

**MID TERM REVIEW  
OF  
ADB TA 7987(REG)  
  
CORE ENVIRONMENT PROGRAM  
IN THE  
GREATER MEKONG SUBREGION  
  
PHASE 2**

**PREPARED FOR  
  
ADB**

**LINDIS**

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## ABBREVIATIONS

ADB	-	Asian Development Bank
ANR	-	Agriculture and Natural Resources Sector ( ADB)
CARM	-	Cambodia Resident Mission (ADB)
CEP BCI	-	Core Environment Program – Biodiversity Conservation Corridor Initiative
CEP	-	Core Environment Program Phase 2
CMS	-	Consultant Management System (ADB)
CTL	-	Controller (ADB)
COO	-	Chief Operating Officer
DMF	-	Design and Monitoring Framework
ECP	-	Economic Cooperation Program
EIA	-	Environment Impact Assessment
EOC	-	Environment Operations Center
EMM	-	Environment Minister’s Meeting
EA	-	Executing Agency
EIS	-	Environmental Information System
EUR	-	Euro (currency)
FDI	-	Foreign Direct Investment
FECO	=	Foreign Economic Cooperation Office Ministry of Environment
FFI	-	Fauna and Flora International
GEF	-	Global Environment Fund
GIS	-	Geographic Information System
GMS	-	Greater Mekong Subregion
GPED	-	Guangxi Environment Protection Department
GSI	-	Gender and Social Inclusion
IA	-	Implementing Agency
IED	-	Independent Evaluation Department
ISPONRE	-	Institute Strategy Policy of Natural Resource Environment
LOA	-	Letter of Agreement
LRM	-	Laos Resident Mission (ADB)
M&E	-	Monitoring and Evaluation
MOU	-	Memorandum of Understanding
MONRE	-	Ministry of Natural Resources and Environment
MPI	-	Ministry Plan Implementation
MRV	-	Measurement Reporting Verification
MT	-	Management Team (EOC)
MTR	-	Mid Term Review
NDF	-	Nordic Development Fund
NGO	-	Non-Government Organization
NSU	-	National Support Unit
OSFMD	-	Operations Services Financial Management Department
PDF	-	Program Design Framework
PES	-	Payment for Ecosystem Services
PPP	-	Public Private Partnership
PRC	-	People’s Republic of China
REDD	-	Reducing Emissions form Deforestation and Degradation
RIF	-	Regional Investment Framework
SAM	-	Semi-Annual Meeting
SEA	-	Strategic Environment Assessment
SIDA	-	Swedish International Development Assistance
TA	-	Technical Assistance
TASU	-	Technical Assistance Support Unit
TBL	-	Transboundary Biodiversity Landscape
TRM	-	Thailand Resident Mission ADB
VRM	-	Viet Nam Resident Mission
WGE	-	Working Group on Environment

XSBN - Xishuangbanna Nature Reserve  
YPED - Yunnan Environment Protection Department

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## EXECUTIVE SUMMARY

1. The GMS Regional Program (ADB TA 7987 (REG) supporting the Core Environment Program (CEP) Phase 2 is a complex, innovative, and in many ways an ambitious program. It seeks to achieve a poverty free, ecologically rich, GMS by mainstreaming sound environmental management across all sectors to enhance their development impact. It has four components: (i) environmental planning systems, methods, and safeguards improved, (ii) management of transboundary biodiversity conservation landscapes and local livelihoods improved, (iii) climate-resilient and low-carbon strategies developed, and (iv) institutions and financing for sustainable environmental management improved. The Environment Operations Center (EOC) is currently implementing CEP within the second of three proposed phases up to 2022. The second phase is planned from 2012 to December 2016. The following report present the findings, evaluation and recommendations of the Mid Term Review (MTR) completed in March – April 2015.

### A. MTR Conclusion

2. The Mid Term Review (MTR) confirms the CEP to be both highly relevant and valued by the GMS countries. Within the extensive range of challenges faced in the GMS, the CEP is mostly doing the right things, however it is not always doing them in the right way. The sustainability of the CEP is considered likely, if outstanding implementation issues regarding the lack of effectiveness and efficiency in the implementation are rectified. Currently, the potential of CEP is limited by a number of implementation challenges. These challenge mostly derive from a regional program implemented under a TA modality, limited capability of some national support units (NSU's), the lack of direction for the demonstration of the regional institutional form and functions of the Environmental Operation Center (EOC), and a number of significant failings in the management of the EOC in its administration of the CEP.

3. The design placed greater emphasis on building EOCs own identity through direct contracting of staff. The shortcomings of using ADB's TA modality for CEP while significant have been compounded further through the use of direct contracting for all staff and technical positions. These contracts require an unrealistic number of contract variations for individuals to conduct field work to ensure travel and per diem requirements unknown at the time of contracting can be reimbursed. The number of variations adds to an already overburdened administrative work load. The option of indefinite service contracts or alternately the use of a company contract to supply the positions would have offered significant operational efficiency gains relative to the approach using individual contracts. In hindsight, the lack of building a positive identity during the first 60% of Phase 2 indicates that the consulting company option may have been a more effective implementation arrangement.

4. The current CEP shortcomings are considered significant however, they are manageable if corrective actions are implemented with urgency. For CEP / EOC to continue a business as usual scenario will result in significant financial and reputational risk to the donors and the WGE. The recommended corrective actions include (i) restructuring the regional technical program, (ii) rebalancing the technical program with increased emphasis on delivery of technical support through the national offices, (iii) restructuring the EOC to sharpen management focus and accountability while moving towards a management entity for the future regional WGE program, (iv) urgent housekeeping to address outstanding administration and financial management issues, and (v) preparations for transitioning for future sustainability.

## B. MTR Findings

5. Currently CEP Phase 2 (2012-2016) is the second phase of an envisaged three phase program through to 2022<sup>1</sup>. The program has committed funds of \$29.8 million from the Government of Finland, Government of Sweden, the Nordic Development Fund, GEF, ADB and the PRC - Poverty Reduction and Regional Cooperation Fund. The program seeks to integrate the environment within the GMS Regional Economic Cooperation Program (ECP). The institutional arrangements for the CEP include the Working Group for the Environment (WGE) comprising national focal points in their respective Environment Ministries with a regional secretariat in Bangkok - the Environment Operations Center (EOC). Under CEP Phase two, national support units (NSU) established in phase 1 are being strengthened through additional staffing and capacity building. The NSUs provide administrative support to CEP as well as developing a national knowledge hub linked to the regional EOC knowledge hub.

6. In January 2015, the EMM4 official communique directed CEP to deliver its outputs within the narrower focus of the Regional Investment Framework (RIF). At design, the TA was to provide support through an institutional and capacity building program to mainstream environmental sustainability and climate change resilience in the GMS Economic Cooperation Program. The GMS Strategic Framework (2012 – 2022) guided development of the CEP Phase 2 program in 2011, enabling alignment of the two programs. The recent definition of the GMS Regional Investment Framework (RIF), containing both investment and technical assistance projects, was developed in 2012. In 2014, the GMS countries endorsed the RIF Implementation Plan (2014-2018) as part of the 5<sup>th</sup> GMS Leaders' Summit in December 2014. Guided by the 5<sup>th</sup> Summit declaration, the GMS Environment Ministers, in their statement of the 4<sup>th</sup> GMS Environment Ministers Meeting (EMM4) in January 2015, specifically directed the WGE and EOC to develop tools and approaches to integrate sound environmental management in the RIF program.

7. In response to the EMM4 directive, the CEP challenge is to direct its capacity and institutional strengthening efforts, in a planned manner that closes the current gap between the environment sector and proponents of RIF projects. Doing so, requires more effective engagement strategies involving upstream activities support mainstreaming environment and climate change dimensions within the RIF project concept and design processes. The Governments in China and Viet Nam were strongly supportive of the focus on RIF and have suggested steps for CEP to engage in the RIF implementation process. The other countries have far broader needs. First, current national institutional capability in the environment sector remains weak and needs to be built prior to engaging with other sectors. Second, these countries see increasing risks, in the short term, from inappropriate RIF investments. However, the weak institutional capability limits the ability to respond to these risks in ways that are effective in influencing investment design and decision making. ADB consultations identified a number of opportunities for improved engagement and services that would provide CEP access to their RIF project design processes.

8. The Mid Term Review (MTR) of the CEP Phase 2 of the GMS Regional Program (ADB TA 7987 (REG) has identified considerable potential in the CEP that is recognized and demanded by the six participating GMS countries. As a regional program that targets common environmental challenges both at national and transboundary/regional scale, CEP offers the potential to build knowledge, capacity and more effective institutions necessary to mainstream environment into GMS development.

9. **Building regional awareness and knowledge**, CEP has demonstrated value in the quality of regional awareness and dialogues that it supports. The emerging dialogue on the need and role of natural resource and environment management with national and regional economic development. The increased quality of knowledge events and to a lesser extent information services is a significant achievement of the CEP.

10. Knowledge management roles of CEP through convening (and funding) regional events, meetings and knowledge sharing forums is, not unexpectedly, appreciated. The positive nature of feedback on these forums by participants is almost universal. However, few of these events were

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<sup>1</sup> See Program Development Framework Document for a description of the envisaged progression through the three stages.

acknowledged by non-participants. This suggests that the effectiveness of such events remains mostly limited to actual participants. The MTR recognizes the role of CEP in these events and the apparent quality of such forums but suggests that they need to be built into a longer run awareness and change management strategy. The strategy will require EOC activities to move from knowledge events and products to the provision of knowledge services as an integral part of the change management strategy if the value of these events is to be fully captured. Knowledge events requires substantial staff input to deliver with forum having a “cost” in the form of delays to the implementation of work plans, creating lost opportunities within these work plans. Clearer role delineation in the EOC that assigns knowledge management responsibility to a delegated role would ensure technical staff implementing work plans are not diverted from what is their priority task.

11. The recent EMM4 was impressive in terms of organization, and delivery of the meeting and supporting forums. The natural capital visions introduced to CEP is intellectually appealing in that it provides a coherent framework within which the CEP can be organized and integrated with economic development. This vision would have been better if it was explicitly stated during the CEP phase 2 design where while it is implied it was not explicitly identified in the problem analysis. Currently at the MTR, natural capital remains an externally driven vision without strong consensus regarding its application within the GMS, and even less understanding on how natural capital can be used within the regional and national level economic development and cooperation programs.

12. A key role of CEP is to build awareness of emerging or potentially beneficial approaches to address environmental management and its mainstreaming in the ECP. In this sense CEP is creating awareness of natural capital. The concern of the MTR is not the validity of the concept but the extent that another concept dilutes what is already a challenging work program that is struggling to be implemented in a timely manner. Further it would seem necessary that for the natural capital concept to be influential in terms of the CEP outcome, a far wider political foundation will be required. As such the awareness program needs a broader reach and more layers to be effective. The political support will need to derive from all sector interests in the GMS regional cooperation program if the integrity of natural capital initiatives is to emerge. Without such clarity at both the national and regional levels the risk arising from the natural capital focus is that it will simply dilute and possibly distract the existing CEP work program through to December 2016. If, however, CEP Phase 3 was confirmed the MTR considers the natural capital initiative to be a strong organizing concept that should be utilized as a central organizing concept in the design of phase 3 provided it is supported at the GMS ECP level.

13. **Government Ownership and institutionalization** of CEP, the concept of the WGE and the adoption of a regional approach remains strong. The diversity of country economic and institutional development comes with widely diverging needs and expectations. Across this divergence there is a surprisingly high level of common interest in wanting to use a regional approach for capacity and institutional strengthening and learning purposes. Regional cross border agreements that indicate an intent to cooperate for a common purpose are emerging but need further development for the emergence of aligned operations within common management objectives.

14. Government support of the CEP Phase 2 implementation of institutional arrangements is less strongly expressed. There continue to be substantive implementation problems causing delays. The contributing problems arise from a range of systemic issues within EOC and its requirement to use ADB procedures. These systemic weaknesses have been compounded by inappropriate staff contracting, weak EOC management and management information systems, and a lack of leadership and responsibility. While the governments’ demand for technical support, institutional strengthening and capacity building, and improved information systems is high, the inconsistent responsiveness to this demand by EOC has seen the loss of some of EOC’s credibility in the GMS countries. Countries question EOCs ability to provide technical input of a consistent standard in all components, the EOC ability to deliver services and inputs in a timely manner.

15. The GMS countries identify their EOC priority functions and roles to:

- (i) Provide a regional information and knowledge hub for the GMS **and to build national level data systems and tools for the use of this data**
- (ii) Adopt a far stronger focus on effective **capacity strengthening at the institutional, organization** levels rather than simply technical training



- (iii) Provide increased **access to in-country technical support relative to** regional innovation programs
- (iv) **Deliver improved technical expertise** through the EOC procurement and staff,
- (v) Be a **risk and innovation entity** that enables new ideas to be introduced and used for learning purposes by introducing state of the art best practice into the GMS where there are identified needs.

16. EOC currently has dual functions: first acting as a project implementation unit for the CEP as an extension of ADB's TA supervising unit (TASU) and, second as a regional institution to support the WGE program as a regional knowledge hub and information service, the provision of technical inputs for developing new tools and management systems through pilots, demonstrations, capacity and institutional strengthening.

17. EOC's institutional role lacks consensus across the CEP, EOC management team (MT) and within the EOC staff. The ambiguity of EOCs role as to it being: (i) a project administration unit, (ii) a data repository, (iii) a service center / provider, or (iv) a change agent is reflected in a lack of focus on EOC within CEP's outcomes. The causes derive from design shortfalls, NSU operational constraints that constrain the establishment of national information and knowledge services, and weak technical input resulting in extended delays in resourcing and building a process to dialogue the institutional issues as a means of building consensus on how to progress the issue. These issues have been compounded by EOC's management and operational shortcomings.

18. Equally important is the need for the national governments' to ensure full engagement and effectiveness of the national programs. The quality of the NSU varies dramatically between countries with a strong correlation between the quality of the NSU and national work programs. It is suggested that the EOC/ADB raise this issue at the annual meeting with the message that the institutional home of NSUs needs to be assigned to the planning and policy functions of the Environment Ministries to ensure institutional alignment and to avoid duplication through parallel systems. For Laos PDR the NSU is currently attached to the Pollution Control Unit which has very limited mandate or authority in CEP objectives. While the NSU staff are enthusiastic they face significant institutional barriers in terms of being effective.

19. Future institutional arrangements will remain uncertain until future institutional options are discussed with respect to expectations, demand, and willingness to invest. The CEP Phase 2 design is considered weak in this respect. Currently the CEP has limited time and resources to demonstrate the benefits of alternate EOC roles and functions as a regional entity within the regional institutional vision. This weakness has delayed an important and possibly the most important element of the CEP i.e., the building of a common vision and ownership of the EOC either in the current or some future form. Without institutional agreement the past investment into the regional Knowledge and Information Hub (KIH) within EOC is likely to be lost at the conclusion of phase 2 as there is no entity to manage and maintain its services.

20. The EOC is currently mobilizing technical support to build institutional scenarios and a preferred future consensus among participating governments, WGE, NSU, partners, donors and EOC management and staff. Without this clarity and focus neither the management nor operational strategy shortcomings can be effectively addressed and expected CEP outcomes will not be achievable.

21. **Change management and influence**, at the MTR the influence of CEP Phase 2 activities on the expected outcome is mixed. The MTR acknowledges the examples of influence identified by staff, CEP reports, and stakeholders. These include examples of achievements in specific issues for individual countries. However it is difficult for the MTR to assess the extent of impact across the whole region and across all CEP activities. Current indications do suggest that CEP (both Phase 1 and Phase 2) activities are influencing some stakeholders demonstrating that such influence is achievable. Examples presented to the MTR include changes to national plans, provincial plans, increased domestic upscaling of pilots with domestic resources, new institutional arrangements for safeguards, a growing number of transboundary agreements, the use of EOC information services and knowledge products in development of follow-on or new investment projects, the mobilization of additional resources for capacity strengthening in safeguards, regional and national platforms for climate change

dialogues. While impressive, the ability to attribute these to CEP Phase 2 activities is not always clear. Moreover, CEP monitoring systems seem unable to capture such linkages.

22. Where the current EOC technical program has been a successful change agent, change was achieved through quality engagement and strong alignment to existing national institutional arrangements, such as a planning process. Here the CEP has been influential with strong buy-in from the governments. Where the program is more conceptual and ideological, there is far less institutionalization and buy-in due to the nonalignment to Government systems. Here the EOC programs, such as the landscape management program have failed to gain traction as they continue to operate largely in parallel to national institutional arrangements. In effect without the supporting definition and national institutionalization of landscape management systems they remain homeless.

23. To build ownership and implement the EOC technical program with greater national orientation the MTR recommends relocating technical staff from Bangkok to the NSU offices to increase country level presence and to deliver their contracted outputs including greater emphasis on capacity and institutional strengthening. Here technical staff would support both the proposed regional learning site programs whilst building capacity through mentoring and learning by doing with a supporting institutional influence and communication program.

24. Improved ownership would ideally be demonstrated by the inclusion of cost-sharing design elements that incentivize programs rather than CEP providing 100% of investment in CEP activities. The balance within the overall CEP portfolio between regional and national programs, along with earlier sequencing of regional programs has resulted in too much distance between the EOC, the NSUs and WGE, and the other sectors within each country. The combination of lack of cost sharing and distancing has limited emergence of more transparent ownership in part due to a lack of understanding with respect to CEPs strategy to influence sector decision making.

25. **EOC financial management** systems are currently inadequate for effective management of the CEP. The issues arise from (i) the complexity of financing from multiple donors, (ii) complexity in the integration of data from ADB and TASU (TRM) / EOC, (iii) inadequate consolidation of financial transactions, (iv) inaccurate financial budgeting, (vii) weak staff resources compounded by inadequate contract management systems, (viii) and EOC MT that has not implemented or used an effective management information system that includes regular cashflow updates and forecasts, and (ix) disruption from the KPMG systems review. The current situation is that disbursement has on average achieved 70% of planned levels and will result in undisbursed Government of Finland funds at December 2015. These funds will be lost. While participants in the recent EOC / WGE/NSU Annual Reporting Workshop in Bangkok were notified of the expected loss of funds, the MTR found that the extent and impact of the reduced fund availability is less well known by the EOC itself, and the GMS countries. The undisbursed balance as of December 2015 based on current scenarios indicate the amount may exceed 20% of total program funds. The risk to EOC is that once the scale and impact of the loss is understood the EOC should expect a negative response from the GMS countries. It will be important for this to be addressed at the upcoming annual meeting in a manner that ensures the issue does not negatively impact the remainder of the program.

26. With the reality of undisbursed Government of Finland funds as of December 2015, the MTR requests the Government of Finland to adopt a stance that enables the transition to be accommodated more efficiently, especially as the existing situation could be exploited to maximize the funds cancelled. In this light, the MTR seeks the cooperation of the Government of Finland to ensure the 2014 rebooking is made possible with the advancing of the next funding tranche prior to mid-May. Delays to this transfer reduces the ability of the EOC to forecast the changes required and provides less opportunity to make rational adjustment to the CEP. As such achieving the necessary adjustments to 2015 work plans and cost commitments will be virtually impossible as existing contractors require time to make changes at a point where nearly 50% of the 2015 work plan is completed.

27. **In Summary**, overall the MTR view is that the desire to own the program remains high. There is an emerging level of influence in areas that CEP supports suggesting the CEP outcome is being to be secured. Despite the serious concerns regarding implementation there remains significant opportunity for EOC to prove its value addition by increasingly engaging at the national level to build ownership prior to a possible consolidation of CEP in phase 3 as proposed in the Project Design

Framework. The MTR recommendations reflect the strong messages from stakeholders regarding to their preferences for CEP and WGE institutions and their access and use of the program resources and services. Key elements of their requests relate to increased frequency and duration of national engagement with a focus on improved quality of capacity and institutional strengthening building that recognizes the need to link the environment sector with key sectors involved in RIF projects within each country. In addition, the stakeholders seek change in EOC performance standards, especially its ability to meet work plan timelines, and deliver agreed services. Stakeholders, correctly in the view of the MTR, consider the value added of EOC to be insufficient for the level of investment under the CEP.

### C. MTR Evaluation

28. **Relevance**, the MTR concludes that the CEP is **relevant** and **potentially highly relevant** if it can be shaped and delivered more effectively. The problems being addressed are increasingly relevant. The program's relevance has perhaps declined slightly during implementation due to the lack of institutional influence and change management strategies. On the other hand, relevance may be increasing for ADBs 2020 strategy although again this has not always been captured effectively due to weak internal engagement and influence with both management and operational staff. The country ownership of CEP is mostly relevant and has increased with the building of more effective NSU structures and programs.

29. The relevance of the modality and instruments available to CEP for implementation are assessed to be only partly relevant, with the TA modality less than optimal with the procurement systems limiting the extent of the CEP outcomes. The limited relevance of modality has been compounded by the manner in which EOC has applied the instruments available to it. The CEP has completed four scope changes for additional financing with the expected increased relevance being partly be offset by the increased complexity causing a loss of effectiveness and efficiency. However the additional financing has in effect cash flowed the CEP activities contracted with the expectation of Government of Finland funds that were subsequently withheld, without the additional funding the ADB would have needed to suspend the program due to inadequate resources.

30. **Effectiveness**. The MTR assesses the CEP as **less effective**. The rating is difficult due to the MTR constraints in terms of accessing reliable information from either the EOC or NSUs, to be able to assess effectiveness, with certainty, the contribution of some CEP activities.

31. The program's effectiveness has been strongly influenced by a slow start-up with uncertain resourcing and then a series of changes to the scope of work with increased financing from new cofinanciers. The MTR view is that the EOC is less effective in its management of the CEP. The rating is based on a range of factors including the constraints in using an ADB TA modality that added complexity to procurement systems and the resultant burden of administrative work. However, factors contributing to the lack of administrative effectiveness were in the control of the EOC and its management<sup>2</sup>.

32. These issues were identified in past reviews of Phase 1 and therefore known at the appraisal of Phase 2 design. In effect the issues were accepted by ADB, cofinanciers, and the six Governments. The effect of these issues persists and continues to impede program implementation reducing the CEP effectiveness. As a consequence, EOC resources were diverted from technical service delivery to support administration compromising the effectiveness of technical support and regional stakeholder engagement programs. The technical program effectiveness is further limited by fragmentation, a lack of focus on change management, and weak engagement with potential partners, national government and existing programs.

33. The response to the growing concern of cofinanciers about effectiveness was poorly managed. In combination with the process adopted by the Government of Finland this led to a conflict

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<sup>2</sup> EOC management lies with ADB who have assigned a full time staff member for this role. The Project Officer works with the technical program head, deputy technical program head and the accountant. Collectively these roles form the EOC Management Team (MT).

scenario further limiting the program's effectiveness in 2014. Weak supporting systems and a lack of leadership in managing issues has resulted in the EOC to date being rated as less effective.

34. Component 1 Planning systems, methods and safeguards. The safeguards program has emerged as increasingly effective, the Strategic Sector Assessment program is considered to be effective while the multi-sector planning remains mostly unimplemented and therefore less effective.

35. Component 2: The landscape monitoring and management program is assessed as less effective that without change risks being ineffective. The rating reflects the expectation of areas to be managed in a landscape approach, The MTR found that the stakeholders in most countries (the exception being PRC) were (i) unclear of what landscape management entailed and how to implement a landscape management approach, and (ii) had failed to engage with the sector interests outside of biodiversity in the landscape or corridors. While both CEP BCI and CEP phase 2 have invested heavily in the landscape and corridor definition and mapping there is little evidence of an emerging management system or institutionalization of any management. The CEP has struggled to engage effectively across sectors whilst significant resources were targeted to documenting biodiversity within the landscape as opposed to the management of the threats in a coordinated and integrated approach. The lack of an emerging system to actually manage landscapes raises significant questions regarding the validity of the CEP approach to landscape management and the appropriateness of CEP's continued investment in the identification of corridors and description of biodiversity within conservation corridor landscapes. The continued creation of corridors by biodiversity or conservation agencies may actually reinforce sector based management – with mandated sectors choosing to isolate environment from “development” planning as they see landscape corridors being used to threaten their interests without an agreed management system through which sector interests are negotiated, agreed and implemented. The findings of the MTR are consistent with the findings of the Phase 1 MTR supported by SIDA. While EOC has planned to move these issues forward it has failed to do so due to procurement delays which the MTR attributes to a request for proposals that was inadequately resourced for the expected terms of reference and required outputs<sup>3</sup>. The MTR requests EOC to prepare a clear strategy for institutionalization of effective landscape management. The MTR notes that the multi-sector planning program offers perhaps a starting point through which landscape management may be defined for biodiversity corridors while noting that their application to landscape management is still largely untested and unproven.

36. The value chain development subcomponent is assessed as being ineffective because (i) it has progressed slowly, (ii) there is little comparative advantage for including value chain activities in the CEP portfolio, (iii) the role of value chain work has become disconnected to the landscape management objective due to the lack of a management system, (iv) there is inadequate time to implement such a program at this point in time.

