to the disadvantaged groups. Government commitment is very strong to the concept of self governance and devolution of authorities to local bodies (LBs) as stipulated under the Local Self-Governance Act, 1999.
Value Addition (Overall Effects and Impact)	Reduction in service delivery costs, improved service delivery and enhanced economic impact on households.
ADB performance	
Administration and internal coordination	Total commitment: Only \$19,500 or 4% of approved is committed. Total disbursement: No fund is yet disbursed. The project was prepared, reviewed, revised and approved within the average stipulated time of six weeks but the signing and start up took about six months. However, there has been delay in signing of the TA agreement.

Criteria	Explanation/Comments
	<p>ADB performance is lagging but this has now been addressed.</p> <p>This subproject implementation is being coordinated by a dedicated and highly competent staff of South Asia Financial Management (SAFM) division. Nonetheless, progress so far is slow. With the placing of consultants in the field implementation will pick up.</p>
Coordination with AusAID and other agencies	<p>ADB shares approval notifications and documents with AusAID, prepares annual report for AusAID and provides on request inputs to AusAID for its internal reporting purposes.</p> <p>The subproject is being implemented in collaboration with UNDP.</p>
Financial mobilization	AusAID - \$500,000; Government \$50,000
Capacity building and tech support	Capacity building of women experts and trainers will be undertaken to contribute to local governments.
Portfolio management	Project staff of SAFM is highly competent and dedicated. However, it seems not enough was done to move the recipient into signing the TA document and get the work going. This is now being addressed.
AusAID performance	
Administration and internal coordination	Internal coordination and feedback between AusAID field staff and headquarters and the Secretariat seem to have worked well.
Coordination with ADB and other agencies	AusAID headquarter and field offices/personnel play off-hand with regard to project development, processing, implementation and monitoring and evaluation. Due to staff limitation, participation in subproject events (e.g., workshop or report launching) has been sporadic. AusAID relies on ADB for periodic reporting. ADB has also briefed AusAID officials in Delhi and Sri Lanka. AusAID coordinates well with other development partners in relevant areas of concern addressed by DPPSA.
Administration of the Facility	On AusAID side DPPSA is administered by the Delhi office manned by experienced development practitioner and thinker. In addition AusAID participates in Steering Committee review if feasible. Due to staff shortage, communication difficulty and reporting problems AusAID has not always been fully on top of project progress. Also there has been some misreading of information on disbursement and implementation progress.
Financial mobilization	AusAID provided \$500,000 for the subproject.
Capacity building and tech support	Outside the subproject financing, AusAID has not provided funding for monitoring by ADB or capacity building for monitoring by the recipients.
Portfolio management	AusAID has relied exclusively on ADB for portfolio management.
Overall Top Down Assessment	<p>Strategic relevance is unquestionable but project administration has been lagging. The subproject is designed well fully consistent with the strategic thrust of DPPSA, country strategy and priority, link with projects and ADB Strategy 2020. However, no progress has been made with implementation and disbursement due to slow response from recipients. It is anticipated that the outcome and impact in terms of improved local governance and better service delivery to the disadvantaged groups will be substantial. There will be significant awareness raising and capacity building. Project implementation is delayed but one must note that the project is innovative and is implemented in an environment of critical capacity constraints where the authorities are confronted with a wide range of atypical development challenges.</p>
Bottom-up Assessment	

Criteria	Explanation/Comments
Relevance	The subproject is highly relevant given its focus on improved governance gender equity.
Effectiveness and Efficiency	Effectiveness and efficiency is built into the local capacity building and efficient service delivery.
Sustainability	Sustainability is built into empowerment of municipalities, private sector and women.
Innovation, outcome and Impact	<p>Outcome and impact</p> <p>This project is at very early stage of implementation due to delay in signing of the TA agreement. Therefore, it is not possible to make a fuller and definitive statement on impact achievement. Nonetheless, it can be said with confidence that if implemented as planned the project will make significant contribution towards achieving Millennium Development Goals (MDG). Selected anticipated outcomes are the following:</p> <ol style="list-style-type: none"> 1. Improved resource allocation to local governments for development projects 2. Improved local governance and effective implementation of development projects with greater welfare impact 3. Enhanced development/MDG impact <p>Innovation</p> <p>A number of innovative features are built into subproject design, namely</p> <ol style="list-style-type: none"> 1. Improvement of municipal governance with transparency and accountability. 2. Women voluntarism, developing skills of women experts and trainers and placing them in local government as volunteers. 3. Small-scale projects in municipalities with private sector participation
Overall Bottom-up Assessment	The subproject is relevant, effective and efficient, sustainable and innovative and it will contribute positively to the realization of MDG goals of South Asia provided it is implemented as planned.