AUSTRIAN DEVELOPMENT COOPERATION

EVALUATION BRIEF #5, May 2019

Evaluation of Environmental and Social Impact Management at ADA

BACKGROUND AND CONTEXT

During the 1980s and 1990s most bi- and multilateral donors began introducing internal environmental and social impact policies and procedures. The intent of these approaches was to avoid or minimize potential negative impacts that development programmes and projects might cause. In 2012, the adoption by the World Bank International Finance Corporation (IFC) of its sustainability framework and a set of related performance standards became a key reference for multilateral development banks and their investment partners. Most bilateral donors now have well defined, if still evolving, environmental, social and gender (EGS) standards approaches.

ADC'SAPPROACH TO ENVIRONMENTAL AND SOCIAL AND GENDER STANDARDS

The Austrian Development Cooperation (ADC) believes that the promotion of EGS standards and safeguards must be considered at the earliest stage of programme and project design. ADC had been taking conscious measures to manage its environmental and social impact: Processes for environmental and gender assessments of projects were introduced in the 1990s. Related government policies on gender, human rights, environment, poverty reduction and good governance were put in place over the ensuing years.

The Environmental and Social Impact Management (ESIM) system was launched in 2015 by the Austrian Development Agency (ADA), and updated in 2018, as the Environmental, Gender and Social Impact Management (EGSIM) system. The respective manuals describe overarching policies and project-level standards governing ADA's project management, and the system and processes for project delivery.

THE EVALUATION

This formative strategic evaluation took place between October 2018 and April 2019 and was conducted by an independent evaluation team. The purpose was to provide evidence of what works well and what needs improvement. The evaluation was conceived as an *in medias res* evaluation of ADA's ESIM in parallel with an *ex-ante* evaluation of the updated EGSIM approach.
The evaluation focused on management processes at ADA but also assessed implications for key partner organizations. To better understand how ESIM worked in practice, five ADA-funded projects were selected for in-depth case study.

KEY FINDINGS AND CONCLUSIONS

Design and fit

EGSIM remains highly relevant to ADA.
ESIM, and more recently EGSIM, indicate that ADA is committed to program quality. Aligned with internationally recognized quality assurance frameworks, and with Green Climate Fund (GCF) accreditation requirements, the EGSIM approach remains highly relevant for ADA as it seeks to protect and significantly expand its resource base.

ADA's centralised approach to EGSIM has been influenced by risk management and safeguards designed for large-scale infrastructure projects.
ESIM and especially EGSIM, transposed IFC realities and needs on ADA's core programme and this has not sufficiently emphasised nor encouraged collaboration and partnership.

Effective E(G)SIM requires support from an appropriate level of human resources (HR) at ADA's HQ and within its coordination offices.
An insufficient level of HR to adequately support E(G)SIM throughout the project cycle, including field-based appraisal and monitoring, led to approval delays, and promoted project-cycle inefficiency. The shortage of staff is a reality in many units of ADA, and the mismatch between E(G)SIM and availability of staff is a concern of most ADA staff.

Implementation

E(G)SIM's practical application given complex local contexts and limited time and resources is widely recognized as the more fundamental challenge.
The ESIM and EGSIM approaches are well explained in the respective manuals and most ADA staff value these guidelines for the clarity that they bring. However, there are concerns over the applicability of the system in real life contexts. Checklists were considered too technical and there is sometimes difficulty in translating standards and recommendations into practical actions.

Results achieved and the way ahead

While ESIM helped ADA focus on the multiple dimensions of poverty, there is mixed evidence that this management approach, on its own, consistently helped ADA avoid EGS risks or achieve better development results.
While enforcement of EGS standards and disaggregation of related data helps ADA focus on the multiple dimensions of poverty, there is mixed evidence that this management approach, on its own, is leading ADA to achieve better development results. Most ADA staff believe that in-house technical appraisals of projects during a project's design and approval phase, can provide value-added, but only when this is fully informed by local context, and directly involving coordination office staff and partners.

ADA's EGSIM approach remains a work in progress
Elements of EGSIM remain too technical and mostly understood by sector experts. Field-based practitioners face challenges of context and resource limitations as they translate standards into practical suggestions. The processes outlined in the Manual are often considered by staff as cumbersome and implementing E(G)SIM requirements can be unrealistic in some cases.

OVERALL CONCLUSION

Effective EGSIM requires a balance between HQ-led quality control and field-based monitoring and feedback
The evaluation team observed that ADA is presently holding and balancing at least two identities. One identity is as a development assistance organization known for excellence in participatory, community-based development work with committed, proven partners (including those from the private sector). The other identity is as a successful, efficient, reliable project implementing organization (for large EU and GCF projects) where IFC-influenced standards and risk management is used to assure success.

While commitment to EGS standards has added to ADA's success in gaining resources through third-party programming, ESIM, and especially EGSIM, is not sufficiently adapted to core ADA programming needs which revolve around flexibility, collaboration, responsiveness, monitoring, trust-building and an effective donor-implementer interface.

KEY STRATEGIC RECOMMENDATIONS

1. **Skew towards collaboration** – As much as possible, avoid applying EGS safeguards independent of the entities involved in project design and implementation
2. **Reinvigorate monitoring as part of EGSIM** for example through expanded guidance and more explicit description of monitoring already at project design.
3. **Consider a third iteration of EGSIM** which could include (among others) a commitment from senior management to provide HR support, a roll-out plan, and a training schedule together with a delegated budget to support key planned activities.