37. Component 3: The climate change program. Subcomponent 1 (adaptation) is assessed as less **effective**. The regional climate change round table is assessed to be effective and possibly highly effective. This EOC driven platform provides a significant opportunity to link and assemble climate change lessons for access to the GMS member countries. The effectiveness can be enhanced further through building national platforms linked to the regional round table. The field based programs that are considered, to date, to be ineffective. The START contract is facing lengthy delays and currently is not progressing, the climate change risk assessment vulnerability work has added little value and is mostly replication of other work, the climate risk financing work is weak, poorly conceptualized based inadequate community engagement processes. Cost effective adaptation options already exist throughout the GMs and identification of these rather than field testing and piloting alternatives would be more cost effective.

38. Sustainable forestry and REDD+ program programs are assessed as ineffective in the sense that one contract is delayed and constrained by the legality of what is proposed, and the other contract

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<sup>3</sup> The issue of adequate resourcing of Terms of reference was raised by several potential partners and in discussion with EOC staff the issue was explained that EOC technical staff wanted to retain technical leadership over the contract implementation. Given the nature contractual liability and responsibility the MTR is unclear how the EOC MT envisaged this being managed. The MTR stresses the impact of this approach has been the resultant significant costs of these actions on a core element of the CEP program with resulting delays that are not solely attributable to the required procurement process.

remains incomplete. It is unclear what the value addition in this area is given the plethora of REDD activities in the countries.

39. Climate change mitigation through the green freight initiative is assessed as having the potential to be highly effective. The program development and engagement processes have produced a high quality, strategic and clear implementation program with strong institutional linkages and influencing elements. While it is still in its infancy and it is too early to assess real effectiveness Green Freight is potentially one of the most influential contributions to the CEP portfolio.

40. Component 4 the institutions and financing program is assessed as being **less effective** – the regional collaboration is considered less effective, the NSU establishment is effective to partly effective due to the delays, issues over LOA liquidation and the lack of technical support that the NSU receive, and the EOC is considered less effective (comprising of an ineffective administration and management function, a less effective technical program, and the EOC information hub considered partly effective).

41. **Efficiency.** The MTR efficiency rating is **less than efficient**. The rating has been negatively affected by the lack of institutional strengthening and influence elements within the design of work plans and programs. The current extent of outcomes produced for the level of inputs and the cost effectiveness of fund utilization is rated less than efficient. The extent of effecting change is still low and is poorly developed within the work plans and is considered inefficient.

42. The efficiency of coordination with development partner is assessed as efficient. One of the detriments to efficiency has been the timeliness or responsiveness of EOC management for taking decisions and action. The process ratings are inefficient for ADB internal management systems, the role of cofinanciers have created inefficiencies, the recruitment of consultants and the organisation and management of EA and IAs is considered at best adequate but trends towards less efficient. The adequacy of counterpart arrangements is seen as inadequate and less efficient however this is improving and in some cases such as PRC and Viet Nam and Thailand the efficiency is relatively higher.

43. **Sustainability.** The MTR sustainability rating is **likely to be sustainable**, however the rating is early in the implementation of CEP phase 2 and, as a result, remains uncertain. A key message from the MTR is the need for changes to administration, technical programs under EOC management. Similarly, there is a need for the GMS countries to engage more fully in defining the future of the CEP, identifying their own needs, and willingness to contribute to an agreed vision. The donors, meanwhile, need to collaborate to enable and facilitate a smooth transition into a more sustainable institutional arrangement for the CEP. The MTR firmly believes the CEP impact can be sustained as long as the expected benefits are clearly demonstrated. Sustainability will therefore require consensus and greater focus on what the future should look like and how to achieve this future. Technical sustainability is being achieved albeit on a limited scope at this stage. Quality outputs that are institutionalized continue to build influence and there are good examples and some evidence of this having been achieved by CEP.

**D. MTR Recommendations and Actions**

44. The MTR was presented with and identified a range of issues that if resolved will improve the evaluation ratings by the end of the program. The CEP ability to improve operational effectiveness and efficiency while building institutional sustainability are the critical success factors and ultimately determine impact.

<p style="text-align: center;"><b>Overarching CEP Priority</b></p> <p style="text-align: center;">“To increase the CEP effectiveness and sustainability through efficient institutional influence strategies and capacity strengthening that enables mainstreaming of environment and climate change resilience within selected RIF investments.”</p>
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45. The proposed recommendations are summarized into 5 action programs that collectively represent the strategic changes CEP needs to achieve by December 2016. Smaller changes and recommendations are presented throughout the text of the report.

### 1. Action Program 1: Reform the existing CEP Regional Portfolio

46. A significant issue for the EOC and the future CEP is the status of finances and the work plan. To address these issues and reduce the associated risks, EOC needs to improve its contract management and strengthen work planning, financial forecasting and internal management arrangements. The lack of systems combined with weak contract management, staff inexperienced in ADB procedures responsible for work planning, inadequate financial forecasting and management has taken the EOC to a position of risk.

47. The MTR unravelled the issues related to the current CEP financial situation and has identified a number of issues relating to future financial forecasts that need to be addressed with urgency. The CEP work plan presented to the MTR by EOC faces a significant shortfall in available resources. Future cash flow projections are weakly based and rely on large untested assumptions due to poor contract management. EOC urgently needs to prioritise informed decision making and financial management that uses monthly updates of financial cash flow forecasts, disbursement performance, and available funds that take account of financier commitments. With a large program of work already contracted and differing sources funding available over different timelines, some potential scenarios are not viable. EOC urgently needs to adopt measures for controlling costs and improving disbursement and the MTR recommends that any procurement is suspended until issues are resolved and improved systems implemented. Additionally it is imperative that EOC MT reorganize its need and responsibility to manage its budget risks.

48. The MTR adopts the position of **LESS IS MORE** to get more impact and because business as usual is no longer an option given the projected shortfall of funds. The existing regional portfolio should be reformed into cross component programs with fully integrated capacity and institutional strengthening programs as part of a clearly defined change management strategy. These strategic regional pilot programs will need resources to build upstream linkages with the RIF program. There need to be fewer sites with the regional programs located in the GMS countries able to support implementation. These sites should be regional learning sites where all GMS countries build knowledge and capacity and also for populating the EOC information and data hubs at the national and regional level.

49. The proposed changes seeks increased focus on (i) institutional change, (ii) CEP comparative advantage, (iii) changes to available resources with the withdrawal of Government of Finland funds, (iv) achieving sustainability through institutional partnering, (v) identifies and disseminates existing best practice models rather than invest in developing models, and (vi) integrates policy influencing programs within their activities.

50. The three recommended regional strategic pilot programs are:

- (i) Spatial Management pilot program. The program would focus on delivering spatial management outputs to support the CEP outcome. The program would need to include spatial planning processes and support systems, spatial planning information systems including spatial data sets, and the use of economic value data sets, land use change simulations, climate change strategies etc. The development and piloting of spatial management within a landscape management context and linked with existing institutional arrangements related to the RIF pipeline is likely to provide a tangible benefit for the GMS. Such a program needs to be limited to a maximum of 2 within the economic corridors linking Guangxi, China-Viet Nam and Yunnan, China – Laos PDR
- (ii) Strategic Sector Assessments pilot program for only RIF investment into the transport or energy sectors – that will include multi stakeholder planning, SEA, ecosystem based approach with climate change and institutional influence again for one program focus only being the energy sector – Viet Nam
- (iii) Green Freight program as it is currently structured.

51. The reform will require CEP to exit from a number of current activities. Some of the expected outputs from these may be delivered as part of the implementation of the three strategic pilot programs. Accordingly, CEP needs to consider (i) replacing several landscape corridor activities with a more focused approach to landscape management systems as part of the 2 spatial planning sites, (ii) exiting from the ecotourism, and not proceeding with the value chain support, and (iii) reorientating climate change adaptation activities away from community level programs to build national level forums for capturing best practice and lessons learned, with the national forums being linked to the existing regional round table, and (iv) replacing the current approach to REDD+ plus activities with a regional networking of experience and best practice.

52. Savings from reduced scope of works and number of sites will be necessary to support the institutional influencing program. These savings provide inputs needed for contracting of (i) gender and social assessment and (ii) capacity and institutional strengthening expertise. All technical experts will be required to develop best practice assessments of existing regional programs linked to the strategic pilot programs, ensure that each programmatic element is developed sufficiently to be included in institutional influencing programs and also to support the mainstreaming of environment and climate change in the RIF investment program. The ability to produce clear and concise knowledge products and communication inputs should be a significant part of all terms of reference.

## **2. Action Program 2: Rebalancing of the CEP**

53. The current strategy of the CEP has a strong orientation to regional activities aligned to the four TA components and subcomponents. As a result, the program operates over many sites that are often poorly integrated creating significant overheads, capacity and institutional strengthening is diffuse and has simply training, while each activity or fragment lacks change management strategies limiting the Program's ability to achieve its expected outcome.

54. A critical success factor for the CEP and its future sustainability is the need to demonstrate value to the GMS countries. The distance between the current regional program and the WGE/NSU is reportedly high, with NSUs reporting little access to technical activities and capacity strengthening for national teams and institutions. If the purpose of the TA is to influence then strong national linkages are essential, as is the need for capacity and institutional strengthening.

55. The proposed rebalancing involves increasing EOC responsiveness to national needs by moving EOC technical staff from Bangkok to NSU offices to support capacity and institutional strengthening in country. A further benefit of the rebalancing is to improve coordination between the various actors under the CEP including EOC staff, contractors and national staff. The improvement to coordination will support networking with government, ADB, and other stakeholders to capture opportunities to support activities, to access data sets and to engage in policy forums. Most importantly, presence in country will focus on building influence within selected priority RIF investments that are currently being overlooked.

## **3. Action Program 3: Restructuring of the EOC**

56. The EOC currently has an organizational structure that mirrors the structure of the TA component and subcomponent structure. The result has been activities being implemented with a lack of integration and coordination. The EOC MT provides inadequate leadership due to limited skills and management processes for the current structure to be effectively implemented. The MTR sees little option but to address these weaknesses with urgency to ensure that the EOC can demonstrate sufficient value to the GMS countries. Without such change, it is unlikely that GMS government will see any benefit or reason to support the EOC through their own funds.

57. The MTR seeks to protect the quality of technical programs from the administrative burdens that currently dominate EOC's operation and limit its effectiveness. A revised structure is proposed that seeks clear lines of authority for administrative, financial and technical decision making with accountability. A new MT team structure is proposed, comprising a COO, and 3 group managers for Contract and Administration, Information Services, and Environment Policy and Technical Services. An additional position, CEP Program Implementation Manager is included as a transitional

role to ensure that EOC addresses its outputs and implementation challenges during the transition to the new management structure. Importantly, the recommended changes elevate the Administration and Contracts Manager above the financial accounting personnel with authority to manage all contracts and their implementation along with the procurement decision making and to ensure contract disbursement projections are accessible by the financial management team.

58. The MTR questions a number of staff contracts. Having key positions with only part time presence in the EOC or the wider region is not supported and these contracts need to be either restructured or concluded as soon as possible. In the interim, the ADB Project Officer should ensure that both clear and tangible outputs and deliverables are being provided by experts not located in Bangkok as part of remuneration approvals. In cases, where contracts are not to continue, the contracts need to be closed as soon as possible, some can be closed immediately. The CEP implementation manager along with ADB will prepare a HRD needs assessment and strategy through to the end of the CEP and once approved will implement the plan.

#### **4. Action program 4: Housekeeping**

59. EOC operating capacity and performance has been weak by most measures of organisational performance. The nature of performance issues ranges from specific to systemic and have developed to the point that the culture of EOC fails to strive for operational leadership, effectiveness and efficiency. The MTR seeks to introduce greater accountability for performance through simplified procedures, transparency and the need for informed and transparent decisions that are structured around agreed performance benchmarks. When benchmarks are not achieved management responses will be triggered including possible change to personnel, systems or both. In this respect, the MTR notes that ADB itself has contributed to the issues being faced by the CEP and needs to embrace the need for reforms.

60. There is an urgent need for effective IT solutions for accounting and financial management that is fully integrated with contracts and contract management. The EOC needs to identify, procure, implement and train staff in the use of the selected IT immediately. As part of this process, the EOC, although not a legal accounting entity should operate on the basis that it is such an entity supported with a full set of financial records and accounts that is accessible in Bangkok. The requirements for ADB accounting can be achieved through exporting the required data from Bangkok into the ABD system to avoid duplicating data entry whilst providing EOC managerial access to financial performance on a monthly basis.

61. In addition, there is urgency to address many of the outstanding issues in financial management and liquidation, outstanding procurement issues, updating contract status and performance, closing non-performing or completed contracts, updating and confirming cash flow and likely resource availability. These housekeeping programs need to be integrated with the reforming and rebalancing programs.

62. It is proposed that the contract and administration manager role will lead the housekeeping program. The new management team will need to address work plan implementation issues and seek to manage the disbursement delays within each month. The revised management will limit technical staff input to procurement and contract management processes to technically based inputs only.

63. The housekeeping program requires senior management and ADB to:

- (i) Assign a team to clean up – new contract manager should be assigned to lead
- (ii) Team leader has authority assigned over all EOC staff in these matters
- (iii) Team has priority over **all work priorities**
- (iv) Resolve all outstanding issues and backlogs:

#### **5. Action Program 5: Prepare for Future Sustainability**

64. The MTR suggests that the ADB and WGE consider the option of a one year extension to the CEP. In making this recommendation the MTR has had to balance three aspects of the review findings (i) the high degree of country level demand for continued access and use of the WGE



institutional arrangements, (ii) the limitations of the EOC operational efficiency and effectiveness during Phase 2, and (iii) the potential value that is left behind if an extension is not available. It is the MTR view, that while current performance is not adequate, the CEP risks losing a significant proportion of its value from the program if it was to close in December 2016. This view is built on the delayed implementation arising from the 9 month delay in financing being approved and available and the subsequent delays in implementation. Moreover there is a need to (i) build national level capacity, (ii) define ownership and access to the information systems currently maintained by the EOC, and (iii) the need to ensure the learning and tools are institutionalized into the GMS national level frameworks and used to address the needs of the RIF and other investment pipelines. Finally, the potential for securing a foundation for taking the WGE / EOC institutions forward into a CEP consolidation phase would provide the opportunity for the participating countries to transfer to themselves the ownership and maintenance of the EOC and its resource and knowledge base. The MTR strongly considers the extension as essential for building sustainability of the CEP activities to date and that this issue should be given prominence at the upcoming annual meeting.

## I. INTRODUCTION

65. The Asian Development Bank (ADB) fielded a Review Mission (the Mission)<sup>4</sup> for TA 7987(REG): Core Environment Program (CEP) and Biodiversity Conservation Corridors Initiative in the Greater Mekong Subregion, Phase II between 10<sup>th</sup> and 31<sup>st</sup> March 2015. The objectives of the Mission were to: (i) assess likelihood of achieving project impact, outcomes and outputs presented in the project design and monitoring framework (DMF); (ii) revise and update the DMF accordingly; (iii) review overall project implementation progress and identify implementation issues; (iv) assess the ongoing relevance, effectiveness and efficiency and sustainability of the CEP implementation arrangements and identify opportunities for improvement; (v) assess and update the findings of the recent KPMG review commissioned by the Government of Finland; (vi) update financial forecasts and identify changes for the grant allocation; and (viii) review project implementation and support operations<sup>5</sup>.

66. The Mission held meetings and consultations with the Environment Operation Centre (EOC), Bangkok including joining sessions of the annual work planning meeting and a EOC staff meeting on Bangkok 27 to 28 March. The mission visited all six countries implementing the CEP including Myanmar (11 to 12 March), Thailand (13 March), Cambodia (15 to 17 March), Laos PDR (18 March), Viet Nam (19 to 24 March), and Peoples Republic of China (PRC) (25 to 26 March) meeting with the WGE focal points, the National Support Units (NSU) or their equivalent Provincial Support Units in PRC, agencies involved in implementation of national and regional programs, consultants and contractors. Appendix 1 contains a list of persons met by the Mission. This mid-term report records the Mission's findings throughout the mission. The recommendations provided are subject to review and approval by higher authorities of the Asian Development Bank, the Working Group in Environment and cofinanciers.

## II. BACKGROUND

### A. WGE / CEP 1

67. Phase 1 of the CEP (CEP-BCI) was one program within the economic cooperation program strategic framework (2002 -2011). The 2005 GMS Environmental Ministers meeting endorsed the CEP BCI. CEP BCI sought to consolidate environmental initiatives into a single program that aimed at achieving a poverty free, ecologically rich GMS by mainstreaming sound environmental management across all sectors to enhance their development impact. CEP-BCI invested \$36.11 million financed by ADB, Government of Finland, Government Sweden, Government of Netherlands, and the Poverty Reduction Cooperation Fund of the PRC into a pilot biodiversity conservation landscape planning approaches. The program outputs were (i) environmental assessment of economic corridor strategies and corridors, (ii) biodiversity conservation corridors, (iii) environmental performance assessments and sustainable development planning, (iv) capacity development for environment management, and (v) program management.

68. Lessons identified from the first phase included (i) the value of Strategic Environmental Assessments (SEA) for including environmental concerns into sector decision making, (ii) the increasing need for biodiversity corridors given the pressures arising from increased FDI and also the need to test their effectiveness in managing these pressures, (iii) the use of Environmental Performance Assessment (EPA) as a management tool, (iv) importance of capacity development, (v) the challenges associated with program management and the need for EOC to move towards a knowledge and information hub with stronger linkages to national support units. Future needs from the CEP countries were included to build on CEP Phase 1 achievements, maintain a focus on poverty reduction, the need to protect ecosystem health, and to seek sustainable financing.

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<sup>4</sup> The Mission comprised of S Ranawana ( Senior Natural Resources Specialist) as Mission Leader; E. Piano (Associate Project Analyst); M. A. Tadle (Procurement Specialist EOC), Dr C McGinn (Evaluation Consultant) financed by SIDA, and Mr L Saunders (Consultant)..

<sup>5</sup> Given the findings of the review the updaign fo the DMF and the revised financial projections and grant allocation table are incomplete as they require a detailed review of contractor status, revised disbursement projections and an assessment of available resources by cofinancier prior to these actions being possible.

69. Country feedback during the design of CEP Phase 2 identified additional design priorities including (i) channeling of policy, (ii) the need for robust baseline data and to strengthen national monitoring and assessment capabilities, (iii) a focus on transboundary landscapes with a focus on institutional capacity for monitoring, climate adaptation costings, food security linkages and improved cooperation with civil society groups, (iv) upscaling of BCI, (vii) landscape management planning approaches to underpin ecosystem services, and (viii) importance of capacity development with respect to environmental education, institutional capacity for government agencies to support policy framework finance mobilization and compliance monitoring.

70. In 2010, the environmental ministers acknowledged the growing importance of climate change and identified the environment as one of the top three priorities in the subregion, along with food security and energy sufficiency. The ministers' meeting was formative for envisioning the need for balanced growth with diversified growth drivers... [and noting that] medium term priorities are mutually interlinked in complex ways and need to be addressed through collaborative efforts, combining sound management of natural resources and social considerations. With this vision they recognized the importance of sector coordination and for increased coordination of investment along the GMS economic corridors.

### **B. GMS Economic Cooperation Program**

71. The GMS Strategic Framework (2012 – 2022) was used to inform the design of the CEP Phase 2 in 2011, resulting in alignment of the two program objectives for prioritization of environmental sustainability within the GMS ECP. Design contributions from ECP to CEP 2 included (i) the need for soft investment to support cooperation, (ii) a narrower sector focus on transport, energy, tourism and agriculture, (iii) stronger cross sector linking, (iv) a need to focus on the GMS economic corridors, (v) increased regionality, and (vi) the importance of climate change.

72. During 2014, the GMS leaders endorsed the GMS Regional Investment Framework (RIF) Implementation Plan (2014-2018) containing a pipeline of investments and technical assistance projects identified 2012. The statement by GMS Leaders at the 5<sup>th</sup> GMS Summit in December 2014, highlights the importance of ensuring environmental sustainability and inclusiveness in implementing the RIF. Guided by the 5<sup>th</sup> Summit declaration, the GMS Environment Ministers, in their statement of the 4<sup>th</sup> GMS Environment Ministers Meeting (EMM4) in January 2015, pledged to support the implementation of the RIF. Their statement pledged actions to ensure inclusive and environmentally sustainable development in the GMS. They further directed the WGE and EOC to develop tools and approaches to integrate sound environmental management considerations in RIF. The focus on RIF further reduces the CEP focus from the wider economic corridors to the narrower set of RIF investments within these corridors. The RIF directive provides a more focused entry point for the CEP to engage with key sectors in addressing environmental sustainability and climate resilience considerations within the GMS ECP.

### **C. GMS RETA Support**

73. ADB has recently undertaken reviews of its TA program (ADB 2008) and the performance of the Regional Technical Assistance (RETA's) program (ADB 2014). The review of the TA program in 2008 provided a successful rating by IED's 2008 R-CAPE<sup>6</sup> for the GMS subregional program. The evaluation included the Core Environment Program (CEP BC1 – phase 1). One pertinent concern raised by the review was their concern regarding the legal standing and sustainable funding for the CEP's Environment Operations Center (EOC).

74. The 2014 review of ADB RETAs found the WGs to be useful in providing venues and resources to bring people together in an informal way that builds up participation and ownership. ADB is perceived as playing its "honest broker" role well. The WGs often require considerable time however, to reach a consensus among all 6 countries on joint initiatives.

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<sup>6</sup> IED (OED), Greater Mekong Subregion: Maturing and Moving Forward. Regional Cooperation Assistance Program Evaluation. 2008.

75. The review concludes that the CEP was compliant with ADBs "Strategy 2020," however it found the bilateral financiers often had diverging expectations with respect to Strategy 2020. The 2014 review found that the programs required considerable staff expertise and administrative overhead to non-core sectors and that there was potential institutional reputational risk occurring from their poor management.

76. The 2008 review stressed the administrative costs created by the large number of small contracts and the questioned excessive use of small goods and services packages in the procurement program. The effect of the number of contracts was compounded by the need for contract variation requests due to the regional program requiring changes to contracts for routine travel requirements. The 2008 review reported the extent of the work load created for this requirement and how it impeded implementation. The impediments arose from the requirements of ADB TA implementation procedures not being aligned to the needs of the regional programs. The same system requirements also create negative incentives that discourage the participation of civil society and regional institutions despite their involvement being a core element of the designed implementation arrangements.

77. In response to the lessons identified in CEP Phase 1 there have been a number of changes in the operational procedures. In Phase II, the CEP has started to engage firms and not just individual consultants. The balance between individuals and firms is still limited; with only 14% of funds contracted through firms and a further 13% through LOA arrangements. The EOC under Phase 2 was formally recognized within ADB as a Grant Implementing Unit (see Memo from March 2013). The financial and fiduciary management functions of the EOC vis-à-vis the TASU were reviewed and formalized (e.g., review by CTL, annual independent audits of EOC, etc.). Thirdly, TA ABD administration connectivity systems were streamlined, enabling EOC to upload disbursement, liquidation and claim submissions on line (through eStar), reducing the administrative bottlenecks in the system (see memo of December 2014). CEP has begun to apply output-based LOAs, which reduces the administrative workload with liquidation of advances.

78. In an effort to overcome the extraordinary number of contract variations required EOC, to its credit, took a proactive approach to recommend and seek approval for the use of lump-sum based contracts for EOC-based consultants. Whilst gaining support from ADB controllers who acknowledged the significant cost and operational efficiency gains for ADB. OSFMD apparently did not support the proposal, or was able to provide any alternative option, effectively locking ADB and EOC into administrative transaction costs that should be avoided. The MTR suggests that ADB reconsider the opportunity cost of retaining the existing requirements and the logic of OSFMDs rejection of the proposed approach given the support received from its own controllers.

79. The MTR findings indicate that most of the issues raised by the reviews of CEP –BCI Phase 1 continue to constrain the program in the same manner, and with similar effect, during the implementation of CEP Phase 2.

### **III. PROJECT DESCRIPTION, OBJECTIVE AND SCOPE**

80. During the second GMS environment ministers meeting (EMM) in Vientiane, Lao People's Democratic Republic (Lao PDR) in 2008, the GMS governments acknowledged the relevance of Phase 1 of the CEP-BCI in achieving the overall goals of the GMS economic cooperation program. As directed by the EMM, ADB assisted the GMS Working Group on Environment (WGE) and technical secretariat, the GMS Environment Operations Center (EOC) to prepare a follow-up phase. In July 2011 the environment ministers of the GMS countries endorsed the program framework document (PFD)<sup>7</sup> for the CEP-BCI 2012–2016 at the third EMM held in Siem Reap, Cambodia, and requested ADB to support its implementation. The TA was designed to implement the PFD.

