



# Management Response

## Position of the Management

# Evaluation of Environmental and Social Impact Management at ADA (2018)

## 1. Purpose, approach and key findings

The Environmental and Social Impact Management (ESIM) manual was launched in 2015 by the Austrian Development Agency (ADA), and then further adapted and updated as the Environmental, Gender and Social Impact Management (EGSIM) manual in early 2018. The purpose of this evaluation was to learn from the ADA experience of introducing and applying its system to environment, gender and social impact management, E(G)SIM<sup>1</sup>, under the assumption that an improved EGSIM will enable ADA to better contribute to expected development results.

More specifically, the objectives of the evaluation were to analyse the introduction, application and quality of ESIM, and the refinements that are part of the EGSIM; to provide evidence of what works well and what needs improvement for EGSIM within ADA; to provide lessons and conclusions as input into the ongoing process of implementing EGSIM, and to provide recommendations for moving EGSIM towards different scenarios in terms of resource needs and prioritization. The evaluation was conceptualized as *in media res* evaluation of ADA's ESIM and ex-ante evaluation of the updated EGSIM manual and system. The research methods were primarily qualitative. The evaluation was participatory in that key stakeholder representative were interviewed and/or participated in focus group discussions and an Evaluation Reference Group was directly involved during key milestones of the evaluation. 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.

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<sup>1</sup> E(G)SIM is an acronym that includes both systems, in other words, ESIM and EGSIM.

The evaluation found that ADA is committed to program quality and that the EGSIM system remains highly relevant for ADA in this context. The evaluation noted that ESIM has helped ADA focus on the multiple dimensions of poverty, yet there was mixed evidence that this management system, on its own, consistently helped ADA to avoid environmental, gender and social (EGS) risks or to achieve better development results. E(G)SIM's practical application was recognized as a fundamental challenge given complex local contexts and limited time and resources. The evaluation highlighted that an effective EGSIM requires support from an appropriate level of human resources at ADA's HQ and within its coordination offices. Finally, the evaluation found that 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.

## **2. General response to evaluation**

The management welcomes the conduct of the evaluation of the ADA E(G)SIM system with the aim of enhancing the efficiency and effectiveness of the identification and management of environmental, gender and social risks and impacts of ADA projects and programmes. It further welcomes the participatory approach chosen for this evaluation, including ADA staff and partner organisations, as this will help to enhance learning and the likelihood for evaluation results to be used. The evaluation design and methods are found to be solid, data collection and analysis transparent and findings comprehensible. The ADA management welcomes that the evaluation issued a manageable number of five concisely and clearly formulated recommendations.

ADA's management concurs with the findings and commits itself to a fully-fledged management response ensuring adequate and timely follow-up of the recommendations. This is a welcome and timely opportunity for ADA to further improve and invigorate the EGSIM manual that has recently been adjusted to ensure compliance with international standards as e.g. postulated by the Green Climate Fund. The management response process has been participatory, including all relevant organisational units and coordinated by the ADA Evaluation Unit. The definition of tip sheets selected to supplement the EGSIM manual and the development of an EGSIM training programme for programme managers at the head office and for officers at the country coordination offices are already underway.

Finally, the management welcomes the clear articulation, in the evaluation, of ADA's dual identity as financial donor on one side and third-party-funding implementer on the other and its implications on EGSIM (collaborative versus controlling). It considers the findings of the evaluation as a baseline for continuous improvement of the risk management and quality assurance process in consideration of both of these distinct roles.

## 1. Response to each recommendation

**Recommendation 1:** Develop generic EGS recommendations – Develop best-practice “Tip Sheets” that cover standard EGS-related recommendations (encouraging women’s leadership in decision making, designing green workshops, environmental considerations when construction of a building is involved, etc.) and promote these inside the organization and during exchanges with partners.

Response: The management **accepts/partially accepts/rejects** the recommendation.

Rationale: The management agrees that EGS-related recommendations often refer to the same or similar issues, e.g. to greening of workshops and conferences, disaggregation of data according to sex, age and vulnerability of the target group, accessibility for people with disabilities, etc. Tip sheets that can be widely disseminated and shared will allow the EGSIM team to refrain from repeatedly highlighting these common issues in their assessments in the future. This will facilitate the work of the team and increase the relevance of the EGS assessments in terms of substance.

**Recommendation 2:** Re-examine the exemption level and its use – Use an internal, participatory and evidence-based process to re-examine how the EUR 500,000 exemption level is applied by EGSIM. Examine whether a more flexible use of exemption, based on project specifics and context, could help reduce administrative burden without jeopardizing risk management. Focus TQ efforts and formal EGS assessment on larger, higher-risk projects.

