

EVALUATION BRIEF #2, December 2017

Mid-Term Evaluation of the Austrian Development Cooperation Bhutan Country Strategy, 2015-2018

BACKGROUND AND PURPOSE

Austria and Bhutan have a long history of cooperation dating back to 1989. The current Country Strategy (CS) spans the period 2015-2018, and focusses on three priority areas: energy, tourism and governance. It was designed based on the recommendations of the 2010-2013 CS Review, with the initial ambition to achieve a gradual ‘phasing-over’ of the Austrian Development Cooperation (ADC) in Bhutan by 2018.

An independent Mid-Term Evaluation of the 2015-2018 Bhutan Country Strategy was commissioned in 2017 to assess (i) the relevance, effectiveness, efficiency, and to the extent possible and meaningful, the impact and sustainability of the results achieved since 2014; (ii) the possible consequences of a phasing-out by the end of 2018; and (iii) the potential design and focus of a new CS beyond 2018. The evaluation further aims to generate learnings with regards to the Whole of Government Approach (WGA) and its application in the design and implementation of the Country Strategy, among others.

METHODOLOGY

Following J. Mayne’s (2015) Capacity, Opportunity, and Motivation-Behaviour (COM-B) model, the evaluation reconstructs a Theory of Change (ToC) as a basis for testing selected causal links and assumptions underpinning the CS via case studies. A mixed-methods approach combining qualitative and quantitative data collection and analysis tools is employed drawing on an online survey (78 respondents); semi-structured interviews and focus group discussions (60 key informants); and observations on-site. Moreover, a comparison study facilitates estimating the extent to which Austria’s interventions in the governance sector have made a

difference when compared to a ‘counterfactual’ situation without Austrian support.

FINDINGS AND CONCLUSIONS

Key findings and conclusions vis-à-vis the three evaluation objectives are summarised below.

- **Performance of CS implementation**

Overall, the implementation of the CS is rated as satisfactory on a scale from very satisfactory, to satisfactory, unsatisfactory, very unsatisfactory. This is the average rating achieved against the five evaluation criteria outlined below.

Relevance – *very satisfactory*. The 2015-2018 Country Strategy is found to be highly relevant for being in full alignment with Bhutan’s national development priorities, beneficiary needs, ADC development priorities, as well as the Sustainable Development Goals (SDGs).

Effectiveness – *very satisfactory*. Progress against the effective achievement of results is considered positive overall, particularly in the areas of energy and governance. Contributing factors include Austria’s long-standing engagement and continuity of support along with its focus on capacity development, institutional support and policy level interventions. Hindering factors include the oftentimes lengthy processes and repeated delays; capacity and resource constraints; as well as the high level of supervision focussed on processes rather than results. Cross-cutting themes such as gender, environment and climate change are found to be well addressed throughout the CS portfolio.

Efficiency – *satisfactory*. Good progress is observed on selected proxy indicators such as the creation of synergies, disbursement of funds,

and quality/timeliness of Country Strategy outputs. Programme and project portfolio management is considered less satisfactory given its size and fragmentation, entailing transaction costs and negatively impacting efficiency.

Impact – *satisfactory*. The CS is found to have contributed to improving the lives of Bhutanese citizens, primarily because of its focus on key sectors. Yet data on the CS results matrix / 11th Five Year Plan (FYP) indicators are not yet available, precluding a conclusive assessment.

Sustainability – *satisfactory*. Results achieved under the Country Strategy are largely believed to last beyond ADC funding, yet at the same time, further support is considered necessary to sustain achieved benefits. Potential financial sustainability risks are identified linked, inter alia, to the environment area.

- **Possible consequences of phasing-out**

Potential consequences of Austria phasing-out its development assistance from Bhutan by the end of 2018 are assessed (i) regarding their relevance to strategic principles set out by Austria and Bhutan and in terms of their (ii) likelihood of occurrence and (iii) impact on poverty reduction. For Bhutan, consequences are mainly a potential funding gap and reduced access to outside expertise and advice. For Austria, consequences in terms of reduced aid effectiveness matter the most, given that Bhutan is considered a good implementing environment.

- **Potential future design and focus**

Four criteria are applied to identify possible focus areas for a Country Strategy post-2018: (i) poverty reduction potential; (ii) alignment with substantive or thematic priorities; (iii) intervention time needed; and (iv) estimated effectiveness. Based on this analysis, the evaluation concludes that Austria should consider interventions in the area of governance and at the nexus of energy and environmental safety.

LESSONS LEARNED

- **Whole-of-Government Approach**

There is an understanding that the WGA can be beneficial, not least because of the interconnectedness and interdependence of various

stakeholders. At the same time the approach is not perceived as the ‘magic bullet’. Early results of the WGA include efforts to align the planning cycles of different actors; set up processes for a participatory elaboration of CS; and facilitate the creation of synergies among the interventions of different Austrian actors in Bhutan. Challenges include a lack of definition and purpose; unclear roles and competences; and inconsistencies in terminology.

- **Broader institutional learning**

Four key lessons emerge: (i) a set of commonly agreed criteria can help streamline and focus decision-making with regards to exiting development assistance from partner countries; (ii) conceptualising and formalising phasing-out strategies can benefit; (iii) CS portfolios need to be focused to keep transaction costs low, particularly during periods aimed at consolidating past achievements; (iv) sound monitoring and evaluation systems are needed to assess the performance of Country Strategies; developing Theories of Change can help in that regard.

RECOMMENDATIONS

Short-term recommendations:

- i. Maintain focus on achieving results of current portfolio until December 2018; refrain from launching new interventions.
- ii. Initiate minimal preparation for phasing-out and continuation.
- iii. Improve the current results matrix to better report on results by the end of the CS.

Long-term recommendations:

- iv. Explore the opportunity/feasibility to support interventions in tourism in rural areas, at the energy and environment nexus as well as governance with a focus on vulnerable groups for a potential next phase.
- v. Develop guidance regarding disengagement and exit strategies by capitalising on previous experiences, defining criteria, indicators and process for disengagement.
- vi. Formalise transition towards relations beyond development assistance.
- vii. Continue to further conceptualise and operationalise the WGA.

The full evaluation report can be accessed at: <http://www.entwicklung.at/en/ada/evaluation>