81. At approval the GMS governments expressed concern about the risks posed by rapid economic development on the remaining natural landscapes of the Subregion and the increasing the

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<sup>7</sup> See <http://www.gms-eoc.org/resources/core-documents> to access: the PFD, the TA Inception Report, and the semi-annual progress reports

impact of climate change. Most governments had initiated several efforts to build adaptation and mitigation strategies (e.g. National Adaptation Plan of Action, National Target Programs, Nationally Appropriate Mitigation Actions). These strategies required institutional and technical capacity building support to enable implementation of risk mitigation measures, formulation of mitigation actions and development of monitoring, reporting and verification (MRV) systems. It was envisaged that CEP would build climate change monitoring and modeling capacity through the assessment of climate risks and by identifying potential resource efficiency measures applicable to productive sectors. Greater uptake of climate change adaptation and mitigation requires the leveraging of public and private sector investments; to further enable this, activities are needed to (i) develop appropriate business models and financing solutions; and (ii) create the appropriate enabling policy and institutional environment.

82. At approval, the GMS governments expressed concern about the risks posed by climate change impacts. Most governments had already initiated several efforts to build adaptation and mitigation strategies that required institutional and technical capacity building support to enable implementation of risk mitigation measures, formulation of mitigation actions and development of monitoring, reporting and verification (MRV) systems. It was envisaged that the TA would build climate change monitoring and modeling capacity through the assessment of climate risks and by identifying potential resource efficiency measures applicable to productive sectors.

#### **A. Program Impact and Outcome**

83. The impact of the TA will be improved biodiversity conservation and climate resilience across the GMS. The TA outcome will be an environmentally friendly and climate-resilient GMS economic cooperation program<sup>8</sup>. It aims to support activities in priority economic corridors targeted by the GMS program, and in priority transboundary biodiversity conservation corridors and landscapes.<sup>9</sup>

#### **B. Program outputs - components**

84. The TA is aligned with the strategic framework for the GMS economic cooperation program, 2012–2022 and was included in the GMS Regional Cooperation Business Plan. The TA was designed to support and complement other GMS regional and country-specific programs to systematically assess and integrate sound environmental management and climate resilience measures. The TA comprises four outputs: (i) improved environmental planning systems, methods, and safeguards; (ii) improved management of transboundary biodiversity conservation landscapes and local livelihoods; (iii) development of climate-resilient and low-carbon strategies; and (iv) improved institutions and financing for sustainable environmental management.

#### **C. Financing**

85. The TA, classified as a Regional-Capacity Development Technical Assistance (R-CDTA), was approved on 12 December 2011. The Board approved the original TA amount of \$14.8 million on 12 December 2011<sup>10</sup> comprising \$14 million cofinanced by the Government of Finland and \$0.8 million from ADB's Technical Assistance Special Fund. The total financing was increased to \$23.1 million on 5 December 2012 with the equivalent of \$8.3 million from the Government of Sweden<sup>11</sup>. Additional financing was later provided amounting to (i) \$5.3 million equivalent (EUR4 million) from the Nordic Development Fund (NDF) in April 2013, (ii) \$917,431 from the Global Environment Fund in May 2014 and (iii) \$500,000 from the Peoples Republic of China Regional Cooperation and Poverty Reduction Fund in February 2015. At the time of the MTR funds commitment totaled \$29.82 million administered

<sup>8</sup> ADB. 2010. *Regional Cooperation Operations Business Plan: Greater Mekong Subregion 2011–2013*. Manila

<sup>9</sup> While economic corridors enhance physical connectivity, biodiversity conservation corridors support ecosystem connectivity to accommodate movements of species between core areas. These corridors are embedded within wider conservation landscapes, which provide services based on ecosystem functions.

<sup>10</sup> ADB. 2011. *Regional Technical Assistance for the Core Environment Program and Biodiversity Conservation Corridors Initiative in the Greater Mekong Subregion, Phase 2*. Manila. (TA 7987–REG)

<sup>11</sup> ADB. 2012 Additional Financing provided by SIDA amounting to \$8.3 million equivalent (55 million SEK) approved Dec 2012

by the Asian Development Bank (ADB). The original closing date of December 31 2015 was extended from December 2015 to December 2016 at the time of the agreement for additional financing from SIDA. The financing from the Government of Finland concludes in December 2015.

86. The latest design and monitoring framework was approved in February 2015 is presented in Appendix 2

#### **D. Program Implementation Arrangements**

87. The TA is executed by ADB and is implemented by national agencies within the WGE. The WGE focal agencies are: the Ministry of Environment (Cambodia), the Ministry of Environmental Protection (People's Republic of China), the Ministry of Environmental Conservation and Forestry (Myanmar), and the Ministry of Natural Resources and Environment (Lao PDR, Thailand, and Viet Nam).

88. The program's implementation is managed under the Environment Operations Center (EOC), which was established at the inception of the CEP-BCI Phase 1. The EOC has no independent legal identity with no basis for entering into financial or legal contracts. In this context, it remains an operational unit of ADB who view it as an extension to their Technical Assistance Support Unit (TASU) with staff and contractors being contracted to ADB on behalf of the CEP. Under this function it operates as a project administration center and is managed by an ADB Project Officer who is currently solely assigned to the CEP implementation<sup>12</sup> and is based in the ADB Thailand Resident Mission Bangkok. In addition to this administration function, the EOC has a function within the long term institutional arrangements for the WGE. During Phase 2, the EOC was expected to demonstrate the core WGE functions linked to a knowledge and information hub and as a provider of technical support services mostly for capacity and institutional strengthening. The MTR recommends that there needs to be change in the balance of these two functions by building increased focus on the EOC –WGE service provision and institutional functions in the remaining implementation period of Phase 2 by separating technical and administrative functional management.

89. The EOC was initially envisaged as the secretariat to the WGE, providing technical support services and a credible subregional knowledge, information and data resource and referral center. Its scope was intended to include environmental management tools and practices, socioeconomic and biophysical information, and expertise in the environmental and climate-related fields. The design view includes a transition away from international consultants towards regional staffing, and a possible transition to a sustainable center that supports the environment and economic development within the GMS.

90. The development and strengthening of National Support Units (NSUs)<sup>13</sup> is central to the move towards a more durable institutional structure for regional cooperation programs. The NSUs were envisaged to take responsibility of coordination of in-country activities, including assisting with preparation of financial and progress reports, maintenance of environmental databases, and reporting to WGE. The NSU mandate includes the same two functions of the EOC being administration of the LOA and supporting the WGE institutional arrangements.

#### **E. Design rationale assessment**

91. The Program Framework Document (PFD) detailed a rationale for the CEP Phase 2. Importantly the document highlights the expected progression from Phase CEP BCI (2006-2011) as a pilot phase, CEP Phase 2 (2012-2016) as a scaling up phase, and a proposed phase 3 (2017- 2022) for consolidation. The rationale for CEP phase 2 was developed around 3 themes: (i) Technical Components, (ii) Institutional Development, (iii) Regionality and Funding.

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<sup>12</sup> The officer in charge had previously been assigned to additional project administration roles in the wider GMS portfolio

<sup>13</sup> National support Units are supported in each country with China also having support units in Guangxi and Yunnan Provinces

92. **Technical Components** placed a strong emphasis on (i) upgrading sustainable development planning capacities and creating policies of their use in the GMS economic and biodiversity corridors, (ii) testing sustainable livelihood options for rural communities living in the transboundary conservation corridor levels that can be scaled up under larger investments, (iii) development and testing of climate resilient and low carbon technologies for livelihoods and sector investment plans, (iv) greater focus on organizational and institutional capacity development, with technical capacity development in new areas. In the design and monitoring framework these technical needs are structured within the first three CEP Phase II components. Capacity strengthening has been somewhat woven through each of these components.

93. **Institutional Development** highlighted (i) institutional development of WGE to strengthen linkages with other GMS development sectors, (ii) GMS-isation of EOC and support for the establishment and strengthening of NSUs with a view to institutionalizing a network to support GMS countries with environmental management/investment planning. Within CEP Phase II these factors were added to the fourth component creating an additional dimension to the capacity development focus on this component.

94. **Regionality and Funding** The focus of the rationale was to (i) ensure both regional and national benefits were emerging clearly from a regional program that generated national benefits, and (ii) grant funded support and the mobilization of public and private funding for testing sustainable financing and PES systems in selected countries. The regionality and funding design elements were included in the fourth CEP Phase 2 component along with the institutional development activities.

95. The rationale of the program structure centers on supporting the three technical areas (i.e., environmental planning and safeguards, corridor or landscape management, and climate change), as well as a less coherent set of activities linked to capacity building, institutional development and strengthening, environment services financing at the country level and fund mobilization for the regional program.

96. The structure of the CEP design is with hindsight considered weak on several dimensions. The overriding design issue being the manner that the CEP strategy now reflects the structure of the TA, rather than the structure supporting the expected and required strategy. In the view of the MTR, the design responded more to the nature of the problem assessment whereas a more integrated approach to the change management strategy to achieve expected outputs and outcomes may have provided an improved structure that was more supportive of the expected management strategy. Greater focus on integrated approaches to enhancing environmental management capacity (institutional, organizational, and individual levels) is a prerequisite for achieving the TA outcome of mainstreaming environment and climate resilience into economic development. For example, the separation of planning and climate change from landscape (spatial management) creates a structural alignment that does not always support the needs for integration of climate change and planning systems into the spatial management systems.

97. An alternative approach could align outputs more closely to programs such as (i) spatial management systems, (ii) strategic sector assessments and management, (iii) information systems support, and (iv) institutional development.

98. The design weaknesses have been compounded by work plans and implementation systems organized around the TA subcomponent outputs within each component. Within these subcomponents, activities and contractors are managed by differing personnel with contractors procured independently of one other despite requiring inputs from other contractors that are often not mobilized in the correct sequence. As a consequence, the linkages between components required and implicit in the design to achieve the CEP outcomes have not been established within program implementation. Meanwhile, there is far too much focus on intra-component or subcomponent linkages. These issues are widely known, but have not been addressed to date. The issues reflect the choice to use smaller contracts.

99. Procurement of services that package all interlinked inputs within a larger contract would have retained the work plan and underlying integrity of the CEP strategy increasing the value of inputs. An example, of this is the linkage between valuation of natural resources, biodiversity assessments and the multi-sector planning contracts. The two resource assessment inputs are yet to

be contracted whilst the planning contractor is mobilized. The proposed planning process was expected to be a user of the outputs of the valuation and biodiversity assessments and as such the output of these contracts will not be available to CEP multi-sector planning process. As such the two assessment contracts are considered to in effect be redundant and no longer justifiable<sup>14</sup>.

100. The complexity of concepts within Component 4 reflects a weak underlying strategy for this part of the CEP design. As a consequence, the design outputs while necessary are insufficient to enable CEP phase 2 to achieve its outcome. The output consists of (i) institutional strengthening for the national WGE /NSU capability, (ii) the introduction of PES for two countries – where PES transfers funds from the users of ecosystem services to the providers and as such the output targets resource owners and service users, (iii) the development of public private partnerships as a means of both leveraging funding and engaging the private sector in the environment sector and its management, and (iv) leveraging REDD funding (despite component 3 on climate change also supporting REDD monitoring, REDD+ implementation activities).

101. Interestingly, the DMF within the PDF did not include the EOC in the component outputs, activities or indicators.<sup>15</sup> The MTR considers this to be a substantial gap in the design structure. The findings regarding the EOC structure and operation from Phase 1 may have contributed to this omission, given the uncertainty over its legal status and basis for its operational modality. Moreover, there is a significant lack of direction concerning EOC's role, structure, operational modalities and its level of institutional development. In effect, there was no consensus or vision for EOC role in CEP Phase 2 DMF and no program of activities to support its institutionalization within the institutional design strategy. These resulted in critical institutional gaps that include an agreed institutional strategy with supporting resources (human, financial, and intellectual) and coherent integration within the CEP 2 DMF.

102. In response, the EOC contracted an institutional expert to conduct an institutional strengthening needs assessment, but the output was inadequate to address the requirements both in terms of targeted work and the resultant approach and quality of output. The recent contracting of technical input to develop a strategy for WGE institutionalization is planned to address some of the shortcomings and is urgently required to address the growing vacuum with respect to future institutionalization of the EOC and CEP Phase 2.

103. The overall DMF is assessed to be weak and inadequate for guiding and monitoring CEP implementation. The indicators are poorly defined, often unmeasurable, and weakly related to the CEP control or outputs. Here EOC has taken steps to address these shortcomings with the development of a results based framework that has added indicators which EOC applies through the work planning processes. The MTR view is that the ADB and EOC need to complete a review of the DMF and its indicators with the purpose of updating the indicators to align with revised outputs and ensure that these are able to support the outcome indicators. Further the review should also be fully integrated into a Project Performance Management System supported by the CEP M&E program that needs to report on all indicators on a six monthly basis.

## **F. CEP Phase 2 – Key events**

104. The EOC communication strategy for the CEP represents an important aspect of the work through the CEP phase 2 program prior to the MTR. To date, the CEP has produced a total of 10 knowledge products (although one of these was a translation of the CEP introduction) with 4 of the knowledge products being prepared in 2015. The Program supports forums and events through taking a lead role in their organization and of course funds the events. Some high profile programs with quality programs have been conducted. There is however little follow-through on the impact of these events. For example, the discussion on natural capital partnerships while challenging has no apparent

<sup>14</sup> Further there are a number of existing data sets for the biodiversity assessment with other agencies or development partners (in the case of Laos with the BCI Grant Project linked to the CEP program) that have not been reviewed or accessed by the CEP Phase 2 program. Experts indicated that for PRC and its Transboundary Corridor additional investment in biodiversity assessments was not warranted.

<sup>15</sup> There are references to the EOC and its future roles and functions in supporting Annexes and in the text of the PDF however whilst essential in the future of the WGE institutional structures it was not included in the DMF - central to those responsible for implementing the Program.



follow up activities in the current work plans. Discussions with the MTR indicate confusion and a lack of technical leadership on natural capital partnerships at the country level. Given the status of CEP 2 and the extended delays and implementation challenges the MTR questions the strategy of introducing natural capital to its dialogue without the necessary technical expertise and planning to use it for achieving the CEP outcome.

105. CEP Phase 2 has a number of milestones relating to changes to the design and implementation arrangements, including four changes in scope that require ADB management approval - see Appendix 3. While these changes are welcomed by the WGE and are indicators of success as per the DMF framework indicators for output 4, they also represent an ongoing disruption to the CEP Phase 2 work program. They raise questions regarding how the scope changes impact the program, its capacity to implement them, and the degrees of complexity that were added as it grew its scope and funding. The MTR is concerned about the extent that changes in scope have (i) diverted EOC resources into processing and re-planning, at the expense of timely implementation of agreed action plans, and (ii) additional financiers have added new expectations and requirements to an already complex program. The MTR has been unable to ascertain the extent that the additional inputs may have diluted CEP Phase 2 implementation effectiveness and program outputs. However it is considered that there have been negative impacts given the issues raised during implementation by the cofinanciers<sup>16</sup> and by the MTR review team.

### **G. Cofinancing Development Partner Dialogues**

106. The development partners (Governments of Finland and Sweden) have reported to the Semi-Annual and Annual meetings in the form of Donor Statements that represents the issues and concerns of both donors in response to reported implementation progress and issues. The Donor statements (see Appendix 4) have raised a number of concerns regarding the implementation progress, the systems and management of EOC and the effectiveness of the ADB program execution.

107. The sequence of statements build a stronger questioning of the progress and the ability of the EOC/ADB to accurately report the progress of the program implementation. They identify a number of concerns regarding EOC management, ADB support to the EOC, the inadequacy of progress, financial reporting inconsistencies, etc. The repeated nature of the issues raised and increased questions regarding the integrity of data systems, administrative processes and monitoring should have raised significant flags for CEP management that inspired pro-active steps to address any problems. While some issues were addressed or explained, many issues continued to be tabled in subsequent dialogue. Consequently, EOC, ADB and the cofinanciers agreed that input from an M&E expert would assist the EOC to strengthen its results-based monitoring. A self-assessment process was requested to build on the M&E input and completed by EOC. The latest donor statement indicates progress on many of the key issues.

108. The EOC acknowledged to the MTR the value of the M&E input and the subsequent self assessment process. The MTR view accepts their value, but believes they have had only limited effect. The MTR attributes the limited impact to a failure to understand the full extent of issues, their underlying causes and only partial identification of possible solutions and as well as limited EOC MT responses to manage the changes where necessary. Part of the limitation to responses was driven by the imposition of the KPMG led systems review at the request of the Government of Finland and its demand on EOC resources.

109. In 2014 the Government of Finland initiated a “systems review of EOC/CEP” purportedly in response to the ongoing issues related to unresolved closure of CEP BCI Phase 1 accounts, together with the lack of audit documents. While important, it raises questions to the validity of why it was assumed that a CEP Phase 2 system review would address issues arising from pre CEP Phase 2. While other issues were involved the resulting decision to only release funds once Phase 1 audits and contract closures were addressed clearly indicates the objective of the review.

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<sup>16</sup> As reported in the Development Partner Dialogues delivered through the semi annual meetings – a summary of which is presented in Appendix 4

110. The first tranche payment from the Government of Finland was delayed by 9 months on account of the delays in finalizing the cofinancing agreement. Subsequent releases of fund tranches have been withheld until the systems review was finalized and then again until the Phase 2 cofinancing agreements were amended. These delays to fund release apparently fall outside of the initial cofinancing agreement with ADB indicating that the terms of fund transfer were being adjusted throughout the review process creating significant cashflow challenges to the EOC.

111. The expectation of the scope of the systems review seems to have differed between the ADB/EOC and the Government of Finland. The ADB/EOC management viewed this as a management systems review however on mobilization of the KPMG review team, ADB/EOC considered the background of the team members and their approach reflected the role of auditors and not an EOC management systems review. The divergence of views and expectations resulted in a growing tension and conflict over the purpose and intent of the review. These tensions initiated a series of actions and responses that escalated into high level policy and cofinancier agreement issues relating to ADB audit policies. A summary of findings and issues arising from the KPMG review are included in Appendix 5 along with the EOC/ADB responses and the MTR view on the issues and their status as at March 2015.

112. In summary, the MTR assessment of the KPMG review was that it was poorly initiated and activated. The process suffered from a lack of transparency or communication of the scope and/or intent of the review. However, the MTR concludes that many of the KPMG report findings are pertinent and relevant for CEP Phase 2 management to address. Further, there was a need for ADB to resolve outstanding issues regarding Phase 1 closure. In the MTR's view, the KPMG review findings are poorly structured in their presentation, something compounded by the ungainly use of the summary matrix that fails to communicate a clear statement of issues, underlying causes and resulted in recommendations that were directive and issue/problem orientated. It would have been more appropriate to adopt a systems perspective and to provide guidance on systemic solutions. Instead, it focused on micro-level problems and please explain directives. The predictable result of the process was that the potential value was mostly lost through forcing the actors on all sides into defensive positioning. Moreover, it seemed to exacerbate the CEP's existing administrative bottlenecks with further paperwork with its focus on details rather than guide the EOC management and their donors into a program that resolved systemic issues.

113. The consequence of the KPMG review has been to disrupt the 2014 implementation program with significant negative impacts on the implementation of work plan activities due to (i) diversion of EOC staff resources to support, and respond, to the review, (ii) creating increased uncertainty over available financing resources and CEP cash flow - resulting in inadequate funds to (a) pay existing financial commitments including the salaries of EOC staff that were required to respond to the review, (b) provide resources to the NSU letter of agreement advances, (c) enter into contracts to conclude procurement processes. Ironically these were the same issues that the donor statements and the review itself had identified and subsequently used to initiate the review of EOC management systems. As a result, the manner in which the review was undertaken and the resultant positions of Financiers, including ADB, has had a significant negative impact by delaying the work program and limiting the future ability of the CEP phase 2 to achieve its outcome.

114. The MTR highlights the importance of the audit and closure issues that were carried forward from Phase 1. These issues created the foundation of a large part of the issues raised by the development partners and were the major drivers of the actions of the cofinanciers. As a consequence, cofinanciers were left with little option but to use leverage based on their own involvement in phase 2 to obtain the required resolution of outstanding issues. The net effect has been significant and negative. Most negative effects will fall on the GMS countries. The GMS / WGE has already lost significant opportunities and benefits due to these events and in the opinion of the MTR based on its financial review, these losses will increasingly be felt through the remainder of the program.

115. The MTR considers that the sequence of increased concern expressed in the donor statements, the increased level of cofinancier intervention, and the ongoing inadequacy of EOC management and its systems that a more productive solution pathway was possible. This of course assumes all parties involved wanted to achieve such an outcome. Other than the need for a more productive and partnered process to address the differences and concerns of all parties, the most

obvious option was to undertake a more systematic review through advancing the MTR into early 2014. While this would have been early, and there was little physical progress, it would have been appropriate given the range of issues that need to be addressed and would have provided a means of greater consensus on the future implementation of the program to be reached. Such an approach may have limited the damage incurred to CEP phase 2 through the sequence of reviews undertaken by addressing underlying causes of constraints, ensuring available funding was not lost due to delays given that funds from the Government of Finland are available only through to December 2015, and avoiding the cash flow constraint to implementation experienced during the last quarter of 2014.

116. Equally important is that an early MTR would have provided a set of systemic corrective actions required for the EOC to overcome its shortcomings and the constraints within its control. These include poor procurement strategies and implementation, and the design deficiencies regarding the future strategy to achieve the transition of the current EOC to an agreed EOC / WGE institutional vision.

#### IV. PROGRAM CONTEXT

117. The following section provides an overview of the MTR country level dialogue. The dialogue was quite limited due to time and resource constraints and involved briefing from the WGE/NSU and their associated stakeholders. Most stakeholder interaction involved the NSU implementation partners for the national LOA programs. In some instances additional meetings were held with partners and potential partners in the wider CEP regional program. In most countries the MTR also met with the ADB Country Resident Mission staff from the ANR sector and in some instances from their energy, transport and management groups.

##### A. Regionality

118. The Program Design Framework clearly establishes the expectations of the regionality of the CEP a feature that offers a unique set of opportunities. The PDF states that CEP needs to be more than a multinational program it needs to invest in regionality through joint actions, creation of regional networks and cooperation and knowledge exchange. Further it states there needs to be regional targets and indicators to assess regional progress.

119. The regionality focus is brought to the design through the outcome statement of mainstreaming into the regional economic cooperation program. CEP has contributed towards the development of a shared understanding of the subregion and its role in sustainable development. The 2014 EMM reinforced this view and gave CEP guidance to increase its focus within the RCP by seeking the CEP outputs to concentrate on influencing projects within the RIF. The additional focus is strongly supported by the MTR. The MTR however, cautions about raising expectations regarding the ability of CEP to directly influence RIF pipeline projects. In the majority of investments this is unlikely given the status of the RIF, the current level of institutionalization of the CEP at the national level and the extent of institutional distance between the CEP, WGE and the sector investment proponents.

120. The MTR strongly supports the CEP and WGE/NSU decision to focus activities back onto the RIF. To do so, CEP needs to address the institutional linkages and capacity strengthening needed to the gaps between the environment sector and the proponents of RIF projects. The EOC/CEP should develop, and offer, services to enhance the RIF pipeline through mainstreaming environment and climate change within the project conception and design processes. Here the discussions with both Governments and ADB resident missions were particularly insightful. The Governments in China, Viet Nam were strongly supportive of the need for focus and suggested steps for CEP to engage in the RIF program, with greater presence in the field the EOC would have been aware of these. Their interest is not unexpected given that both have large investment portfolios linked with ADB and multilateral programs within the RIF. The focus of the other countries is broader. First, current national institutional capability in the environment sector remains weak and needs to be built prior to engaging with other sectors. Second, these countries see increasing risks, in the short term, from inappropriate RIF investments. However, the weak institutional capability in the environment sector continues to limit their ability to respond to these risks in ways that are effective in influencing investment design and decision making.

121. The diversity of interest is important for any future CEP strategy in addressing the required focus on RIF. Firstly countries with stronger capacity with more involvement in the RIF as both borrowers and advocates of regional connectivity infrastructure seek direct influence on the type and style of investment to be made. For them CEP needs to engage through the NSU with the key sectors of transport and energy within the economic corridors to identify priority investments that provide an entry point for CEP to work with the investment development and design teams. For the other countries CEPs role needs to be somewhat broader with a multifaceted program that prioritizes capacity and institutional strengthening for national stakeholders in addition to potential project level influence programs.

122. One unique feature of CEP actually lies in the differences between the institutional and economic capabilities of the GMS member countries and how the regional program can engage and use these within the implementation of CEP. The MTR recommends a dual approach where the program focuses on far fewer sites within which a consolidated program is based on cross component

activities. These sites will be located in countries where systems provide strong entry points and geographic alignment to the RIF within the economic corridors. CEP is recommended to use these strategic sites regional learning sites. The other countries in the CEP will benefit from exchange visits, training, and knowledge dissemination opportunities. The learning program needs to be more inclusive than simply technical training and should include wider capacity strengthening programs that cover technical topics as well as spatial management, strategic assessments, social / gender inclusiveness, climate change, institutional strategies for behavior change, and the design and implementation of institutional influencing strategies. At the same time, national capacity strengthening and institutional support programs will reinforce and build on the impact of the learning sites to build the effectiveness of the WGE and the environment sector.