Response: The management **accepts/partially accepts/rejects** the recommendation,

Rationale: The management agrees that the current exemption of projects of EUR 500,000 or less from an EGS risk and impact assessment should be re-examined based on evidence. The same applies to the definition of certain project categories in specific contexts that are also exempted. A re-examination has already been conducted in 2019. Further re-examinations and related internal consultations will regularly follow in consideration of the results of an annual EGSIM performance analysis.

**Recommendation 3:** Skew towards collaboration – As much as possible, avoid applying EGS safeguards independent of the entities involved in project design and implementation. Increase efficiency of 4-way TQ, CR, CO, implementing partner nexus by more conscious nurturing of trust and knowledge-based collaborative relationships versus control and compliance around TQ-defined recommendations stated as contractual obligations. Retain a more overtly independent, centralized, process-oriented, approach to EGSIM only when this is a pre-requisite, for example, larger, higher-risk projects such as those envisaged with the GCF.

Response: The management **accepts/partially accepts/rejects** the recommendation,

Rationale: The management agrees that the introduction of the recently revised EGSIM system has led to a stronger emphasis of control and compliance with EGS standards if compared to the previous system. It puts more focus on risk identification and management as a process linked to, but different from the regular collaborative advisory process to enhance the effectiveness and development impact of projects and programmes. This modification was necessary to make the EGSIM system fit for large and more complex projects, but should not prevent ADA TQ, CR, COs and project partners from collaborating as closely as possible during project design and implementation. To this end, the management is committed to re-

enforcing training for a better understanding of the EGSIM system of all staff involved and a consultative, iterative approach to EGSIM by promoting working around projects in dedicated teams of TQ, CR and CO staff.

**Recommendation 4:** Reinvigorate monitoring as part of EGSIM – for example:

- a. Expand guidance on monitoring within the EGSIM or as related, linked auxiliary knowledge support. This could be done through a combination of online technical guidance and best-practice examples, an in-house-community of practice, and use of identified in-house monitoring experts positioned to provide direct.
- b. Beyond EGSIM, work into all project design and contracts more explicit description of how projects will be monitored, and the roles and responsibilities related to monitoring plans. The overarching principle should be that implementers monitor but ADA has a shared and collaborative oversight role.
- c. Where third-party funded projects are being implemented in ADA COs, opportunistically tap the additional administrative overhead and project management capacity that normally comes with this modality, to support CO ability to directly participate in ongoing, systematic monitoring activities related to its wider program. The goal should be more frequent project visits by ADA program staff.

Response: The management ~~accepts/partially accepts/~~**rejects** the recommendation,

Rationale: The management agrees to reinvigorate monitoring of EGSIM outcomes. Among the actions to be undertaken, a review of the monitoring guidance in the respective manuals and staff guidelines is planned. ADA has already embarked on reviewing the funding guidelines for programmes and projects including the definition of roles and responsibilities for monitoring as well as guidance for reporting and respective templates. Besides, monitoring will be an important element of the training at head office and COs mentioned under recommendation No. 3. While tapping administrative overhead and project management capacities related to third-party funding is not feasible, ADA is committed to increase the frequency of project visits as far as resources allow, both from head office and COs. The visits will be planned in such a way that maximum advantage is taken of potential synergies.

**Recommendation 5:**

Consider a third iteration of the EGSIM – which could include:

- a. A commitment from senior management to best-practice EGSIM more explicit by providing HR support, a roll-out plan, and a training schedule together with a delegated budget to support key planned activities.
- b. Polarity management as an explicit goal of EGSIM, that is, two different sets of needs (contracted third-party funded project implementer plus responsive development assistance donor) must be accommodated by this management approach.
- c. Risk management together with quality assurance as a holistic approach to EGSIM with the ultimate goal of management for development results.
- d. Further review and improvement of EGSIM templates and guidelines to remove inconsistencies, simplify and explain language, and potentially streamline the EGS assessment process.

Response: The management ~~accepts/partially accepts/~~**rejects** the recommendation,

Rationale: The management agrees that the EGSIM system has several weaknesses. However, several measures for improvement are underway or will be implemented as a response to the recommendations of this evaluation. Shortcomings are addressed in a rolling approach. In this sense, the 'third iteration' is an already ongoing process. The EGSIM manual foresees a strategic evaluation of the EGSIM system every five years. A revision, i.e. further iteration, will be re-considered within the framework of the next EGSIM evaluation.