123. Meetings with the ADB resident missions highlighted the potential of this approach to the RIF as well as highlighting the lack of engagement by EOC/CEP with ADB management and operational staff. Firstly, the ADB resident mission staff report too much distance and isolation of the CEP from the ADB national teams such that staff of resident missions often had little or no knowledge of CEP and what it could offer. The response of the ADB country offices identifies a disconnection as EOC has supported programs in CARM, LRM and VRM through active support and participation in ADB led activities. In LRM CEP supported a project design process with reportedly positive influence and along with all resident missions indicated that CEP needed to improve its engagement with ADB. There are significant opportunities to use the ADB as a gateway into the RIF pipeline that have yet to be identified due to EOCs and NSU lack of ADB engagement at both Country and Head Office level. Here the MTR is recommending that resources be set aside within CEP to build the engagement and then through this to provide technical support to pilot the provision of EOC/CEP services to a limited number of RIF investments available to be influenced. However EOC will need to be proactive and deliver agreed services in a timely manner if the engagement is to be effective.

124. Both MPI, Viet Nam and FECO in PRC have clear needs for RIF engagement and indicate that their Governments are seeking CEP engagement with these.

## **B. CEP Influence**

125. The influence of CEP is mixed. The extent of influence is surprisingly good given the lack of scope and planning of institutional change management within the CEP strategy and work plan. Further it was evident during the country consultations that there is a wide range in the (i) quality of CEP engagement, (ii) understanding of the issues, and (iii) desire to increase the strategic influence of CEP through greater involvement at the national level.

126. Current indications suggest that CEP (both Phase 1 and Phase 2) activities are having influence despite the limited scope of Phase 1 and the limited physical progress to date within Phase 2. Indications provided to the MTR suggest that for specific instances in different countries influence has occurred. A clear message is that influence is achievable, providing a clear opportunity for CEP over the remainder of Phase 2 and beyond. Noteworthy examples of influence presented to the MTR include:

- The emergence of transboundary biodiversity management corridors memorandum of understanding between GMS countries including (i) between Thailand and Cambodia, (ii) Viet Nam and Guangxi, (iii) Laos PDR and Yunnan Province. Further MOUs are in discussion between Thailand the Laos PDR, and Thailand and Myanmar. Most of these initiatives have emerged from the regional exchange and linking of the parties through the CEP /WGE programs and have used national resources to support these MOUs rather than CEP investment
- Attached to the TBL MOUs the Government of Thailand is using domestic resources for study tours and exchange visits with Myanmar and Cambodia to provide access to its protected area management capability
- Yunnan and Guangxi both used the EOC information platform to support the completion of the Provincial Biodiversity Strategic Action Plans being two of the six Provinces in China to fulfill this requirement

- In Yunnan the Provincial Government is investing \$430,000 in 2015 to upscale the rural ecological village model demonstrated under the CEP to other corridor villages – the expectation is that this investment may grow and is now considered a secure annual investment by the Provincial Government. This program is a significant achievement as it involves non-biodiversity sectors, NGOs and YPED working collaboratively within the CEP biodiversity landscape corridor
- The XSBN Prefecture has developed a regulation of the pilot corridor and is now seeking to use this as the basis of corridor extension and new corridors
- The YPED seeks CEP to be integrated with the modern Silk Road – one beltway initiative of the PRC through linking its corridor management rural environment management program to the national beltway program. This program will link with the Laos PDR TBL and will involve different partners for rural environment management (wetland treatment of waste water, rural solid waste management, Industrial pollution control, and climate smart land uses)
- Guangxi has worked collaboratively and has mobilized Oxfam and FFI to work in the corridor to bring village level land use change programs that are supported through village development funds which have had significant effects on rural livelihoods in in Jingxi Bangliang national park. The program has mobilized local resources through a micro-lending program and has built strong awareness between the nature reserve and the community development with conservation gains from managing livestock and from moving wild herb collectors into wild herb production on agricultural land.
- The pilots are being used to engage in provincial dialogue on new VDF guidelines and regulations and how they can be integrated into other parts of the corridor and the GEPD want CEP support for to use best practice lessons for influencing other sector actor in the corridor
- In Viet Nam the NSU/EOC engagement in SEA has seen direct impact on the use of the tools in the power sector at the 5 year revision of the power development plan (number 7) with impact on the content of the PDP and the identification of three strategic impact areas that the government has agreed to research further (i) renewable energy option, (ii) management of GHG emission for the growth in coal fired generation, (iii) potential role of energy efficiency programs in the power development strategy. These three research areas have action plans being prepared using domestic resources for funding 2016 to 2020
- The CEP SEA program has directly influenced the strengthening of the national SEA guidelines and the now legal requirement for all national plans to apply SEA tools and systems as an integral part of plan development and revision
- CEP support for the Cao Ban corridor program – improved boundary definition and zoning leading to the TBL MOU with Yunnan Province, PRC
- CEP NSU work on Viet Nam biodiversity corridors has identified major contradictions in the assignment of mandates, authority, and jurisdiction in the biodiversity corridors with MONRE taking the lead in reviewing the national biodiversity legal framework in order to consolidate and update legislation
- The ISPONRE engagement with the Ministry of Transport for the Green Freight initiative has created access to dialogue the RIF transport investment pipeline and the application of SEA to transport planning systems
- In Thailand the adoption of the corridor management approach from CE BCI phase 1 to create a corridor for the eastern forest complex that is linked to the Cambodia biodiversity corridor has increased use of domestic resources for this purpose of \$600,000 per annum for three years
- In Bangkok a regional climate change roundtable is networking private sector and non-government actors in climate change response programs where cross donor and agency data sharing systems are emerging

- In Myanmar the CEP support has enabled the tourism sector to promote a far wider outreach into ecotourism management that brings environmental values into the tourism sector as a potential win:win strategy . this work has resulted in the incorporation of the ecotourism program in the national tourism sector strategy
- The support of safeguard systems has seen the drafting of a national EIA framework and regulation for Myanmar that has also mobilized a follow on capacity building in safeguards TA from ADB with a value of \$1.3 million
- In Laos PDR achievement and influence includes national guidelines in sustainable peatland management, industrial pollution and pig farm waste guidelines, the contribution to the development of a proposal for developing national green economy plan
- The Cambodia safeguard capacity review was supported by EOC resulting in further strengthening of national safeguards procedures
- In Cambodia EOC GIS systems supported the CARM flood disaster responses with provision of spatial mapping and interpretation data leading to the flood response emergency response project

127. The MTR wants to add a caveat to this list. Some of the claimed influences are not solely attributed to CEP Phase 2 or even both Phase 1 and 2 activities. For example, some transboundary programs have been supported by a range of other donor and national government programs. To claim, or attribute, these solely to CEP is perhaps generous. There is an increasing set of evidence-based indications that CEP has developed and built concepts that are subsequently being progressed relating to the transboundary and SEA programs. What is less apparent is the extent that these developments are achieving CEP outputs and outcomes related to the management within a landscape approach.

### **C. CEP Ownership**

128. The MTR found strong ownership of the WGE - CEP concept and approach. As previously mentioned the diversity of country economic and institutional development results in widely diverging needs and expectations. Within this divergence there was a surprising level consensus on wanting to build on CEP, to add value to a regional platform and program approach especially in learning, innovation but also capacity and institutional strengthening.

129. Where CEP has developed quality engagement in close alignment to an existing national institutional arrangements such as an ongoing planning process, the program has been influential with strong buy-in from the respective Government. Where the program is more conceptual and ideological, therefore mostly supply driven, there is often no institutionalization and buy-in due to the constraints of nonalignment to Government systems. Here for example, the EOC programs for landscape management have often failed to gain traction because they have developed parallel institutional processes that remain homeless. Whilst the multisector nature of landscape management means that the management system can not be institutionalized in a single home, the MTR found that the engagement beyond the conservation estate was minimal and often totally absent such that multi-sector coordination was unlikely to occur with as a result the process reverting to a sector based management planning process such as reported by the WGE focal point in Thailand. In other countries, including those currently implementing the Biodiversity Corridors Projects there remains confusion even within the conservation sector regarding what landscape management is and how this can be implemented.

130. The ownership for the CEP implementation arrangement is not strong and will remain that way until the future institutional arrangements for the CEP are discussed with respect to expectations, demand, and willingness to invest. The poorly developed design strategy relating to the EOC and wider WGE institutional strategy has delayed possibly the most important aspect of the CEP – the demonstration of the benefits to the GMS of future EOC/WGE/NSU institutional arrangements. The current EOC performance issues are compounded by the fact that the EOC still does not function and operate (or at least mimic) as an entity for the WGE. In part, this reflects management and systemic deficiencies and the redirection of too many resources into a non-functioning administrative system, however it also reflects inadequate prioritization for defining an agreed institutional vision for WGE and EOC role within this vision.

131. To indicate real ownership, the MTR would have preferred CEP to adopt the use of cost sharing systems, where CEP funds were used to incentivize programs rather than simply financing 100% of the cost of programs and pilots. Demand for services is obviously strong but as an indicator demand is subjected to distortion when there is no cost associated with participation or any specific requirement to provide outputs as a result of the no cost participation.

132. The balance within the overall CEP portfolio between regional and national activities (including the earlier sequencing of regional inputs relative to national program initiation) has created too much distance between the EOC managed regional programs and its country owners and clients. The distance relates to decision making, strategic planning and access to technical resources and regional activities. The combination of lack of cost sharing and distancing is limiting the emergence of more committed ownership.

133. Interestingly, the MTR view is that the desire to own the program appears high, leaving the door open to EOC to prove its added value and to engage with the countries in order to build real ownership going forward. Without these changes it is hard to envisage the consolidation of CEP in Phase 3 as envisaged in the PDF and vice versa without Phase 3 it is hard to envisage sufficient time or resources for CEP to become institutionally sustainable. The MTR advises the EOC to table this issue at the 2015 annual meeting.

#### **D. Expressed Preferences for CEP**

134. During the consultations the stakeholders provided some strong messages to the MTR regarding their preferences for the CEP and the WGE institutional arrangements. Some of these messages are hard to gauge in terms of importance and validity but they highlight a series of considerations aspects for the CEP to address going forward.

135. The key message is during the remaining CEP Phase 2 program there needs to be substantial improvement in the performance of EOC in terms of:

- (i) National engagement in terms of strategies, work planning, communication, coordination
- (ii) Capacity strengthening at a national level especially for Cambodia, Laos PDR and Myanmar
- (iii) Consensus on the need for effective institutional engagement and influencing strategies and commitment by EOC/CEP and the WGE to develop and implement such strategies
- (iv) NSU integration within EOC and WGE programs needs far more attention and support
- (v) Agreed work plans need to be implemented on time to avoid negative impacts on the NSU when expected events or programs do not occur as planned
- (vi) Administrative realities of the NSUs need to be understood by EOC and solutions for these crafted in partnership between EOC and NSU
- (vii) Liquidation systems simply do not work efficiently and LOA cashflow is an increasing constraint on timely implementation, EOC seems to distance itself from these issues rather than been seen as an active contributor in finding solutions
- (viii) EOC systems take far too long, are non-responsive and seem to be unmanaged
- (ix) EOC appears to control far too much of the resource allocation decision making and as a result the balance between national priorities and regional programs is not considered appropriate
- (x) The NSU and national counterparts do not receive value for money from the technical assistance team in Bangkok which is seen as inaccessible.

136. The clear message for EOC is that there is a demand for change in the CEP focus and EOC performance standards. At the same time the message from the GMS partners is that they do want the EOC, they value its potential role however to date the value created by EOC is considered insufficient for the level of investment under the CEP.

137. The GMS countries want the EOC to:



- (i) Provide the information and knowledge hub for the GMS environment **and to build national level data systems and the use of this data**
- (ii) Adopt a far stronger focus on effective capacity strengthening at the institutional, organization levels **rather than simply training**
- (iii) Provide **access to technical support in-country** and not simply through regional innovation programs
- (iv) **Deliver improved technical expertise** through the EOC process,
- (v) Be a **risk and innovation entity** that enables new ideas to be introduced and used for learning purposes by introducing state of the art best practice into the GMS where there are identified needs.

## V. CEP IMPLEMENTATION PROGRESS

138. The following section provides a summary of the current status of each component against its intended output indicators, the findings of the self-assessment of the output.

### A. Physical Progress

139. The actual physical progress has not been reviewed in detail by the MTR. The MTR understanding of physical progress is reported in Table 1 below, however the promised update based on the 2014 annual report was not provided.

140. The MTR view is that the reported physical progress of 29% overall is probably overstated and in some instances substantially so. Components 1 through 4 report physical progress ranging from 23% to 37% which appears to be far too optimistic given that most large contracts remain well short of this level of implementation and in some cases not procured. Further with a total utilization of funds at December 2014 of approximately 25% which includes the upfront start-up and organizational costs of which the majority relates to EOC costs (see Part VI below) the relationship of inputs to reported achievement is questioned. The proposed review of contracts and work plans will need to confirm how physical progress is reported and if it accurately portrays actual progress. The EOC allocates 20% of physical progress to contracting procedures under the EOC control. Again this seems to be unjustified especially given the small nature of many contracts where ToRs and procurement are not complex.

**Table 1: Reported Physical Progress December 2014**

	Subcomponent	Actual progress – 2013	Actual progress - End 2014	Planned progress - end 2014
<b>Output 1</b>	<b>Planning, Safeguards and Monitoring</b>	<b>17%</b>	<b>37%</b>	<b>43%</b>
Sub-output 1.1	Subregional and national strategic planning capacity strengthened	17%	33%	42%
Sub-output 1.2	Safeguards strengthened	13%	30%	35%
Sub-output 1.3	Environmental monitoring processes strengthened	19%	31%	40%
<b>Output 2</b>	<b>Biodiversity Landscapes and Livelihoods</b>	<b>8%</b>	<b>36%</b>	<b>42%</b>
Sub-output 2.1	Transboundary biodiversity landscape monitoring and management strengthened	8%	45%	52%
Sub-output 2.2	Value chain development	5%	27%	34%
<b>Output 3</b>	<b>Climate change</b>	<b>15%</b>	<b>32%</b>	<b>45%</b>
Sub-output 3.1	Climate change risk mitigation and disaster preparedness capacity developed	8%	19%	36%
Sub-output 3.2	National SFM to enhance carbon stocks and REDD+ readiness improved	17%	41%	61%

Sub-output 3.3	Low carbon strategies and NAMA technical capacity developed	24%	46%	59%
<b>Output 4</b>	<b>Institutions and Financing</b>	<b>8%</b>	<b>23%</b>	<b>34%</b>
Sub-output 4.1	Institutions strengthened	11%	26%	30%
Sub-output 4.2	Financing / investment leveraged	1%	49%	62%
<b>EOC Operations</b>		<b>35%</b>	<b>42%</b>	<b>50%</b>
<b>Overall</b>		<b>14%</b>	<b>29%</b>	<b>37%</b>

## B. Component 1: Environmental Planning Systems, Methods, and Safeguards Improved

141. The component is structured into 3 subcomponents focusing on (i) planning, (ii) safeguards, and (iii) monitoring. The key indicators are considered to be weak indicators of output achievement and appear to be disconnected to the actual activities envisaged. For example there is no indicator for monitoring – see table 2 for comment on the specific indicators. The MTR was unable to have a high level EOC meeting on the indicators and their review due to time constraints and the technical program leader being on leave and a field trip during the concluding phase of the MTR.

142. The MTR is only prepared to provide comments and has not updated the DMF without input from senior EOC/CEP management and staff.

**Table 2: Component 1 indicators**

Indicator	MTR Comment
Environment and social considerations included in at least 12 GMS sector and corridor strategies and plans	Clarification of considerations is required. Further the impact of CEP is more than a site or corridor pilot it must be seen to guide the rules and norms for landscape based approaches so the indicator is perhaps better defined in the context of environment and social considerations included in the institutional arrangements for the establishment and management of landscapes
At least 150,000 people in the GMS economic corridors benefit from environmental measures – at least 35% are women	Environmental measures – this is not measurable and without a baseline is again difficult to assign attribution to CEP As an output level indicator it is far too ambitious for a planning input to achieve what, in effect, is an indirect impact or outcome from planning that will benefit the proposed targets sometime in the future beyond the project life.
At least 150 agency staff (at least 35% women) able to implement safeguard assessment	The gender target is redundant - the training should be delivered to those people with responsibility for safeguard implementation independent of their gender. The target assumes that there are 35% women in the groups to be trained – this is outside of the control of the CEP/EOC at was unknown at design and at MTR.
At least 2 new or updated legal instruments at sector or national level supporting SEA or related tools prepared in GMS countries	Legal instruments may be difficult to achieve as again this falls into the realm of political decision making outside of the direct control of CEP however the indicator is still useful The “tools prepared in GMS” may dilute the indicator too much as it could attribute

Indicator	MTR Comment
	success to tools or developments from outside of CEP but from within the GMS
At least 5 GMS strategic plans and environmental reports support by EOC EIS	Environmental reports – this is extremely broad and what constitutes support is unclear

**Table 3: Status of Component One Implementation**

Activity	Proposed Indicator	Comment
<b>Subcomponent 1</b>		
i. Economic assessment of natural capital and valuation of ecosystem services	Economic values of natural resource and environmental impacts/tradeoff estimated and included in spatial management planning scenarios for 2 Program Spatial Management Sites by December 2015	The delay to this program means that it is unlikely to provide input to the envisaged planning processes and as such it will effectively produce a report on its findings. The MTR suggests that this be <b>reconsidered for cancelation</b>
Multi-sector planning	Multisector planning scenarios developed for 2 landscape corridors linked to RIF investment incorporation land use change simulation, economic value of environmental tradeoff, and climate change scenarios by 2016	Six sites to be piloted under the current contract. The approach is new to rural land use in GMS. The MTR consider it to be risky to approach this over so many sites. Further the inputs from other contracts will not be available and will delay or weaken the contract. Suggestion is for the contract to be reviewed onto fewer sites.
Support for Sector Planning	SEA institutionalized within the Viet Nam energy sector through updated, guidelines and capability to undertake scenario based impact assessments by 2016	There needs to be additional capacity strengthening and institutional influencing input to capture the high impact of work completed
<b>Subcomponent 2 Safeguards</b>		
Strengthen safeguard systems	EIA guidelines included in planning institutional arrangements of two countries by 2016 At least 150 staff trained in safeguards and mentored in the evaluation and application of EIA safeguards in at least one investment proposal by 2016	Clear output and work plan providing value addition
Strengthen safeguards application to ADB projects	n/a	
<b>Subcomponent 3 Monitoring</b>		
EKH Improvements		It is unclear the extent that the EIS is being developed and maintained. Part time input of technical expertise is a major limitation with issues regarding data unresolved National level systems not developed This output seems to be struggling to move forward
IPPS modelling		No comment as no information provided on this activity

### C. Component 2: Management of Transboundary Biodiversity Conservation Landscapes and Local Livelihood Improved

143. The component is structured into 2 subcomponents focusing on (i) biodiversity landscape monitoring and management, and (ii) value chain development. The key indicators are considered to be weak again there is no indicator for monitoring.

144. The MTR recommends major restructuring of this component. The MTR also does not regard the physical progress targets are realistic representations of the current status. The current approach is to biodiversity - centric and lacks a management focuses, coherent theory of change, and clear vision and is unlikely to achieve its targets without significant improvement across the board.

**Table 4: Component 2 indicators**

Indicator	MTR Comment
Biodiversity corridors are gazetted in at least three countries	The legal or official recognition of corridors versus landscapes is a worthwhile indicator of output. The level of recognition i.e. prefecture, province, or national and how this relates to guidance of resource use and decision making is not captured  The extent that corridor level plans and legal recognition indicate the component output of transboundary conservation landscape <b>management</b> would suggest the indicator is not appropriate
Management and operational plans are formulated and implemented in at least 3 conservation corridors	The plans need to be linked to the total corridor not simply a plan in a corridor i.e. the Thailand forest complex model has plans in corridors but these are most business as usual, whereas Yunnan has rural village level plans in corridors.  The extent that corridor level plans and legal recognition indicate the component output of transboundary conservation landscape management would suggest the indicator is not appropriate
Payment for Ecological Services guidelines developed in at least 2 countries	Guidelines do not contribute to the component output of improved livelihoods, they need to be implemented and effective  Viet Nam guidelines preexisted so the target is one additional country – how does this align with the transboundary output
Innovative livelihood interventions are tested in at least 3 biodiversity conservation corridors	What is meant by innovative interventions, a road could be a livelihood intervention, misses the linkage between the conservation landscape management objective and the livelihood benefit.

**Table 5: Status of Component Two Implementation**

Activity	Proposed Indicator	Comment
<b>Subcomponent 1 Biodiversity landscape monitoring and management</b>		
i. Conduct biodiversity landscapes assessment to inform management strategy	Transboundary landscape management strategies for 2 sites using biodiversity data layers to inform management priorities and interventions by 2016.	The procurement of the service provider was delayed for a prolonged period. MTR has expressed concerns about the feasibility of the TOR for contracting and the desire of EOC to retain technical control. Currently if contracted the data will not be available for the management

Activity	Proposed Indicator	Comment
Strengthen management of transboundary biodiversity landscapes	Management plans for 2 transboundary landscapes with common objectives, zoning and proposed management strategies and shared data systems by 2016	<p>strategy and it is suggested that this work be cancelled with data from third parties/ partners or stakeholders in spatial planning is used in its place. THE EOC strategy in this part of the component has operated independent of other activities and with little regard to the outcome of CEP</p> <p>Current program shows little progress or strategy other than the emergence of MOU and delineated corridors and landscapes. There remains little or no management vision, understanding or concept.</p> <p>There are too many corridors and a lack of vision on how to move the landscape approach from concept to management both within national boundaries and for transboundary programs</p> <p>The MTR view is to reduce the scope of the program, step back and ensure that there is a clear implementable strategy for managing at landscape levels that can be institutionalize</p>
Develop and test community based conservation options	None	<p>MTR considers this the wrong activity and wrong approach. THE CEP does not have resources to engage using best practices at the community level. Further there is little to suggest that CEP input can add value to what is already being tested. The suggested strategy is to identify, document and evaluate best practice models for the 2 spatial management priority landscapes, to understand their potential and how to institutionalize these within the landscape management strategy.</p>
<b>Subcomponent 2 Value Chain Development</b>		
Identify ecosystem based livelihood options	n/a	<p>CEP does not have the resources or comparative advantage in this area of work – there is insufficient time to implement value chain programs, CEP has no disbursement mechanisms in place to support these initiatives and without a clear landscape management strategy and plan the risk is the livelihoods are not linked and undermine the conservation objective. Are ecosystem based livelihoods the right approach or should the strategy seek to pull people away from priority areas</p> <p>The MTR recommends that CEP cancel all livelihood contract and programs</p>
Develop and test ecosystem based	n/a	See above further other partners

Activity	Proposed Indicator	Comment
livelihood option		have dedicated approaches that can be applied to spatial management rather than inventing CEP EBA models.

#### D. Component 3: Climate Strategies and Low-Carbon Strategies Developed

145. The component comprises three subcomponents being (i) adaptation, (ii) sustainable forest Management REDD++, (iii) mitigation. The current status of physical progress at the component level is 32% with the subcomponent physical progress reported as being 19%, 41%, 45%.

146. The MTR recommends some restructuring of this component to refocus on key areas of comparative advantage. Also, it is apparent that the physical progress targets have been overstated. For example, under adaptation for only one of the contract has been open for 6.5 months to date it has disbursed 19% of the funding and will not disburse any more before October 2015. As the major investment in this subcomponent that is being implemented it is seems unlikely that 20% of the output has been implemented to date. The SFM/REDD+ contracts are held by SNV Laos which is substantially delayed, and the WWF where contract is just awarded the physical progress of 41% is simply not possible and the MTR assessment would be somewhere less than 15%.

**Table 6: Component 3 indicators**

Indicator	MTR Comment
At least 4 national, province, or city based MRV systems developed	The output is stated as strategies developed for climate resilience and low carbon. Given the number of programs in place attribution of this to CEP is needed
At least 4 investment proposals on low carbon technologies or climate change adaptation prepared	Unclear how this indicator relates to the output statement on developing strategies perhaps needs to change to sector strategies including climate resilience. Again the preparation is presumed to come from CEP presumably.
Climate change coping strategies test in, and of benefit to, at least 150 community groups, with at least >35% women beneficiaries	The MTR consider indicators needs to change to be specified in terms of the spatial management sites and the respective output through multi-sector planning at these sites.
Annual carbon emissions of participating companies or households in pilot projects reduced by at least 10%	The MTR considers this output to be more appropriate for the outcome level of the strategies to be developed – at the output level the sector strategies should indicate the planned level of GHG emission reductions to be supplied by the sector

**Table 7: Status of Component Three Implementation**

Activity	Proposed Indicator	Comment
<b>Subcomponent 1 Adaptation</b>		
1: Strengthen capacity to use climate change data and information for planning	Climate change data sets incorporated into multi-sector and strategic assessment management tools with strategies including strategies to manage the risk of climate change included in at least	Contract needs to be reviewed with milestones to be renegotiated to ensure inputs to planning systems and roundtable dialogues

Activity	Proposed Indicator	Comment
	2 spatial management plans and 1 sector assessment.	
2: Strengthen capacity for risk assessments and identification of adaptation interventions	n/a	<p>The MTR expresses its concern about the quality of the work completed to date. The concerns relate to the quality of the consultation process and how this may influence the outcomes and also the generic assessment of VDF/CDF programs under the BCC where the proposed risk management strategies need far more critical analysis of the relative benefits and costs of what is being proposed including the use of probability and expected value models for cost benefit of proposed risk management strategies.</p> <p>Further the MTR considers that there is a plethora of best practice underway in the GMS that needs to be documented, assessed and then upscaled.</p> <p>The MTR discusses the option of developing a national level round table that is networked.</p>
3. Develop and pilot cost-effective adaptation options	n/a	<p>Not started the MTR recommends that this work not continue and that the program be refocused onto collation and evaluation of best practices and linking to capacity strengthening at the 2 spatial management regional programs</p>
<b>Subcomponent 2 Sustainable Forest Management / REDD+</b>		
1. Strengthen REDD+ planning and policy instruments		<p>Small input to Thailand REDD strategy completed. No expected impact on policy instruments</p>
2. Strengthen capacity for forest carbon monitoring		<p>Significant delays with procurement –MTR has suggested a combined or coordinated approach between Laos and Viet Nam which could leverage additional funds and could link the REDD program to the round table programs</p>
3. Develop and test REDD systems for equitable benefit sharing		<p>Not started and recommended to be reconsidered possible downsized into the proposed regional programs on spatial management</p>
<b>Subcomponent 3: Mitigation</b>		
Strengthen Policy frameworks		<p>Mostly the green freight project. Conceptually appealing</p>
Strengthen Technical capacity for mitigation monitoring		<p>The process of engagement has created a strength however effectiveness needs to be monitored.</p>
Develop and test low carbon intervention in the transport and energy sectors		



## E. Component 4: Institutions and Financing for Sustainable Environmental Management Improved

147. The component is structured into 2 subcomponents focusing on (i) Institutions including strengthening of WGE role, establishing NSU for implementation support and as knowledge hub for environmental management, (ii) Financing including support to develop sustainable financing mechanisms, and developing investment projects and PPP.

**Table 8: Component 4 indicators**

Indicator	MTR Comment
NSU fully operational in 5 countries	Most NSUs are established but most still have staff recruitment to complete and Cambodia NSUs still requires orientation and training. NSU systems are not always applicable as per Thailand where an alternative structure is providing the same function
At least 50% of EOC staff from GMS 40% female	On track but meaningless as 40% are administrative staff, and if EOC has not institutional future confirmed the output indicator contributes nothing to the outcome and impact of CEP
At least 2 bankable private sector projects in ENR and collaboration secured	Still emerging however linkages to RIF probably require this indicator to be updated to align into the RIF or via green freight
At least two joint projects involving WGE and GMS sector agencies implemented	Impossible to achieve an implemented project per se needs respecification as output is increased financing not increased projects financing may be delivered direct to beneficiaries or via private sector investment

**Table 9: Status of Component Four Implementation**

Activity	Proposed Indicator	Comment
<b>Subcomponent 1 Strengthened institutions</b>		
i. Strengthen WGE Role I promoting regional collaboration	Multi-sector plans or strategies produced in at least 4 countries	Some collaboration but limited to TBL work.
ii. NSU capable of program implementation and sector coordination		Currently 2 of 7 are functioning close to this level with the Thailand office gathering momentum with the revised model. Laos, Cambodia and Myanmar are significantly divergent from being able to support this.
iii. Strengthen EOC role as Knowledge hub		The knowledge services have a good foundation however the slowness of the data access and data sourcing is becoming a major constraint that needs t be addressed by the WGE focal points.
<b>Subcomponent 2 Improved Financing for Sustainable Environmental Management</b>		
Support the development of sustainable financing mechanisms		Weakly developed and implemented EOC has little or no comparative advantage and currently seems to be diverging into natural capital as opposed to financing Reported capture of additional CEP

Activity	Proposed Indicator	Comment
		financing attributed to this result area is not consistent with the intent of the output which focuses on mechanisms – poorly developed and should be reconsidered
Develop investment and PPP		Probably on track via the green freight initiative and the potential of rural environment management investment – further opportunity to link to the RIF investment pipeline

## F. Cross Cutting Issues

### 1. Gender and Social Inclusion

148. CEP is firmly grounded in the environment sector, but it was also designed in alignment with ADB's commitments towards cross-cutting themes, including gender and social inclusion. Program documents confirm commitment, which are also echoed by staff. Commitments have been enacted in important ways, including contracting a part-time Gender and Social Development Specialist (GSDS)<sup>17</sup>, inclusion of gender/ethnicity considerations within its indicators (e.g., "EIA sector level gender and ethnic sensitive guidelines in place and implemented"), and language to specifically include women and ethnic minorities. Indeed, minorities are highly represented in many of CEP's areas of interest, particularly remote biodiversity corridors.

149. Gender and social inclusion is clearly integrated into the program design. However, there are opportunities to better mainstream and gender and social inclusion within CEP's reframed portfolio. Despite these commitments, the work remains isolated, delayed, and inadequately resourced. This is reflective of wider inefficiencies and shortcomings within the CEP portfolio, and is by no means an unusual circumstance. Indeed, it is characteristic of some the challenges that this ambitious and diverse program is struggling with. In other words, the issues regarding gender and social inclusion reflect wider, systemic management problems rather than lack of commitment or understanding that this topic is important. Happily, there is ample opportunity for recalibrating for more effectiveness in the second half of CEP. Like most of the CEP portfolio, gender/social inclusion needs to be more strategic, focused, coordinated, and resourced.

150. The primary recommendation is to better mainstream gender and social inclusion within CEP itself. CEP's December 2014 strategy paper emphasizes community-level issues which are external to CEP's current programming thrust. There is some discussion of gender/social inclusion mainstreaming, but little detail in either the findings or the strategy itself. Moreover, the "Gender and Social Inclusion Monitoring and Evaluation Sheet" is only applicable to a broad-based community-level program. The MTR team's findings, however, highlight that CEP is not the right vehicle to support community-level work, and will not be able to do so in a quality way within the program's remaining timeframe. We are therefore recommending that the CEP focus its work in a much more targeted and strategic way and on the national level. It should therefore step back from community activities unless it can do so in a way which reflects international best practice in the field, including through sustained engagement over time on the ground. This would probably necessitate institutional partnerships (not individual consultants), and adequate resources. The gender/social inclusion recommendations outlined in the December 2014 strategy paper is therefore not consistent with the proposed re-direction of the CEP.

151. There are, however, opportunities for more focused and targeted gender/social inclusion mainstreaming within existent CEP activities. For example, the GSDS could be tasked with reviewing specific parts of the CEP portfolio for opportunities to infuse gender/inclusion mainstreaming. This

<sup>17</sup> This specialist was contracted in mid-2013 for 60 days of work within one year; another 40 were later added. She has left the GMS region, but intends to help orient a new hire (there are days remaining on her contract to do so). That TOR was completed in January 2014 but has not yet been recruited, in part due to cash flow concerns resulting from delayed/canceled donor funding.

would include partnering directly with stakeholders engaged on Strategic Environmental Assessment (SEA) capacity building and institutional strengthening. Some of CEP's strongest work to date has been within planning and safeguards, but to date gender/social inclusion has not been systematically applied or integrated into this work. This represents a key missed opportunity to date – but one that can also be effectively addressed during the second half of the program.

152. Some mainstreaming within CEP activities is being done, but appears to be ad hoc and uneven, particularly beyond the community level. Gender/social inclusion mainstreaming at the national or policy level has been largely dependent on the extent to which individual consultants have expertise and interest in doing so. It is not a lens that has been consistently applied across the portfolio beyond the community level. As the MTR has been a broad overview of the program, I have insufficient evidence to make strong conclusions as to the quality and extent to which that gender/social inclusion has been fully realized throughout the project. There are very clearly some gaps. For example, the people we spoke to about the Myanmar ecotourism project had clearly not considered gender – and child protection – dimensions of this activity. The effort is in its early stages, however the early stages are precisely when it is important to infuse planning with the body of best practice that already exists in this regard (see, for example, World Vision Australia 2013, 2014, and other materials produced by Child Safe Tourism campaign partners). In another example, the program representatives in Thailand were unable to articulate how gender/social inclusion had been or would be incorporated into their biodiversity landscape and corridor management program, which included a livelihoods component. It is, of course, probable that people knowledgeable about this aspect of the program were simply absent from the meeting. It is nevertheless concerning that senior MOE representatives are unable to discuss this aspect of the program. This finding is consistent with CEP's own 2014 strategy paper, which highlighted poor gender/inclusion awareness among government staff in environmental agencies across the GMS. Moreover, there are clearly obvious opportunities for the mainstreaming of gender/social inclusion that have not been taken.

153. The GSDS can, and should identify international best practice and support materials (e.g., training and guidance documents) to apply towards specific activities and projects the CEP is supporting. Contracting individuals or agencies to provide specialized, short-term, and targeted technical assistance would be valuable. This kind of targeted technical assistance is also an opportunity to model mainstreaming – not just train about it. In order to do this well, it is important to avoid four common pitfalls:

- (i) Avoid duplication of efforts; instead identify and apply existent good practice models and materials.
- (ii) Focused, targeted, and specific TORs.
- (iii) Alignment of level of effort with resources.
- (iv) Link formal trainings to 'learning by doing' and mentoring. Model how to mainstream gender/social inclusion at all levels, including policy and planning.

## **2. Poverty Reduction**

154. The CEP largely lacks an explicit overarching poverty reduction strategy. This is unsurprising from a program that lies squarely within the environment sector. However, its work clearly reflects certain poverty reduction dimensions, and this should be fully recognized. These lie along two broad thrusts:

- (i) Mainstreaming environmental protection perspectives within GMS country policy and planning frameworks. These policies and plans normally have an economic development emphasis. The extent to which poverty reduction and inclusive development perspectives are embedded within these national policies has not been reviewed in the MTR, and is firmly outside CEP's scope of work and area of expertise. However, it is important to acknowledge that CEP does engage in economic development policy and planning.
- (ii) Initiatives which are aimed at promoting sustainable livelihoods, largely at the community level. These include ecotourism development, value chain analyses of non-timber forest products, livelihoods in forested areas, and community-based

climate change adaptation strategies. It should be noted that CEP's target populations include high concentrations of ethnic minorities and rural poverty.

155. The MTR was a broad overview of the program's performance, and assessing the impact of the program on poverty reduction is well outside its scope. Regardless, it would be too early in the program to observe an impact of poverty – especially as impact would be indirect, and flow from how the program has influenced decision-making, institutional capacity, and public policy. There is insufficient evidence to make any firm conclusions about CEP's impact on poverty per se. It is possible, however, to make broad observations and recommendations about its contributions in this regard.

156. There are very important – albeit unquantified – 'poverty reduction dividends' in much of the work that CEP is doing. This should be recognized and valued. However, I would strongly discourage the CEP from pursuing more explicit poverty reduction work. Rather, its work on gender/social inclusion should be tightened and improved, which would in turn strengthen its contribution to poverty reduction.

157. The CEP is large, complex, and ambitious – and currently spread too thin and lacking in a strong strategic vision and coherent theory of change. One of the key messages of the overall MTR is that CEP should do less with more, i.e., that its work should be more focused and targeted – and that its more limited scope of work should be better resourced. Moreover, we are recommending that CEP largely exit from community-based work because it is not the right institutional vehicle for it<sup>18</sup>. The CEP should recognize and embrace that its strongest contribution to poverty reduction lies within mainstreaming best practice in gender/social inclusion throughout its program, particularly at the policy and planning levels.

### 3. Climate Change

158. "Climate resilient and low carbon strategies developed" is one of the program's four pillars, and climate change considerations are represented within other parts of the program as well. Climate change is fully represented and integrated in the program design. Performance in this regard includes both highly effective and less effective examples; this is discussed in more detail in section VI of this report.

159. CEP is well-poised to convene regional and national fora such the GMS Climate Change Adaptation Roundtable, to bring stakeholders together in dialogue and to advance learning. Outreach efforts like this should expand to engage institutional actors at the national level in GMS as well. However, the MTR recommends that CEP retreat from direct community-level work, including adaptation work. As outlined above, CEP is not the right vehicle to support it, and it is not likely to produce significant results – certainly not within the remaining timeframe of the program. It is struggling on several fronts, and needs to focus on areas in which it can be most effective, and where it has comparative advantage. However, it should be emphasized that there is ample opportunity to include adaptation work within the Spatial Management and Strategic Sector Assessment programs, albeit on an institutional (rather than community) level.

160. In sum, CEP's climate change team should:

- (i) Continue specific technical assistance and institutional strengthening on climate change mitigation projects, including green freight and environmental/energy policy.
- (ii) Continue to convene regional-level fora on climate change policy and practice, and to sponsor similar events within the six GMS countries.

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<sup>18</sup> It would be possible for CEP to play an effective role in supporting community-based work, however it is currently underperforming in this regard, and under its current structure it is unlikely to be able to change that within the remaining timeframe. However, the MTR does have specific recommendations that might be applied to CEP-III or other GMS programs. Firstly, with community work there simply are no short-cuts: long-term sustained engagement is essential. GMS should therefore be partnering with institutions who have long-term presence on the ground (rather than independent consultants). CEP / WGE should carefully explore ways to advance the field, recognizing that it is not fundamentally a community development agency. It nevertheless can and should play a critical role in: testing and piloting innovative strategies (together with implementing partner agencies); identifying international best practice models and facilitating their application by local actors; identifying local-level good practice models for others to learn from, and to scale up and out.

- (iii) Mainstream climate change adaptation and mitigation across the CEP portfolio. The strategy would be consistent with what is outlined above for gender/social inclusion, namely to review the portfolio for opportunities to infuse best practice in climate change mainstreaming within CEP's other endeavors. The re-focused Spatial Management and Environmental Planning pillars in particular present many opportunities for integrating adaptation perspectives.

## VI. CEP IMPLEMENTATION ARRANGEMENTS

### A. Work Planning Systems

161. Work planning has been distributed over a range of people within the EOC technical teams based on a subcomponent work planning structure – See Appendix 7. The resultant plans are often fragmented and lack an overall implementation strategy that captures synergies and ensures greater focus on outcomes. The MTR seeks to reform the structure of the work plans through building cross component strategic pilot programs in (i) spatial management systems, (ii) strategic sector assessments, and (iii) green freight. These pilot programs can utilize the strength in national capacity and experience of China, Viet Nam and Thailand to provide an integrated program on a limited number of sites that are designed as learning sites for the other countries. Further, at the national level the NSUs are expected to provide continued focus on national priorities including how the NSU programs and the strategic programs can support the RIF environmental influence programs.

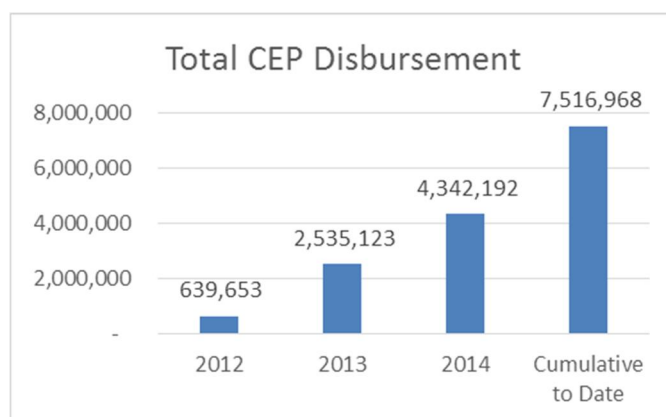
162. It is recommended that EOC prepare (i) an overarching strategic plan for each strategic program, (ii) an institutional influence plan, (iii) a detailed work plan with specified milestones, outputs and associated cashflow projections. These would be inputs to the ongoing planning and management systems within the EOC.

163. At a country level, the strategic programs would be reviewed and discussed along with the planning for NSU LOA programs, other capacity building or technical support programs. The EOC and the NSU would undertake a one or two day planning session to ensure integration within the CEP information systems. Work plans should be reviewed and updated biannually and should use CEP templates customized for each country needs.

### B. Financial Management

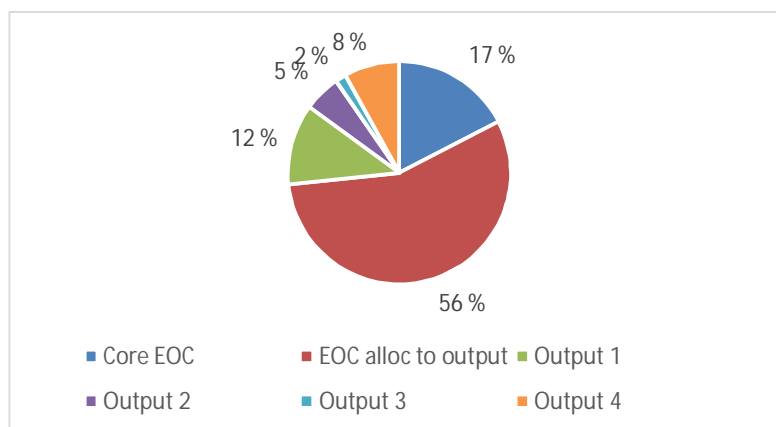
164. A total of \$7.5 million of CEP funds had been disbursed by December 30<sup>th</sup> 2014<sup>19</sup> amounting to approximately 25% of committed funds in approximately 56% of the elapsed duration of the program. The rate of disbursement has gathered pace in 2014 with \$4.3 million disbursed –see Figure 1.

**Figure 1: CEP Cumulative Disbursement (US \$)**

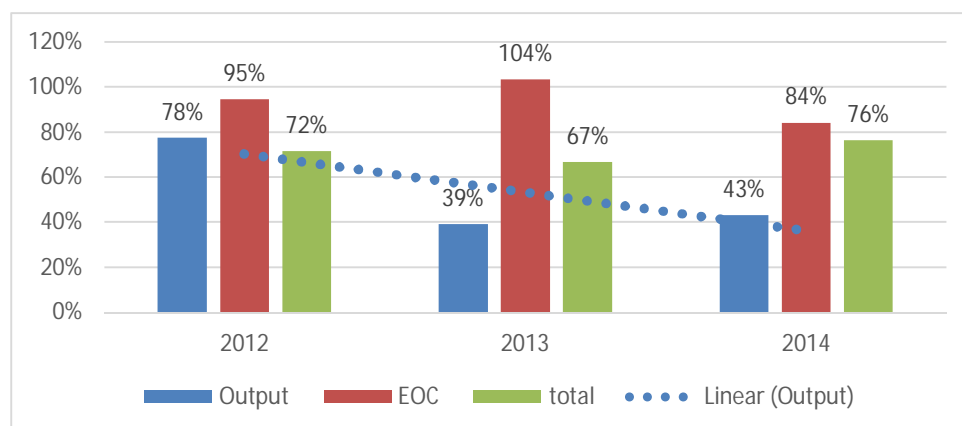


165. The use of funds disbursed indicates that funds disbursed directly by the EOC continues to be the dominant use of funds with slightly over \$3 million (2014) or 71% of the total 2014 disbursement. Of this amount \$0.56 million was for core operating costs and \$ 2.54 million is distributed across the 4 CEP outputs as technical input, mostly for preparation of ToRs and procurement. The MTR view is that these are mostly overhead costs as opposed to delivering technical support for achievement of outputs - see Figure 2.

<sup>19</sup> Records as at March 2015 indicate the amount of disbursed funds to be only \$7.2 million while April 2015 data provided by ADB indicate a total disbursement of \$7.3 million

**Figure 2: Cumulative Disbursement by Outputs**

166. The financial management system is maintained by both EOC and ADB, with the primary documents retained at the EOC. The contracted nature of all inputs by the EOC ensures that cost structures are relatively fixed. Provided contracts are implemented efficiently there should be a high degree of financial certainty. To date, EOC has reported annual disbursement achievements that fall in the range of 67% to 76% of forecast disbursement - see Figure 3. The concerning aspect of the divergence between actual and forecast is the low degree of accuracy in the contracts or LOAs that support the technical programs outside of the EOC direct costs. For these programs the actual disbursement ranges from 78% to 43% of the forecasts with the accuracy declining with only modest increases in the disbursed value in 2014.

**Figure 3: Accuracy of EOC Financial Forecasts (ratio of actual to forecast expenditure)**

167. The level of financial accuracy reflects (i) a lack of understanding of the time to contract and mobilize resources, (ii) contract management systems that do not actively monitor both physical and financial inputs and outputs accurately, (iii) issues relating to the manner in which procurement has been structured with multiple contracts providing inputs for achieving a common output requiring coordination and sequencing of inputs which has not always been achieved or managed, and (iv) EOC MT lack of close supervision of financial and contractual performance. The MTR would like to stress to EOC that the number of contracts awarded while impressive is not a good indicator of achievement or output rather it raises questions on the appropriateness of procurement and the associated administrative burden.

168. The MTR found evidence of inadequacy in financial systems that distanced the EOC MT from regular monthly reports as well as weak management of the financial planning, procurement of services, reporting and oversight of contracts. For example, in procurement and contracting the level of inputs are often inadequate to deliver the outputs specified. Forecasting processes and financial performance management has been overlooked or given inadequate attention, and the financial records are the responsibility of more than one person. Consequently, financial reports are not updated in terms of cashflow performance, variation from forecasts, and there have been far too few

updates of cashflow projections. The lack of these reports limits the effectiveness of those managing contracts as well as high level CEP management decision makers.

169. The MTR finds this situation inexcusable given the recent cashflow constraints resulting from the withholding of Government of Finland funds during the 3<sup>rd</sup> and 4<sup>th</sup> quarter of 2014. During this period the uncertainty over fund commitments funds required updated forecasts and cashflows that were prepared in September October 2014 – these were the last updates available to the MTR in March 2015 and were the last set of cashflows prepared. Further, the systems to develop cashflows is inexplicably delivered through different personnel using their own worksheet formats. Many of these require manual updating and merging of information that is often inconsistent in the point of time being reported or recorded. The lack of a complete financial accounting and management system with linkages to contracts and the associated financial records is a major oversight. The EOC MT urgently needs access to both contract status and financial forecasts and performance that is both up to date and accurate. Further the EOC needs the skills and systems to ensure the MT is provided with these reports on a monthly basis. The installation of systems and their use is an urgent prerequisite for the EOC following on from the Mid-Term Review.

170. The inadequacy of financial management and reporting systems provides challenges in the CEP being able to report data consistently. The MTR experienced the quality and accessibility constraint recommends that ADB and EOC prioritize the design and installation of systems to correct this weakness by contracting an accounting software supplier to customize and install a system prior to June 30<sup>th</sup> 2015. It is also recommended that a conservative procurement plan be used until ADB management is fully informed of the revised financial situation through the end of December 2016 based on updated estimates of unused Finnish funds and the recommended changes in the CEP programs.

### C. Contract Awards and Disbursement

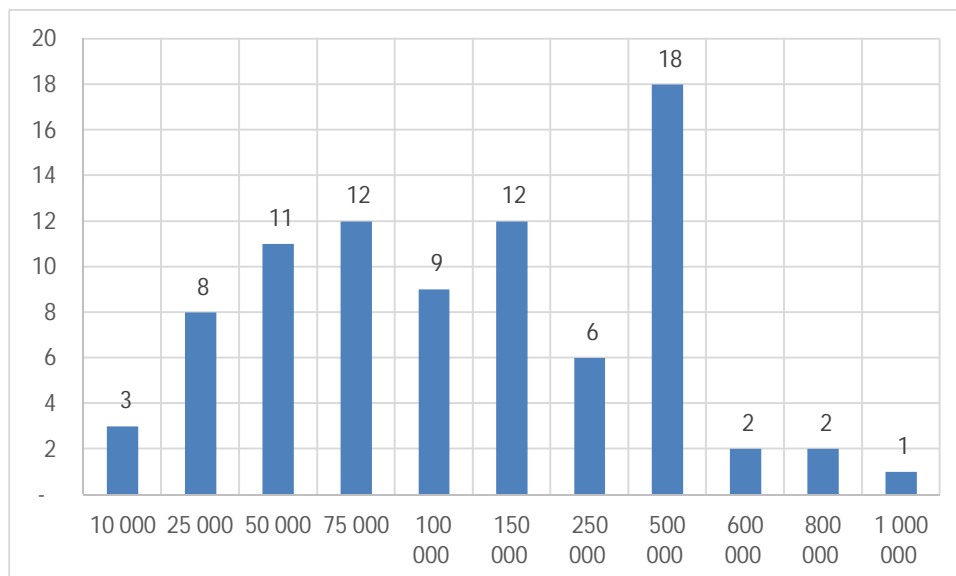
**Table 10: CEP Commitment and Awards as of March 2015 (\$)**

LOA Contract Amount	Total Contracted	Total Contract Value Disbursed	Total Undisbursed	Unallocated	Disbursement in Process
20,435,515	19,001,696	6,836,763	12,164,932	1,433,819	205,368

171. The total number of contract awarded as of 10 March 2015 was 84, for a total contracted value of \$13,880,324; the average contract value is \$165,241. In addition a further \$6,855,191 is committed for costs including outstanding workshop amounts, staff travel, reserves for EOC and forex exchange coverage, and ADB –EOC costs of \$2,324,280.

172. The number of contracts is substantial which is reflected in 50% of contracts having a value of less than \$100,000 and 75% of contract by number having value less than \$250,000 – see Figure 3. Only 3 contracts exceeded the contract size (\$600,000) at which the process of contract award requires input from both TASU in TRM and OSFMD Manila. The lack of large contracts was supposedly to encourage greater participation however the resultant fragmentation of work into several contracts has resulted in contract outputs being out of sequence to the extent that they are not available for their intended use.



**Figure 4: Frequency of Contract Size (total 84 contracts)**

173. The indicative procurement plan provides to the MTR has projected the need for a further 23 contracts amounting to an estimated value of \$ 5.72 million (average size of \$248,000) still to be awarded. A further 18 to 20 contracts will need to be awarded for EOC staff re-engagement with a forecast cost of \$2.1 million. In total a further 43 planned contracts are still to be awarded.

#### **D. Procurement and Contract Management**

174. The EOC use ADB TASU procurement procedures and systems. The CEP has its own procurement plan for guiding the overall program. However procurement issues have been a major contributor to the slow start up and ongoing administrative back logs. The expected procurement modality of using LOAs as used on Phase 1 was rejected and then subsequently modified to enable resources to be transferred to the NSU's. The use of LOAs was not allowed for regional institutions or INGOs who are required to participate in the usual competitive processes.

175. Procurement has been particularly inefficient due to: (i) EOC procedures regarding preparing ToRs, (ii) the quality of ToRs, (iii) time taken to obtain quality reviews, approvals within the EOC, (iii) ADBs systems and the lack of understanding of ADB systems within EOC, (iv) the preference for small contracts and an apparent preference for contracts less than the \$600,000 threshold, (v) technical experts retaining control over procurement systems to the extent they often over ruled procurement expertise with respect to packaging and structuring of procurement, and (vi) reported delays in ADB approval by the ADB project officer .

176. The procurement decision making by the technical experts has created an unnecessary work load for the EOC that when combined with (i) poorly constructed terms of reference, (ii) weak definition of contractual obligation in terms of outputs and timing of outputs, (iii) a paucity of effective contract management in terms of financial management, physical progress, and reporting systems, (iv) limited or missing integration of contracts with the EOC financial accounts. In effect, each contracts could be established as a job account that links to the accounting ledger and from there through to the profit and loss accounts. Such a system should be able to support more or less real time reporting, on all aspects of their contract. Currently most of this data is not available.

**Table 11: Status of Disbursement Categories as at March 30<sup>th</sup> 2015**

<b>Category</b>	<b>Latest Allocation</b>	<b>Contracted Value</b>	<b>Disbursement of Contract Value</b>	<b>Undisbursed Contracted Value</b>	<b>Uncommitted Funds</b>
Consultants	18,860,000	10,077,768	5,122,519	4,955,249	8,782,232

Category	Latest Allocation	Contracted Value	Disbursement of Contract Value	Undisbursed Contracted Value	Uncommitted Funds
		(53%)	(51%)		
Equipment	895,000	387,003 (43%)	6,439 (2%)	380,564	597,997
Training/Seminars	2,870,000	2,756,280 (96%)	1,206,424 (44%)	1,549,856	113,720
Studies	540,000	482,366 (89%)	151,656 (33%)	330,710	57,634
Miscellaneous TA Admin	4,407,000	6,296,711 (n/a) <sup>1</sup>	710,434 (63%)	5,586,287	1,889,711
Contingency	1,745,431	442,408 (25%)		442,408	1,303,023
Total	29,317,431	20,442,536	7,197,472	13,245,064	8,874,895

<sup>1</sup>Includes the EOC dummy account current value \$4.4 million in effect a contra account for EOC direct operating costs, reserve and forex movement reserves. Excluding this amount results in \$1.89 million contracted or 37% of the category allocation.

177. **Procurement procedures in the EOC are tedious with many unnecessary steps.** The process of preparing Terms of Reference is prolonged. For example, the MTR identified some ToRs that had taken more than 9 months to prepare, while several others were still in process after 3 to 4 months. The reasons for this situation were illuminating and include that they were lost, people changed and even that the EOC decided to reduce resources so their own technical staff could retain control of the technical leadership of work contracted to a third party.

178. **The consequence of these delays has been lost opportunities.** For example, one government actually managed to complete work that EOC has planned support prior to EOC being able to finalize the Terms of Reference.

179. Systems are complex and need simplification. Once a technical expert drafts a ToR it passes through several hands for review and editing prior to passing to the procurement specialist who prepares the CMS files. These files are then passed back through technical experts for review and often updating both technically and financially including changes to the ToR provided in the first instance. Some adjustments also include instructions to the procurement expert from technical staff to change the packaging of contracts. The packages then go through another cycle of editing and review before going to the Technical Program Head, the Deputy Program Head and then finally to the ADB authorizing officer. The only ADB officer with delegated authority to authorize TORs (and payments) is often away from his duty station so the paper work is often delayed as only when it is authorized is it loaded on to the ADB CMS system to start procurement.

180. A consequence of the convoluted systems is 'laundry list' TORs. While expert input is useful, there are many examples of TORs with sweeping mandates which are poorly aligned with the specified level of input and the resultant budget. Examples, where far too many individuals in EOC add points of interest to the terms of reference without adequate high level review to ensure that the final TOR has a clear, coherent, or 'do-able' scope. The MTR is aware of instances where the value of planned budget resources attached to a contract were reduced by EOC causing potential service providers with technical excellence to withdraw due to the mismatch of resources from required outputs.

181. Systems need streamlining, the procurement officer needs delegated authority to manage the process and technical personnel should have only one input to the TOR unless additional input is required by the Procurement Expert. Within EOC required approvals should be by default, i.e., if an approval is requested but not responded to in 5 working days the process defaults to acceptance.

182. Procurement delays due to poor packaging, excessive EOC reviews and approval processes has resulted in the disconnection of linked packages causing implementation delays that now extend to redundant contracts. Furthermore most contracts are contracted through to December 30<sup>th</sup>, 2016 repeating the phase 1 mistake of not allowing time to close contracts and therefore project accounts etc. A comprehensive contract risk and review process is urgently required along with the contract management systems that enable for effective and timely implementation of work programs including their coordination with other packages. A further outstanding issue is the need to close contracts that have been completed or are non-performing including those of EOC technical staff.

183. LOAs have been highly appreciated by the respective Government Agencies. The LOAs are however difficult to liquidate and while the ADB and EOC instructions are for monthly liquidation requests this is not always feasible in some of the countries. Further, most of the 11 LOAs are input based requiring systems involving high transaction costs. The ability of NSU's to manage the LOAs is often difficult due to the NSU's institutional home having no direct mandate over other implementing agencies that use LOA funds. For example, in Viet Nam the NSU is within MONRE however it is not a simple or direct process for them to obtain the required liquidation paperwork from the Ministry of Transport. The process requires higher level requests and approvals in each agency for each transaction detail. Output based LOAs provide a far more efficient opportunity however the ability to change LOAs to output based contract is probably no longer available to those NSUs with existing input based systems.

184. Slow replenishment of LOA liquidations is also a significant implementation constraint with many NSUs reporting inadequate funds to implement agreed work plans over prolonged periods of time. The reason for these delays seems to differ from country to country but many persist over prolonged periods and EOC either fails to address these or is unable to resolve the issues effectively. The MTR would recommend a degree of urgency to resolve these issues so that the CEP can move forward and to ensure the EOC does not alienate the GMS WGE / NSU institutions. The respective governments need to provide an important role to ensure that appropriate systems are understood and applied by government staff managing LOA resources.

#### **E. Government of Finland Funding**

185. Funding from the Government of Finland was committed for the period up to December 30<sup>th</sup> 2015. The transfer of funds has been delayed for the first two tranches and then subsequently withheld for the third tranche until the KPMG review process and the outstanding issues regarding audit, phase 1 contract closure, and a revised cofinancing agreement between ADB and the Government of Finland have been resolved. The importance of the December 30<sup>th</sup> 2015 cut-off date is that undisbursed funds are unavailable to the CEP. The withholding of fund transfer has limited the ability of CEP to disburse funds and has compounded the slow implementation progress.

186. As a consequence, there is an urgent need to ensure that projected disbursement rates are accurate and that effective contract management is applied by the EOC to ensure disbursement projections are achieved. Consequently, the extent of disbursement in 2015 will determine fund availability and any underperformance in disbursement creates additional risks in that EOC may over-commit the available funding. The MTR has reviewed the issue with revised projections from the EOC with the likely scenarios presented in Table 12.

**Table 12: Projected Availability and Use of Funds**

Allocation	Resource Allocation as at MTR		Committed Funds	EOC Projected Disbursement Oct 2014	MTR Projected Disbursement (100%)	MTR Projected Disbursement (70%) <sup>1</sup>
<b>Projected disbursements</b>					5,286,505	3,700,553
<b>Existing Contracts</b>	13,880,324	<b>Total Funds</b>	29,820,000			
<b>EOC Commitment</b>	6,855,191					
<b>EOC Staff Renewal</b>	2,100,000	<b>Unused Finland Funds</b>		5,800,000	6,400,000	7,500,000
<b>Planned Procurement</b>	5,717,462					
<b>PRC Program (TBD)</b>	500,000					
<b>Total</b>	29,052,977		29,820,000	24,020,000	23,420,000	22,320,000
<b>Projected Balance</b>			767,023	-5,032,977	-5,632,977	-6,732,977

<sup>1</sup> Adjustment reflects the significant divergence between past projections and actual disbursement achievements. The 2014 actual disbursement was 70% of the total projected cashflow and 48% of non-EOC projected cashflows.

187. The EOC reports that the combined value of existing and projected contracts is \$ 28.5 million increasing to \$29 million and with the inclusion of PRC funds of \$500,000 the actual funding pledged totals \$29.82 million.

188. Due to delays and slow disbursement a proportion of the Government of Finland funding will not be utilized before the cut-off date of December 2015<sup>20</sup>. In September 2014 EOC estimates that \$5.8 million of pledged funds from the Government of Finland would not be disbursed by December 2015 and therefore would not be available to the CEP Phase 2. Under the October 2014 EOC scenario this would lead to a shortfall of \$5 million for the proposed work plan presented to the MTR.

189. Subsequent reviews of the disbursement projection undertaken at MTR indicate that there is uncertainty regarding the ability to disburse the forecast level of funds. A revised 2015 disbursement forecast prepared by EOC for the MTR indicates a 2015 disbursement of \$5.3 million would result in the amount of funds cancelled increasing further. Using the actual disbursement achievement of 70% of forecasts would see further cancellation see Table 12. Under these scenarios there may be inadequate resources for EOCs planned work program through to the end of December 2016.

190. The resourcing scenario is further complicated by the tied nature of funding from GEF and NDF that requires specific outputs. The current work plan indicates that these are being delivered in the 2015 work plan through activities costing approximately \$3 million such that activities funded by Finland will need to be over and above the \$3 million disbursed to GEF and NDF. To limit the cancellation of funds at the EOC \$6.4 million estimate will require a 2015 disbursement of in excess \$7 million some 40% higher than the updated EOC estimate provided to the MTR. To achieve these levels of disbursement EOC will need to adopt a proactive cash flow and contract management program.

<sup>20</sup> The cut off date is officially December 30<sup>th</sup> and the projections used for 2015 include December, however within ADB the final booking of disbursement needs to be before December. The current projections include a December projection of \$360,000 some 9% of the projection from MTR to December 30<sup>th</sup>, further supporting the need for more conservative projections for assessing the level of Government of Finland funds not utilised.

191. The CEP financial risk is currently substantial however, this can be mitigated through the acceleration of disbursement. Without this acceleration there may be insufficient resources to finance the planned future contracts and for future EOC staff and operating costs from the date of the MTR. The MTR advises the EOC and ADB that it would be prudent to suspend additional procurement until a far clearer understanding of the financial situation is provided by EOC to ADB.

## F. Monitoring and Reporting

192. The CEP monitoring program has developed and implemented a results based framework that was favorably reviewed by the Government of Finland M&E expert. The framework supports indicative strengths within the program however there remains a weakness in the overall monitoring framework in terms of supporting the indicators at the output, outcome level of the DMF. There are several issues that need to be addressed (i) following the MTR it is recommended that the DMF be updated with more focused indicators that represent outputs, outcome, and impact. These should enable CEP to communicate the benefits it is delivering as opposed to mostly activity level reporting, (ii) develop a monitoring framework for the three proposed strategic pilot program frameworks for the regional investment and learning sites and (iii) for the NSU – LOA programs. The monitoring framework should place a far stronger emphasis on institutional change and capacity strengthening parameters and needs to be an integral part of the planning and implementation responsibility for each strategic pilot program and LOA. These indicators should enable benefits to be increasingly communicated and demonstrated.

193. The PDF indicates that monitoring will be developed at three levels: (i) the CEP level on activities inputs and outputs etc.; (ii) corridor specific socio-economic and sector indicators to track program outcome and impacts, and (iii) national level monitoring of key environmental indicators and government responses from national level monitoring and influencing programs. The MTR requests the CEP /EOC to reconsider the scope of its monitoring program and ensure that the requirements and expectations of the PDF are reflected in the implementation of the CEP.

194. The EOC needs monitoring and reporting of its own, and wider CEP, activities to be able to manage the remaining two years of the program. The risks attached to many contracts, the potential loss of funds, and the need to refocus the program towards the RIF, and national policy all require active management based on reliable and timely information. The reformed MT of EOC will need to have a monthly update of progress and financial status to support decision making and to provide an evidence based system to support CEP and EOC performance reputation.

## VII. MTR FINDINGS

### A. Introduction

195. The following section provides a summary of the evaluation of the MTR within the context of the ADB evaluation guidelines. The MTR report presents these in terms of a change management framework. This section presents the evaluation of the current CEP to highlight what needs to change and why it needs to change in effect it draws on the preceding sections and place them within the ADB evaluation criteria of relevance, effectiveness, efficiency, and sustainability.

196. These findings are then used to construct the MTR vision of what change will look like for the CEP within MTR section VIII: Recommendations where the future vision and resources and initial actions are presented.

### B. Relevance

197. The relevance of the CEP was assessed in terms of the questions provided by IEDs recommended approach. These include the relevance of the problem assessment and responses, the relevance to ADB, the extent there is ownership of the program by Governments, the relevance of modality and instruments for implementation and the relevance of changes in scope and implementation.

198. The MTR concludes that the CEP is **relevant** and **potentially highly relevant** if it can be shaped and delivered more effectively. The problems being addressed are increasingly relevant. The CEP relevance has perhaps declined slightly during implementation due to the lack of institutional influence and change management strategies. Relevance to ADBS 2020 strategy is increasing although again this relevance has not always been captured effectively due to weak internal engagement and influence with both management and operational staff. The country ownership of CEP is mostly relevant and has increased with the building of more effective NSU structures and programs.

199. The relevance of the modality and instruments available to CEP for implementation are assessed to be **only partly relevant**, with the TA modality less than optimal with the procurement systems limiting the extent of the CEP outcomes. The **limited relevance** of modality has been compounded by the manner in which EOC has applied the instruments available to it. The CEP has completed four scope changes for additional financing with the expected **increased relevance** being partly be offset by the **increased complexity resulting in a loss of effectiveness and efficiency**.

### C. Effectiveness

200. The MTR has assessed the CEP to be **less effective**. The rating is difficult due to the MTR constraints in accessing reliable information to be able to assess with certainty the contribution of CEP activities.

201. The program's effectiveness is influenced by the slow start-up with uncertain resourcing and then a series of changes to the scope of work with increased financing from new cofinanciers. The MTR view, is that the EOC is less effective in its management of the CEP. The rating is based on a range of factors including the constraints in using an ADB TA modality that added complexity to procurement systems and resultant excessive burden of administrative work. However many aspects contributing to the lack of administrative effectiveness were in the control of the EOC and its management. While these were identified during Phase 1 and known at the time of Phase 2 design appraisal they were accepted by the donors and cofinanciers. The effects of these issues persist and continue to impede CEP implementation. As a consequence, EOC resources were diverted from technical service delivery to support CEP administration compromising the effectiveness of both technical and regional engagement programs. The technical program effectiveness is further limited by fragmentation, a lack of focus on change management, and weak engagement with partners, national government and existing programs.

202. The response to the growing concern of cofinanciers about effectiveness was poorly managed by the EOC MT. In combination with the process adopted by the Government of Finland this led to a conflict scenario where the outcome has been a loss of effectiveness in return for limited benefit to the CEP. Weak supporting systems, ineffective EOC management of issues has resulted in the EOC being rated as **less effective**.

203. Component 1: The safeguards program has emerged as **increasingly effective**, the Strategic Sector Assessment program is considered to be **effective** while the multi-sector planning remains mostly unimplemented and therefore **less effective**.

204. Component 2: The landscape monitoring and management program is assessed as **less effective** but without change **risks being ineffective**. The rating reflects the expectation of areas to be managed in a landscape approach, The MTR found that the stakeholders in most countries (the exception being PRC) were (i) unclear of what landscape management entailed and how to implement a landscape management approach, and (ii) had failed to engage with the sector interests outside of biodiversity in the landscape or corridors. While both CEP BCI and CEP phase 2 have invested heavily in the landscape and corridor definition and mapping, there is little evidence of an emerging management system or institutionalization of any management. The CEP has struggled to engage effectively across sectors whilst significant resources were targeted to documenting biodiversity within the landscape as opposed to the management of the threats in a coordinated and integrated approach. The lack of an emerging system to actually manage landscapes raises significant questions regarding the validity of the CEP strategy for landscape management and the appropriateness of CEP's continued investment. The continued creation of corridors by biodiversity or conservation

agencies may actually reinforce sector based management – with mandated sectors choosing to isolate environment from “development” planning as they see landscape corridors being used to threaten their interests without an agreed management system through which the differing sector interests are negotiated, agreed and implemented. The findings of the MTR are consistent with the MTR review of CEP BCI phase 1 by SIDA. The MTR requests EOC to prepare a clear strategy for institutionalization of effective landscape management. The MTR notes that the multi-sector planning program offers perhaps a starting point through which landscape management may be defined for biodiversity corridors and suggests a strong evaluation of the process for this purpose.

205. The value chain development subcomponent is assessed as being **ineffective** because (i) it has progressed slowly, (ii) there is little comparative advantage of the value chain activities within the for the CEP portfolio, (iii) the role of value chain work has become disconnected to the landscape management objective due to the lack of a management system, (iv) there is inadequate time to implement such a program at this point in time.

206. **Component 3: Climate Change** The climate change program subcomponent 1 (adaptation) is assessed as less **effective**. The regional climate change round table is assessed to be **effective and possibly highly effective**. This EOC driven platform provides a significant opportunity to link and assemble climate change lessons for access to the GMS member countries. The effectiveness could be enhanced by building national platforms that link to the regional round table. The community field based activities are considered, to date, **ineffective**. The START contract is suffering from prolonged delays and is currently not progressing. The risk assessment climate change vulnerability activities adds little value to existing and ongoing work in the GMS. The risk financing work is weak and poorly conceptualized due to inadequate community engagement processes. Cost effective adaptation options already exist throughout the GMs and identification and assessment of these rather than field testing and piloting alternatives is considered far more cost effective.

207. Sustainable forestry and REDD+ program programs are assessed as **ineffective** in the sense that one contract is delayed and constrained by the legality of what is proposed, and the other contract remains incomplete. It is also unclear what the value addition in this area is given the plethora of REDD based activities in the countries.

208. Climate change mitigation through the green freight initiative is assessed as having the potential to be **highly effective**. The program development and engagement processes have produced a high quality, strategic and clear implementation program with strong institutional linkages and influencing elements. While it is still in its infancy and it is too early to assess real effectiveness Green Freight is potentially one of the most influential contributions to the CEP portfolio.

209. **Component 4** institutional program is assessed as being **less effective** – the regional collaboration is considered **less effective**, the NSU establishment is **effective to less effective** due to the delays, issues over LOA liquidation and the lack of technical support that the NSU receive, and the EOC is considered **less effective** (comprising an ineffective administration and management function, a partly effective technical program, and a the EOC information hub considered partly effective).

#### D. Efficiency

210. The overall efficiency rating is **less than efficient** trending towards inefficient. The rating has been negatively affected by the lack of institutional strengthening and influence elements within the design of work plans and programs. The current extent of outcomes produced for the level of inputs is assessed as **low efficiency** while the cost effectiveness of fund utilization is rated efficient to low efficiency. The extent that CEP effects change is still low and is poorly developed within the work plans and is considered inefficient.

211. The efficiency of coordination with development partners is assessed as **efficient**. One of the detriments to efficiency has been the timeliness or responsiveness of EOC management for taking decisions and action. The process ratings are **inefficient** for ADB internal management systems, the role of cofinanciers have created **inefficiencies**, the recruitment of consultants and the organisation and management of EA and IAs is considered at best adequate but trends towards **less than efficient**. The adequacy of counterpart arrangements is seen as inadequate and **less than**

**efficient** however this is improving and in some cases such as PRC and Viet Nam and Thailand the **efficiency** is relatively higher.

### E. CEP Sustainability

The sustainability rating at MTR is considered **likely** however the rating is early in the life of the CEP and is as a result uncertain. A key message from the MTR is the need for changes to administration, technical programs under EOC management, a need for the GMS countries to engage more fully in defining the future of the CEP and identifying their own needs and willingness to contribute to an agreed vision. The donors need to collaborate with the GMS to enable and facilitate a smooth transition into a more sustainable institutional arrangement for the CEP. The MTR firmly believes the CEP impact can be sustained as long as the expected benefits are clearly demonstrated soon. Sustainability will require consensus and greater focus on what the WGE institutional future should look like and how to achieve this future. Technical sustainability is being achieved albeit on a limited scope at this stage. Quality outputs that are institutionalized continue to build influence and there are good examples and some evidence of this having been achieved especially where there is a clear institutional linkage and established demand for the services.

### F. Summary

212. The interaction of limited effectiveness and efficiency has contributed significantly to the assessment of CEP and specifically the EOC's overall performance. The EOC's own administration and management weaknesses are identified as contributing significant inefficiency to its operation and reducing the effectiveness of its technical leadership and implementation role. These administrative weaknesses derive from both its requirement to use ADB's TA modality and its own structure, staffing and management decision making. While ADB's systems and procedures are not well aligned to the needs of the CEP however these lie outside the control of EOC. As such, the ongoing weaknesses need to be addressed through smarter use of the available options. If the administrative function and management of EOC had been more effective, the impact of the cofinancier interventions may also have been considerably less.

213. ADB systems and their constraints to programs like CEP were known by the two initial cofinanciers from their participation in CEP Phase 1. By cofinancing CEP Phase 2, these cofinanciers implicitly agreed to implement CEP activities using ADB systems. The MTR considers that concerns raised by cofinanciers during CEP Phase 2 relating to ADB administrative systems, and EOC required use of these, to be inappropriate given the context of their past experience and knowledge. The impact of the Government of Finland – KPMG systems review, was to simply add additional layers of burden to the already struggling administrative and management systems of EOC, further reducing their effectiveness, something that the Government of Finland had repeatedly questioned leading up to the review. Smarter options for intervention were available to all sides of these issues.

214. The combination of weak administrative systems and EOC management, ADB procedures, and Finland's interventions together overloaded EOC systems and capability. The consequence of this was to move more EOC resources into administrative responses by moving technical resources away from work plans and their core functions. The concurrent cashflow constraint caused by the withholding of Finland's funds further led to significant delays in procurement and work plan implementation across the breadth of the CEP reducing the effectiveness of the 2014 work plan. The result was to increase inefficiency and weaken effectiveness at a point in time when the reverse was starting to emerge, albeit too slowly. The MTR conclusion is that while the actions may have been well intended the impact of the actions has resulted in negative impact on the CEP performance. To move forward requires a substantive effort on EOC to (i) segregate administration from technical functions while building systems with greater integrity of data and reporting capability, (ii) to build the required systems and procedures linking financial and contract management systems within a wider management information system to support improved EOC management decision making, and (iii) to replan the remainder of the program with far greater focus on output and outcomes and financial risk management.



215. The CEP concept remains highly relevant and in strong demand from the GMS countries who express a desire for some strategy changes <sup>21</sup>and improvement in the implementation arrangement of the program. If these changes are implemented the likely sustainability of the core elements of the CEP are considered to be sustainable.

### VIII. MTR RECOMMENDATIONS AND ACTION

216. The MTR was presented with and identified a range of issues needing change that could improve the evaluation ratings by the end of the program. The CEP ability to improve operational effectiveness and efficiency while building institutional sustainability are considered to be the critical success factors and ultimately a key indicator for financiers impact.

#### Overarching CEP Priority

“To increase the CEP effectiveness and sustainability through efficient institutional influence strategies and capacity strengthening that enables mainstreaming environment and climate change resilience within selected RIF investments.”

217. The proposed recommendations are summarized into 5 programs of action that collectively represent the strategic changes CEP needs to achieve by December 2016. Smaller changes and recommendations are presented throughout the text of the report.

#### 1. Action Program 1: Reform the existing CEP Regional Portfolio

218. A significant issue for the EOC and the future CEP is the status of finances and the work plan. The lack of systems combined with weak contract management, inexperienced staff undertaking work planning, inadequate financial forecasting and management has taken the EOC to a position of risk.

219. The MTR unravelled the issues related to the current and forecast financial situation. The MTR experience was that (i) it took nearly 2 weeks of intensive forensics to develop a revised cash flow, (ii) the cash flow relies on very large assumptions, (iii) the assumptions are necessary as there is very little clarity regarding contractor performance and current planning and progress, (iv) the cash flow indicates that EOC urgently needs to build improved systems and management structures that can manage contracts and disbursement of funds in a timely performance driven manner<sup>22</sup>, (vii) the current CEP work plan prepared by EOC faces a shortfall of available resources that needs to be addressed, (viii) monthly updates of financial forecasts, disbursement performance, and available funds that take account of financier commitments is critical. With a large program of work already contracted and a range of funding from differing sources, the loss of undisbursed Finnish funds will mean some potential scenarios are not viable and require EOC to urgently adopt measures for controlling costs and improving disbursement. Irrespective of this the EOC must reorganize and clearly needs to both manage and take responsibility for its budget risks.

220. The MTR requests the Government of Finland to adopt a stance that enables the transition to be accommodated more efficiently, especially as the existing situation could be exploited to maximize the funds cancelled. In this light, the MTR seeks the cooperation of the Government of Finland to ensure the 2014 rebooking is made possible with the advancing of the next funding tranche prior to mid-May. Delays to this transfer reduces the ability of the EOC to forecast the changes required and provides less opportunity to make rational adjustment to the CEP. As such achieving the necessary adjustments to 2015 work plans and cost commitments will be virtually impossible as

<sup>21</sup> A summary of the changes elements identified during the MTR consultation is presented in Appendix 8.

<sup>22</sup> Failure to do so will increase the loss of committed funds on December 30<sup>th</sup> 2015 when the Government of Finland funding becomes unavailable

existing contractors require time to make changes at a point where nearly 50% of the 2015 work plan is completed.

221. The MTR adopts the position of **LESS IS MORE** to get more impact from CEP activities and because business as usual is no longer an option given the projected shortfall of funds. The position is proposed to generate more impact from activities, and because with the likely scale of funds being lost the EOC cannot maintain a business as usual strategy as there are insufficient resources. The existing regional portfolio should be reformed into cross component programs that are fully integrated with capacity strengthening programs linked to clearly defined change management strategies. These strategic regional programs will need resources to build linkages with the RIF program. There need to be fewer sites for the regional programs that are located in the GMS countries able to support implementation. These sites should be regional learning sites for all GMS countries and for populating the EOC information and data hubs at the national and regional level.

222. The proposed changes seeks increased focus on (i) institutional change, (ii) CEP comparative advantage, (iii) changes to available resources with the withdrawal of Government of Finland funds, (iv) achieving sustainability through institutional partnering, (v) identifies and disseminates existing best practice models from within the GMS rather than invest in developing new or replicated models, and (vi) integrates policy influencing activities within the proposed strategic pilot activities.

223. The three recommended regional strategic pilot programs are:

- (iv) Spatial Management program that includes planning, valuation, land simulation, corridor or landscape management definition, integration with exiting institutional arrangements related to RIF pipeline for a maximum of 2 corridors – being Guangxi, PRC -Viet Nam and Yunnan, PRC – Laos PDR
- (v) Strategic Sector Assessments for only the RIF dominated transport or energy sectors – that will include multi stakeholder planning, SEA, ecosystem based approach with climate change and institutional influence again for one program focus only being the energy sector – Viet Nam
- (vi) Green Freight program as it is currently structured.

224. The reform will require CEP to exit from a number of current programs and activities while reforming others. Some of these may be integral parts of a reformed strategic pilot programs, however many need to be exited. Areas that CEP needs to consider exiting from include several landscape corridors, ecotourism, value chains, climate change adaptation community level programs, and the current approach to REDD+ plus programs.

225. Savings from reduced scope of works and number of sites will be necessary to support the institutional influencing program. These savings provide inputs needed for contracting of (i) gender and social assessment and (ii) capacity and institutional strengthening expertise. All technical experts will be required to develop best practice assessments of existing regional programs linked to the strategic pilots, ensure that each pilot includes in institutional influencing programs and also to support the mainstreaming of environment and climate change in the RIF investment program. The ability to produce clear and concise knowledge products and communication inputs should be a significant part of all terms of reference.

226. Implementation of the strategic regional pilot programs will require the following steps:

- (i) Appointment of Program Implementation Manager to lead a review of the EOC contracts and financial status – see Appendix 9 for ToRs
- (ii) Confirm sites and scale of programs, redefine contracting arrangements to align with reformed program.
- (iii) Appointment of a Strategic Program Managers (3) and for spatial management site manager ( see Appendix 9 for draft ToRs) to manage the strategic regional programs
- (iv) Preparation of a site planning strategy and work plans
- (v) Renegotiation of contracts to ensure alignment with the site work plans
- (vi) Development of a capacity and institutional strengthening program including a the preparation of a detailed regional site learning program

- (vii) Budget and cashflow update and approval
- (viii) Implementation

## **2. Action Program 2: Rebalancing of the CEP**

227. The current strategy and structure of the EOC managed CEP has a strong orientation to regional programs that align with the four TA components and subcomponents. As a result, the program operates over many sites that are often poorly integrated creating significant overheads, capacity strengthening is diffuse and has become training, and each fragment lacks change management strategies that limit the Program's ability to achieve its expected outcome.

228. A critical success factor for the CEP and its future sustainability is the need to demonstrate value to the GMS countries. The distance between the current regional activities and the WGE/NSU is reportedly high with NSUs indicating little access to technical activities and only limited capacity and institutional strengthening for national teams and institutions. If the purpose of the TA is to influence the RIF investment projects, strong national linkages are essential, as is the need for national capacity and institutional strengthening.

229. The proposed rebalancing involves creating increased EOC responsiveness to national needs by moving EOC technical staff from Bangkok to NSU offices in order to progress capacity strengthening in country. A further benefit of the rebalancing is to improve coordination between the various actors under the CEP including EOC staff, contractors and national staff. The improvement to coordination will support networking with government, ADB, and other stakeholders to capture opportunities to support activities, to access data sets and to engage in policy forums. Most importantly, presence in country will focus on building influence within selected priority RIF investments that are currently lost.

230. The actions required to rebalance the program are:

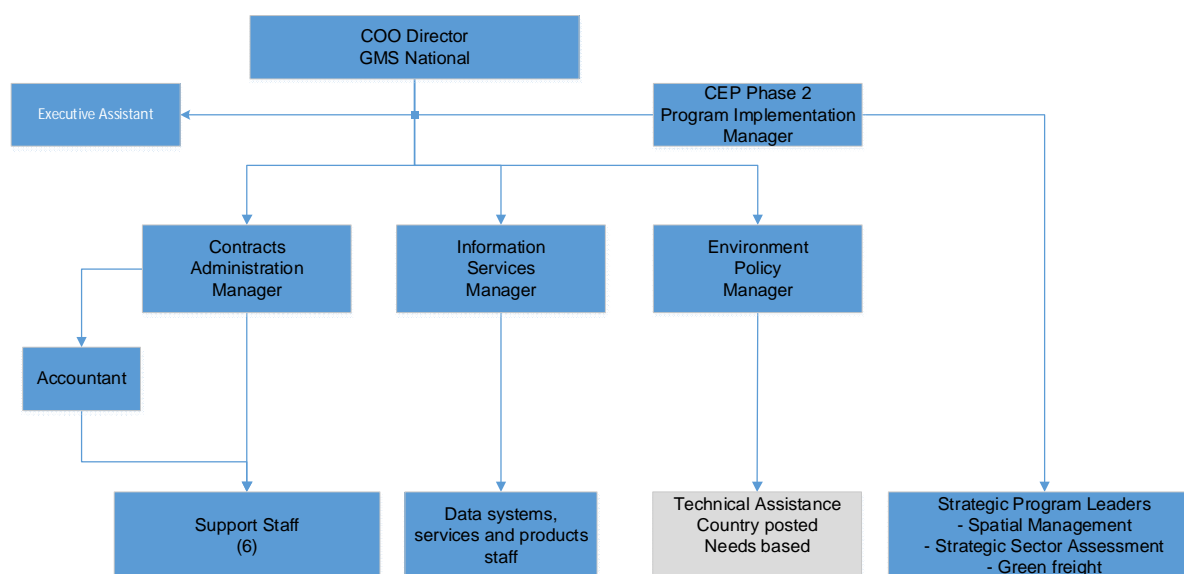
- (i) A review of all programs as part of the restructuring of the regional program and contract risk assessments
- (ii) The review of EOC restructuring (see below) to finalize a staff needs assessment and staff deployment program
- (iii) Staff negotiations and relocation to national offices.
- (iv) A strengthened work plan for each NSU with emphasis of resource allocation for capacity strengthening, and institutional development supported through the EOC technical staff

## **3. Action Program 3: Restructuring of the EOC**

231. The EOC currently has an organizational structure that mirrors the TA component and subcomponent structure. The result has been a plethora of disconnected activities that mirror the basic management challenge in sector based administrations i.e. a lack of integration and coordination. The MTR sees little option but to address these weakness with urgency to ensure that the EOC can demonstrate sufficient value for the GMS countries to assess its future value. Without such change, it is unlikely that GMS government will see any benefit or reason to support the EOC through their own funds.

232. The MTR seeks to protect the quality of technical programs from the growing administrative burdens as more contracts are mobilized and implemented. These burdens currently dominate EOC's operation and limit its effectiveness. A revised structure is proposed that seeks clear lines of decision making and accountability. A new MT team is proposed, comprising the COO, and 3 group managers for Contract and Administration, Information Services, and Environment Policy and Technical Services. An additional position, CEP Program Implementation Manager is included as a transitional role to ensure that EOC addresses its outputs and implementation challenges during the transition to the new management structure. Importantly the recommended changes elevate an Administration and Contracts Manager above the financial accounting personnel with authority to manage all contracts and their implementation along with the procurement decision making.

**Figure 5: Recommended Organizational Structure of EOC**



233. The MTR questions a number of staff contracts. Having key positions with only part time presence in the EOC or the wider region is not supported and these contracts need to be either restructured or concluded as soon as possible. In the interim, the ADB Project Officer should ensure that clear and tangible deliverables are being provided by experts not located in Bangkok as part of remuneration approvals. In cases where contracts are not being continued, the contracts need to be closed immediately. The CEP implementation manager along with ADB will prepare a HRD needs assessment and strategy through to the end of the CEP and once approved will implement the plan.

#### **4. Action program 4: Housekeeping**

234. EOC operating capacity and performance has been weak on most measures of organisational performance. The nature of performance issues ranges from specific to systemic and have developed to the point that the culture of EOC is one of making do rather than striving for effectiveness and efficiency in its operation. The MTR seeks to introduce greater accountability for performance through simplified procedures, transparency, the need for informed and transparent decisions that are structured around agreed performance benchmarks that when not achieved will trigger changes to personnel, systems or both.

235. There is an urgent need for effective IT solutions to accounting and financial management that is fully integrated with contracts and contract management. The EOC is recommended to identify IT options for this purpose, and then introduce these immediately. As part of this process, the EOC, although not a legal accounting entity will operate on the basis that it is such an entity supported with a full set of financial records and accounts that is accessible in Bangkok. The requirements for ADB accounting can be achieved through exporting the required data from Bangkok into the ABD system to avoid duplicating data entry whilst providing EOC managerial access to financial performance on a monthly basis.

236. In addition, there is urgency to address many of the outstanding issues in financial management and liquidation, outstanding procurement issues, updating contract status and performance, closing non-performing or completed contracts, updating and confirming cash flow and likely resource availability. These housekeeping programs need to be integrated with the reforming and rebalancing programs.

237. It is proposed that the contract and administration manager role will lead the housekeeping program. The new management team will need to address work plan implementation

issues and seek to manage the disbursement delays within each month. The revised management will limit technical staff input to procurement and contract management processes to technically based inputs only.

238. The housekeeping program requires senior management and ADB to:

- (v) Assign a team to clean up – new contract manager should be assigned to lead
- (vi) Team leader has authority assigned over all EOC staff in these matters
- (vii) Team has priority over **all work priorities**
- (viii) Resolve all outstanding issues and backlogs:

## 5. Action Program 5: Prepare for Future Sustainability

239. The MTR suggests that the ADB and WGE consider the option of a one year extension to the CEP. In making this recommendation the MTR has had to balance four aspects of the review findings (i) the high degree of country level demand for continued access and use of the WGE institutional arrangements, (ii) the limitations of the EOC operational efficiency and effectiveness during Phase 2, (iii) the availability of financial resources, and (iv) the potential value that is left behind if an extension is not available. It is the MTR view, that while current performance is not adequate, the CEP risks losing a significant proportion of its value from the program if it was to close in December 2016. This view is built on the delayed implementation, and the need to (i) build national level capacity (ii) the transfer and ownership of the EOC information system, and (ii) the need to ensure the learning and tools are institutionalized into the GMS national level frameworks and used to address the needs of the RIF and other investment pipelines. Finally, the potential for securing a foundation for taking the WGE / EOC institutions forward into a CEP consolidation phase would provide the opportunity for the participating countries to transfer to themselves the ownership and maintenance of the EOC and its resource and knowledge base. The MTR strongly considers the extension as essential for building sustainability of the CEP activities to date.

## APPENDIX 1: LIST OF PEOPLE MET

<b>Participants</b>	<b>Organization</b>
<b>Cambodia</b>	
HE Minister Say Samal	Ministry of Environment
Mr. Srun Darith	Ministry of Environment
Mr. Sao Sopheap	Ministry of Environment
Mr. Kheiu Borin	Ministry of Environment
Mr. Kong Kimsreng	Ministry of Environment
Mr. Meuh Meakara	Ministry of Environment
Mr. Khin Mengkheang	Ministry of Environment
<b>Lao PDR</b>	
Ms. Bouakham Soulivanh	Ministry of Natural Resources and Environment
Mr. Sounadeth Soukchaleun	Ministry of Natural Resources and Environment
Mr. Keosungkhom Phommaseng	Ministry of Natural Resources and Environment
Mrs. Khamsamai Ondavong	Ministry of Natural Resources and Environment
Mr. Nakhalin Vorlasarn	Ministry of Natural Resources and Environment
Mr. Khounsamay Silapheth	Ministry of Natural Resources and Environment
Mrs. Sayfa Phathummavon	Ministry of Natural Resources and Environment
Ms. Anousone Norlokham	Ministry of Natural Resources and Environment
Mr. Viraphonh Phengmarath	Ministry of Natural Resources and Environment
Mr. Khampheng Phomphet	Ministry of Natural Resources and Environment
Mr. Ekvinay Sayaraj	Ministry of Natural Resources and Environment
Mr. Khamphun Duangvilay	Ministry of Natural Resources and Environment
Ms. Thippachan Levanevilay	Ministry of Natural Resources and Environment
Ms. O. Souramasing	Ministry of Natural Resources and Environment
Ms. Borenyahak	Ministry of Natural Resources and Environment
	Ministry of Information Culture and Tourism

Ms. Thatsany	
Mr. Bounmy Keovongsa	Ministry of Energy and Mines
Mr. Phouthaxay Silis	Ministry of Public Work and Transport
Dr. Vatthanamixay	Faculty of Science and Environment, National University of Laos
Mr. Sounthala Salithirath	National Committee for Rual Development and Poverty
Mr. Phetdavong Nammachan	Ministry of Agriculture and Forestry
Ms. VongAkone Phengdalith	Lao Women's Union
Mrs. Somsanith Bouamanivong	Ministry of Science and Technology
Mr. Nelson Gapare	SNV - Netherlands Development Organisation
<b>Myanmar</b>	
Deputy Minister Thet Thet Zin	Ministry of Environmental Conservation and Forestry
U Nay Aye	Environmental Conservation Department Ministry of Environmental Conservation and Forestry
U Hla Maung Thein	Environmental Conservation Department Ministry of Environmental Conservation and Forestry
Dr. San Oo	Environmental Conservation Department Ministry of Environmental Conservation and Forestry
U Tun Zaw	Foreign Economic Relation Department Ministry of National Planning and Economic Development
Dr. Thaung Naing Oo	Forest Department Ministry of Environmental Conservation and Forestry
Daw Ei Ei Khin	Directorate of Hotels and Tourism Ministry of Hotels and Tourism
Daw Khin Than Nwe	Directorate of Hotels and Tourism Ministry of Hotels and Tourism
Daw Khin Thida Tin	Environmental Conservation Department Ministry of Environmental Conservation and Forestry
U Khin Maung Zaw	Environmental Conservation Department Ministry of Environmental Conservation and Forestry
U Htin Aung Kyaw	Environmental Conservation Department Ministry of Environmental Conservation and Forestry
Daw Nway Ei Aung	Environmental Conservation Department Ministry of Environmental Conservation and Forestry

U Paing Htet Oo	Environmental Conservation Department Ministry of Environmental Conservation and Forestry
<b>China, PR</b>	
Fang Li	Foreign Economic Cooperation Office
Li Yonghong	Department of International Cooperation, MEP
Chang Jiang	Department of Nature and Ecology Conservation, MEP
Wang Yong	Foreign Economic Cooperation Office
Xiao Suili	Foreign Economic Cooperation Office
Zhang Nan	Foreign Economic Cooperation Office
He Xin	Foreign Economic Cooperation Office
Wen Chen	Foreign Economic Cooperation Office
Zhang Fengchun	Chinese Research Academy of Environmental Sciences , Institute of Biodiversity
Wu Yuping	Policy Research Center for Environment and Economy, MEP
Zhou Bo	Foreign Exchange and Cooperation Division of Yunnan Environmental Protection Department
Lin Weidong	Foreign Exchange and Cooperation Office of Guangxi Environmental Protection Department
Yang Liqiong	Yunnan Institute of Environmental Science
Lin Bingmei	Foreign Exchange and Cooperation Office of Guangxi Environmental Protection Department
<b>Thailand</b>	
Ms. Rungnapar Pattanavibool	Office of International Cooperation on Natural Resources and Environment (OIC), Ministry of Natural Resources and Environment (MNRE)
Ms. Kanokwan Pibalsook	Office of International Cooperation on Natural Resources and Environment (OIC), Ministry of Natural Resources and Environment (MNRE)
Mr. Phuriputr Huvanandana	Office of International Cooperation on Natural Resources and Environment (OIC), Ministry of Natural Resources and Environment (MNRE)
Mr. Prasert Sornsathapornkul	Department of National Parks, Wildlife and Plant Conservation (DNP), Ministry of Natural Resources and Environment



	(MNRE)
Ms. Sunee Sakseau	Department of National Parks, Wildlife and Plant Conservation (DNP), Ministry of Natural Resources and Environment (MNRE)
Ms. Chutinthorn Praditphet	Office of Transport and Traffic Policy and Planning (OTP), Ministry of Transport (MOT)
Ms. Wipada Unlumert	Office of Transport and Traffic Policy and Planning (OTP), Ministry of Transport (MOT)
Mr. Kumnai Apiprachayasakul	Institute of Industrial Energy (IIE), Federation of Thai Industries (FTI)
Mr. Akapol Dilokwattanakul	Institute of Industrial Energy (IIE), Federation of Thai Industries (FTI)
Ms. Kornkamol Phakphian	Institute of Industrial Energy (IIE), Federation of Thai Industries (FTI)
<b>Viet Nam</b>	
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Kim Thi Thuy Ngoc	ISPONRE, Ministry of Natural Resources and Environment
Nguyen Thi Ngoc Anh	ISPONRE, Ministry of Natural Resources and Environment
Tran Thi Nguyet Minh	ISPONRE, Ministry of Natural Resources and Environment
Nguyen Van Cuong	ISPONRE, Ministry of Natural Resources and Environment
Pham Anh Cuong	BCA, Ministry of Natural Resources and Environment
Huynh Thi Mai	BCA, Ministry of Natural Resources and Environment
Nguyen Thi Thanh Hai	BCA, Ministry of Natural Resources and Environment
Vu Thanh Tu	BCA, Ministry of Natural Resources and Environment
Ngo Thi Thu Hien	BCA, Ministry of Natural Resources and Environment
Nguyen Thi Nguyet Nga	DRVN, Ministry of Transport
Tran Thi Van	DRVN, Ministry of Transport
Do Cong Thuy	DRVN, Ministry of Transport
Pham Hong Luong	VNFOREST, Ministry of Agriculture and Rural Development
Nguyen Phuong Thuy	VNFOREST, Ministry of Agriculture and Rural Development
Pham Van Trung	VNFOREST, Ministry of Agriculture and Rural Development
Hoang Viet Khang	FERD, Ministry of Planning and Investment

Le Than Tu	FERD, Ministry of Planning and Investment
Nguyen Thi Dai Trang	FERD, Ministry of Planning and Investment
Hoang Anh Tuan	FERD, Ministry of Planning and Investment
Nguyen Anh Tuan	Institute of Energy, Ministry of Industry and Trade
Nguyen Thi Thu Huyen	Institute of Energy, Ministry of Industry and Trade
Huynh Tien Dung	WWF Viet Nam
Hoang Viet	WWF Viet Nam
Tran Thi Mai Huong	WWF Viet Nam
Christine Schaefer	GIZ Viet Nam
<b>Co-financiers</b>	
Antti Inkinen	Development Cooperation Section, Embassy of Finland (Bangkok)
Daniel Klasander	Development Cooperation Section, Embassy of Sweden (Bangkok)
<b>Asian Development Bank</b>	
Marzia Mongiorgi	Environment, Natural Resources and Agriculture Division, Southeast Asia Department
Jan Hansen	Cambodia Resident Mission
Shunsuke Bando	Lao PDR Resident Mission
Sisavanh Phanouvong	Lao PDR Resident Mission
Charles David Sadler	Lao PDR Resident Mission
CD Tomoyuki Kimura	Viet Nam Resident Mission
Yumiko Tamura	Viet Nam Resident Mission
Nao Ikemoto	Viet Nam Resident Mission
Takafumi Kadono	Viet Nam Resident Mission
Phuc Pham Quang	Viet Nam Resident Mission
Tuan An Minh	Viet Nam Resident Mission
??	PRC Resident Mission
Mark Bezuijen (via VC)	Environment, Natural Resources, and Agriculture Division, East Asia Department
<b>Environment Operations Center</b>	
Michael J.B. Green	
Sumit Pokhrel	
Sompongse Somsookh	
Georgina Nepomuceno	
Iain Watson	
Jerry Chen	
Jirapar Boonyasurakul	
Komkrit Onsrithong	
Maria Arlene Tadle	
Nateetong Tantideeravit	
Ongarj Ritthongpitak	
Ornsaran Manuamorn	
Quyen Hanh Nguyen	

Somphavanh Nakhavong	
Sumana Kmolpun	
Teo Dang Do	
Ei Win Win Tin	
Xi Jao	
Narin Peraoranun	
Bopha Seng	
Duncan McLeod	

## APPENDIX 2: DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
<p><b>Impact</b> Improved biodiversity conservation and climate resilience across the GMS</p>	<p>Compared to 2011 baselines by 2022:<sup>a</sup> Forest patch sizes maintained in GMS biodiversity conservation corridors and landscapes Climate change adaptation and disaster risk preparedness improved in at least 700 communities in GMS conservation landscapes</p>	<p>National and FAO forestry reports EPA reports Provincial and local development plans BCC socioeconomic baseline in Cambodia, the Lao PDR, and Viet Nam CEP-BCI progress reports</p>	<p><b>Assumptions</b> GMS governments remain committed to inclusive growth and sound environmental practices. Investment financing (public and private) is available. <b>Risk</b> Impact of rapid economic growth outpaces environmental response times</p>
<p><b>Outcome</b> Environmentally friendly and climate-resilient GMS ECP</p>	<p>Compared to 2011 baselines, by 2016: ECP portfolio comprises at least 25% of pro-environment and climate-resilient investments Livelihoods (cash and noncash elements) of at least 60% of participating households in the conservation landscapes are improved, with at least 35% women beneficiaries</p>	<p>GMS sector and line agency reports Regional, national, and sector publications on economic indicators Reports to GMS ministers meetings and EMM CEP-BCI progress reports</p>	<p><b>Assumptions</b> GMS governments remain committed to mainstreaming environmental concerns. Community and local agency support and ownership of activities continue. <b>Risk</b> Short-term development needs override long-term sustainable development priorities.</p>
<p><b>Outputs</b> Environmental planning systems, methods, and safeguards improved</p>	<p>By 2016: Environmental and social considerations included in at least 12 GMS sector or corridor strategies and plans At least 150,000 people in the GMS economic corridors benefit from environmental measures, with at least 35% of them being women At least 150 agency staff (at least 35% women) able to implement safeguard assessments At least two new or updated legal instruments (laws or regulations) at a sector or national level supporting SEA or related tools prepared in GMS countries At least five GMS strategic plans and environmental reports supported by the EOC Environment Information System</p>	<p>GMS sector plans and strategies National environmental and social safeguards regulations and guidelines GMS country state of the environment reports CEP-BCI progress reports and baseline database</p>	<p><b>Assumption</b> Sector agency support is received for environmental initiatives. <b>Risk</b> Sector authorities promote unsustainable development for short-term revenue target gains.</p>

<p>Management of transboundary biodiversity conservation landscapes and local livelihoods improved</p>	<p>By 2016:          Biodiversity corridors are gazetted in at least three GMS countries          Management and operational plans are formulated and implemented in at least three biodiversity conservation corridors          Payment for environmental services guidelines developed in at least two countries          Innovative livelihood interventions are tested in at least three biodiversity conservation corridors          Transboundary biodiversity landscape strategies formulated and implemented in at least three landscapes  <b>Additional financing Indicator:</b>          Sustainable waste management operational in a cluster of 3 villages within part of a transboundary biodiversity landscape under a single local government authority</p>	<p>Provincial regulations, decisions          Provincial land-use plans          GMS program evaluation reports          Program baseline and progress reports          Socioeconomic surveys</p>	<p><b>Assumption</b>          GMS cooperation on cross-border conservation activities  <b>Risks</b>          Conservation and sustainable livelihoods gains negated by ad hoc development          Growing demand for wildlife and forest products</p>
<p>Climate-resilient and low-carbon strategies developed</p>	<p>By 2016:          At least four national, provincial or city-based MRV systems developed          At least four<sup>b</sup> investment proposals on low-carbon technologies and / or climate change adaptation prepared          Climate change coping strategies tested in and benefitted by at least 150 community groups, with at least 35% women beneficiaries          Annual carbon emissions of participating companies or households in pilot projects reduced by at least 10%          Climate change considerations integrated in transboundary landscape management strategies in at least three landscapes by 2016</p>	<p>ADB climate change fund progress reports          GMS ECP sector progress reports          GMS country REDD reporting          GMS business forum reports</p>	<p><b>Assumptions</b>          Availability of funds for climate change activities          Sufficient demand for low-carbon and energy-efficient growth  <b>Risk</b>          Affordability and accessibility of climate-proofing technology</p>
<p>Institutions and financing for sustainable environmental management improved</p>	<p>By 2016:          NSUs fully operational in at least five countries          At least 50% of EOC professional staff are from GMS, at least 40% of them women          At least two bankable private sector projects in environment and natural resources developed and collaboration secured          At least two joint projects involving WGE and other GMS sector agencies implemented</p>	<p>Government circulars          CEP-BCI progress reports</p>	<p><b>Assumption</b>          Sufficient financial resources and support for environmental service delivery  <b>Risk</b>          Sustainable financing systems generate only limited income, with high transaction costs</p>



### APPENDIX 3 CEP PHASE II - KEY PROCESSES, EVENTS AND REVIEWS

Period	Activity	Remarks
<b>TA Processing: TA Paper and changes of scope</b>		
2010, February – 2011 May	Preparation of CEP Phase II -Program Framework Document	Approved at EMM3 in September 2011
2011, January – October	Processing GEF GMS Forest and Biodiversity Program Framework Document	Approved in November 2011
2011, February – September	Processing Project Document for Finland	Approved in October 2011?
2011, January – November	Processing TA 7987 TA Paper	Approved in December 2011
2012, February - June	Processing Project Document for Sweden	Approved in June 2012
2012, May – November	Processing change of scope to increase TA financing (Sweden)	Approved in November 2012
2012, November – 2013 February	Minor change of scope in implementing arrangements to formalize EOCs role as TA implementing unit	Approved in February 2013
2013 February – March	Processing Project Document for NDF	Approved in May 2013
2013, February – April	Processing change of scope to increase TA financing (NDF)	Approved in April 2013
2013, January – 2014 April	Processing the GEF Regional Support Project under the GMS Forest and Biodiversity Program	Approved in May 2014
2014, June - October	Processing change of scope to increase TA financing (GEF)	Approved in October 21014
2013 August – 2014 March	Processing PRC Fund proposal	Approved in March 2014
2015 February -	Processing change of scope to increase TA financing (PRCF)	Ongoing
<b>Key Events</b>		
2010 November	WGE SAM-5	
2011 May	WGE AM-17	
2011 September	EMM3	
2011 November	WGE SAM-6	
2012 February	GMS 2020 – International Conference	
2012 May	WGE AM-18	
2012 October	WGE SAM-7	
2013 April	WGE AM-19 and joint knowledge event with WGA	
2013 October	WGE SAM-8 and knowledge event	
2014 March	WGE AM-20 and knowledge event	
2014 November	WGE SAM-19 and knowledge event	
2015 January	EMM4	
<b>Assessments/Reviews</b>		
2010, November – 2011, February	Finland Review of Phase I and Appraisal of Phase II	
2014 March-May	Independent audit of EOC - MAZARS	
2014 March	Results based monitoring and reporting assessment – Independent consultant (Finland)	
2014 September-October	CEP Self-assessment - Independent consultant, (Finland)	
2014 March – October	Systems-based Review – KPMG Finland	
2015 March	Mid-term Review	

**APPENDIX 4: SUMAMRY OF DEVELOPMENT COFINANCING PARTNER DIALOGUE**

DP Statement	Issue	MTR Status
A: Semi Annual Meeting (SAM 7) 2012	<ol style="list-style-type: none"> <li>1. EOC staff capacity and transparency in recruitment needs to be improved</li> <li>2. NSU capacity and partnership program needs development especially with civil society, ASEAN Biodiversity Center – need to avoid overlapping programs</li> <li>3. Cross sector coordination in CEP needs to be given more priority as the program aims to influence poverty. Compared to phase 1 CEP there needs to be more care to ensure mainstreaming</li> <li>4. DP request for joint missions</li> <li>5. How are the tools for Phase 1 being applied and used</li> </ol>	<ol style="list-style-type: none"> <li>1. As at MTR staffing was complete however the allocation of staff positions to roles and their organization and management remains less than optimal.</li> <li>2. NSU capacity remains a major weakness.</li> <li>3. Cross sector coordination varies significantly by country and the NSU WGE focal point capabilities, significant issues remain across most of the program.</li> <li>4. Not applicable to MTR.</li> <li>5. This remains mostly unclear. SEA application has occurred in Viet Nam, Landscape and corridors have been promoted in Thailand however landscape management remains mostly undefined, and unused.</li> </ol>
WGE Annual Meeting June 2013	<ol style="list-style-type: none"> <li>1. The institutional vision needs greater clarity</li> <li>2. National Support Units (NSU) need to be strengthened</li> <li>3. Letters of Agreements for NSU need to be operational</li> <li>4. Staffing of NSUs is urgent - the full staffing of the EOC acknowledged</li> <li>5. EOC needs to work on cross sector partnership development to avoid isolation <ul style="list-style-type: none"> <li>- Investigate regional agency partnerships</li> <li>- Engagement with ASEAN</li> <li>- Private sector engagement</li> </ul> </li> <li>6. Poverty dimension of the program – 2012 annual report lack analysis of poverty dimension, rights of the poor and marginalized</li> <li>7. Information dissemination – needs greater visibility and participation</li> <li>8. The GMS Atlas is impressive but the use and updating of the atlas is unknown</li> <li>9. Additional financing from NDF appreciated – are supporting resources being mobilized for this</li> <li>10. Results need improved reporting</li> </ol>	<ol style="list-style-type: none"> <li>1. Remains undeveloped and is a major weakness along with the lack of institutional strategy for the EOC.</li> <li>2. NSU capability remains weak and existing capacity constrained by resources, inadequate access to management and technical support from EOC.</li> <li>3. 2 of 9 LOAs are yet to be finalized, existing LOAs incur high transaction costs.</li> <li>4. NSU staffing is underway but remains incomplete.</li> <li>5. Partnering is an ongoing challenge that is less than effective.</li> <li>6. Poverty dimensions to the CEP activities are inadequate and the strategy of the CEP/EOC in addressing poverty is unclear and technically weak.</li> <li>7. Information dissemination is improving and there examples of good dissemination however there is a need for far more integration of communication and dissemination into national and regional contracts as part of a yet to be developed policy and behavior change strategy</li> <li>8. Use of Atlas is unclear.</li> <li>9. Staffing – see point 1 above.</li> <li>10. The EOC result based reporting has been strengthened,</li> </ol>



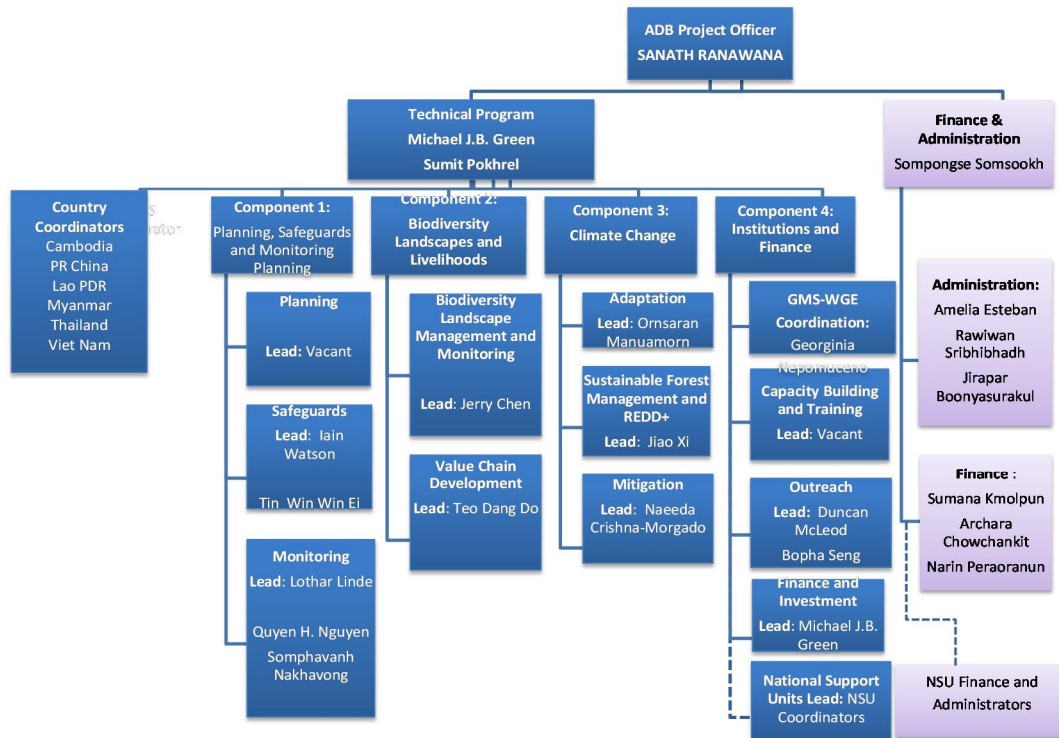
		however the quality of the reporting remains in question.
Semi Annual Meeting November 2013	<ol style="list-style-type: none"> <li>1. Result based management is a priority</li> <li>2. Work plan and reports need to be by regional and country level activities, with reporting against milestones and budgets – delays need to be identified and reported</li> <li>3. Letters of agreement need to be operational</li> <li>4. ADB switch to view the program as a grant program is appreciated however procurement delays and low disbursement rates are a concern</li> <li>5. New communication strategy is appreciated</li> <li>6. CEP needs a long term vision that guides the program – the vision is not forthcoming during dialogue</li> <li>7. Capacity development – capacity strengthening strategy needs improvement based on the reported needs assessment in the 2013 workplan – especially institutional capacity strengthening</li> <li>8. Inequality issues identified in phase 1 have not been addressed in terms of impacts on gender and social inclusion – the expectation was for improved analysis</li> <li>9. SIDA requests for information on the adoption and inclusion in CEP of the anticorruption awareness it provided</li> <li>10. Alignment and engagement with RIF is supported as a means of developing sustainability</li> <li>11. Improvement in private sector cooperation is acknowledged</li> </ol>	<ol style="list-style-type: none"> <li>1. Results based management – the MTR view sees this as a symptom of a wider problem relating to the lack of EOC management and management systems – see the main text to more on this point.</li> <li>2. Work planning and reporting have been adapted and improved following the inputs on M@E, Self-assessment, and KPMG inputs. The country level work planning and its integration with regional and EOC planning is less than optimal. There needs to be far stronger work planning at the country level to build ownership, to empower NSUs, and to identify means to align the program more closely to Government needs and country context.</li> <li>3. LOAs are not completed and existing LOAs are not functioning due to liquidation delays, administrative weakness in EOC, lack of capacity building for NSU, etc.</li> <li>4. Disbursement has increased but remains far too low, due to (i) poor performance in of EOC in procurement, (ii) project cash flows due to the withholding of funds by the Finnish Government, (iii) inadequate contract management systems.</li> <li>5. Strategy</li> <li>6. The lack of a long term vision and the lack of priority assigned to the institutional strategy for CEP is a major weakness or oversight of the EOC/WGE.</li> <li>7. MTR view the current capacity strengthening approach to be ineffective and inadequate.</li> <li>8. The social and gender inclusion inputs represent a step in the right direction, however the focus and depth of the analysis lacks coherency with the wider CEP and its target. There is also a tendency to conflate gender/social inclusion with community-level work rather than broadly across the entire program.</li> <li>9. Not applicable for MTR.</li> <li>10. RIF engagement is building and the MTR notes that in most cases dialogues in country are emerging. The engagement however needs leadership, and</li> </ol>

		<p>need to link to donor and government partners in this respect.</p> <p>11. MTR notes there is engagement however this also includes EOC. The engagement is not consistent across the outputs and or countries.</p>
Semi Annual Meeting 9	<ol style="list-style-type: none"> <li>1. CEP needs to ensure efficiency and effectiveness of results – the self assessment has a number of follow-up issues that need to be completed <ul style="list-style-type: none"> <li>- A swift institutional adjustment is needed especially at the country level</li> </ul> </li> <li>2. MTR needs to be undertaken urgently – before the end of February</li> <li>3. CEP needs to develop greater leverage in its program – the linkages to the RIF and the ability to influence the RIF is important</li> <li>4. Improved focus is needed on the relationship of the environment and human rights especially of the poor and the marginalized</li> <li>5. Business engagement is acknowledged</li> <li>6. Financial audit issues need to be resolved</li> </ol>	<ol style="list-style-type: none"> <li>1. Efficiency and effectiveness of the program is highly variable, - as is the relevance in some outputs by different countries. Overall the efficiency and probable effectiveness is less than expected. Institutional adjustment is still required – the MTR view is that the adjustment needs to be program wide with priority to EOC adjustment.</li> <li>2. Not response necessary</li> <li>3. Leverage in some part of the program is developing and in certain instances established. The leverage through RIF is intuitively appealing but the MTR suggests a degree of caution with respect to the expected ability to influence the RIF in the remaining the period through December 2016.</li> <li>4. The social dimension of the program requires more strategic input within the context of the strategy for the wider CEP and the role of each output within this strategy.</li> <li>5. MTR notes this but feels that the lack of EOC leadership and management vision continue to constrain the ability of EOC to build partnerships, develop client relationships and effectively manage or leverage on these.</li> <li>6. Issue has been addressed</li> </ol>

### APPENDIX 5: EOC STRUCTURING



#### CEP Phase 2 Organizational Chart



**APPENDIX 6: STATUS OF KPMG REVIEW FINDINGS**

No.	Chapter	Recommendation	Response/Action to be taken	MTR Assessment
1.	3.1.1 The Working Group on Environment (WGE)	<ul style="list-style-type: none"> <li>The Programme structure should be critically assessed. We recommend that a Steering Committee or similar management structure that would include the partner country representatives and Programme management (ADB and EOC) as well as donors and other stakeholders should be established to improve the communication between the stakeholders, and to increase guidance and control of the Programme management and to increase the commitment of the countries.</li> </ul>	<p><b>Response:</b> As noted in the Report the GMS Working Group on Environment (WGE) forms the overall structure of the Core Environment Program (CEP) and its commitment to CEP is notable. Annual and semi-annual meetings of the WGE are attended by its country representatives, ADB and the Environment Operations Centre (EOC), donors and other stakeholders. Thus, in many respects, the WGE serves the role of a Steering Committee of the Program. A duplicate steering committee or similar management structure would be counterproductive and confuse lines of command and control.</p> <p>However, the report makes a valid point (also under Item 3 below) that guidance and control over the CEP (including decisions on utilization of the budget) needs to be more firmly embedded within the WGE management structure. Hence, this recommendation is interpreted as a need to secure greater involvement of the WGE in work planning, allocating budgets and implementing activities. This can be done by formalizing WGE's role and responsibilities as well as those of ADB, EOC and key development partners vis-à-vis the mandate of a typical Steering Committee.</p> <p><b>Action:</b></p> <ol style="list-style-type: none"> <li>The role of the WGE, ADB, EOC and key development partners vis-à-vis the mandate of a typical Steering Committee, will be articulated in a Terms of Reference. The TOR will spell out the tasks to be fulfilled during annual and semi-annual meetings including the approval of work plans and budgets of the Program. The draft TOR will be presented ahead of the next Semi-Annual Meeting (SAM9) scheduled to be held in November 2014 and taken up for discussion at this Meeting.</li> <li>Antti and Daniel will share sample TORs of well functioning Steering Committees.</li> <li>EOC will send a draft TOR for donors' review.</li> <li>The Program's performance will be assessed vis-à-vis expected outputs and outcomes, during the self assessment workshop (Held 30 Sept-3 Oct)</li> <li>The TOR for the mid-term review (MTR) will be prepared as an output of the self assessment workshop.</li> <li>The MTR will be scheduled soon after the EMM4</li> </ol>	<p><b>MTR Position</b></p> <p>The MTR has critically assessed the CEP. It is the view of the MTR that the issue raised is part of the wider institutional and governance strategy for the WGE /CEP/EOC and their programs. The institutional specialist will address this issue specifically.</p> <p>MTR has recommended a number of reforms to the structure of the regional programs, the EOC and NSU management for operational issues. Further a number of recommendations for the EOC structure and operating procedures to improve effectiveness through to December 2016 have been provided.</p> <p>EOC Governance will also be addressed post MTR through the institutional specialist, however the MTR view is that steering committees rarely operate in the manner indicated simply due to (i) the size of the CEP vis a vis other work commitments for the people required to make high level decisions, (ii) the difficulties of getting people to the same location at the same time, (iii) and the concern that the proposal would undermine the WGE structure which is the current governance</p>
2.	4 Performance	<ul style="list-style-type: none"> <li>ADB needs to take full responsibility for the performance of the Programme and take measures to increase efficiency of implementation.</li> </ul>	<p><b>Response:</b> Response to this item is combined with the response to Item 5 below.</p>	<p>MTR position</p> <p>A number of recommendations have been outlined for this to be addressed, however the recommendation needs to be integrated with the wider reforms</p>

3.	5.2 Tools and Routines for the Management of the Operations	<ul style="list-style-type: none"> <li><i>The responsibility in the Programme's decision making process needs to be shared. The partner countries need to be more integrated into decision making structures including decisions on utilisation of the budget.</i></li> </ul>	EOC	<p><b>Response:</b> The responses and actions listed under <b>Items 1 and 4</b> address this point.</p>	<p>The MTR team agrees that urgent improvement is required. Clearer procedures are required and these need expected performance standards and benchmarks. The actual involvement in decision making proposed will create potential risks leading to severe delays. Instead, we recommend streamlining decision making and clarify roles, responsibilities and expectations.</p> <p>MTR position is that the proposal for far greater country involvement into decision making structure needs to be reflected in country level work planning. With respect to the balance between regional and national level resource allocation the annual meeting</p>
		<ul style="list-style-type: none"> <li><i>The role of the management team in Programme decision making needs to be clarified</i></li> </ul>		<p><b>Response:</b> The CEP Management Team (MT) comprises the Project Officer (PO), Technical Program Head (TPH), Finance and Administration Head (FAH) and also the Deputy TPH. Currently, it meets every Monday (unless all members are out of the office) and focuses on addressing implementation issues (based on weekly updates on procurement), coordination of activities including missions, and planning of events.</p> <p>EOC members of MT support the PO to minimize administrative bottlenecks. They also ensure quality and consistency of outputs of all other consultants, including decisions of evaluation committees. Establishment of a MT represents an adaptive management response to dealing with the large and complex nature of this Technical Assistance (TA).</p> <p>The Report's observation that the MT's role is not explained in any document is noted.</p> <p><b>Action:</b></p>	<p><b>MTR concurs</b></p> <p>The MTR found significant shortfalls in the MT structure, roles and performance. A revised EOC structure and supporting roles has been recommended. A significant change is to structure the EOC as an entity with strong management lines within this entity adding clearer accountability and lines of control.</p> <p>The ADB response does not acknowledge the inadequacy of the MT and that it has not operated with regular and up to date information</p>

4.	2 Executive Summary	<ul style="list-style-type: none"> <li><i>The NSU's need to be more involved and integrated into the planning, implementation and reporting processes of the Programme.</i></li> </ul>	<p>EOC <b>Response:</b> The recommendation is noted and the importance of involving the National Support Units (NSUs) in the Program is fully acknowledged. NSUs are involved in the planning, implementation and reporting process in many ways:</p> <ol style="list-style-type: none"> <li>1. WGE Coordinators and NSU staff work with EOC based consultants in preparing their annual work plans. For instance, in 2014, work planning for 2015 was carried out in-country in PRC (including Yunnan and Guangxi), Viet Nam and Cambodia. Other countries were covered during the October regional workshop in Bangkok (see next item below).</li> <li>2. WGE Coordinators and NSU Coordinators are invited biannually (6 months apart) to participate in regional workshops to develop (i) CEP annual report and (ii) CEP annual work plan. In 2014, these were held on 3 March and 2 October, respectively.</li> <li>3. TORs of consultants' (individuals and firms) specify engaging with NSUs, ensuring that NSUs support them while also sharing their findings with NSUs and relevant government agencies etc to help build capacity.</li> <li>4. In 2015, both of these routine regional workshops will also provide opportunities to review WGE/NSU engagement in the GMS Regional Investment Framework (RIF) process, in the light of the focus on RIF in the Joint Ministers' Statement at the 4<sup>th</sup> Environment Ministers' Meeting (EMM4), held on 29 January 2015. These new directions will be highlighted in the future outlook of the 2014 CEP Annual Report.</li> </ol> <p><b>Action:</b></p> <ol style="list-style-type: none"> <li>1. The situation will continue to be assessed, especially as more activities commence and some of the larger contracts are now on board. The Mid-Term Review will provide further opportunity to take stock of NSUs' engagement in CEP delivery and make necessary adjustments.</li> </ol>	<p><b>MTR Response</b></p> <p>The NSU issue is far broader than the issue statement. The MTR recommends the NSU to be more than an LOA disbursement agency, the current status is variable, somewhat unclear and remains a work in progress. The NSUs represent an opportunity to build viable national institutions; However, the WGE governments also need to be proactive, and in particular to ensure that they linked to the appropriately mandated organizations. Where this is not the case (as in Laos PDR) alternative arrangements need to be addressed urgently.</p> <p>The MTR position seeks to have the NSU as the only entry point to the country level activities, that work planning should have clear country level work plans for LOA financed activities and regional activities to be undertaken in each country.</p> <p>The technical support functions of EOC have been separated from the EOC operation and will be collocated with NSU and will solely focus on technical support and institutionalization of WOC work programs</p>
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2	Executive Summary	<ul style="list-style-type: none"> <li>The ADB should increase its resources for Programme management and procurement procedures to ensure efficient Programme implementation. Otherwise there is a significant risk that the implementation will be further delayed.</li> </ul>	<p>ADB</p> <p><b>Response:</b> The Report highlights the significant administrative responsibilities involved with executing a large and complex programmatic TA such as CEP and correctly points out certain administrative bottlenecks caused within the ADB structure. In particular the Report highlights bottlenecks within the Technical Assistance Support Unit (TASU) and the Operations Services and Financial Management Department (OSFMD) due to the large volume of contracts (Sections 6.2) and procurements (Section 6.8) involved with CEP.</p> <p>The Report mentions measures taken by ADB to streamline TA administration, most significantly, the formal recognition of EOC as a TA Implementing Unit, under the direct supervision of the TASU. This is a unique and innovative arrangement specifically adopted by ADB for CEP, which has since served as a model for other large programmatic TAs. However ADB acknowledges that further measures will need to be taken.</p> <p>Additionally, a Project Implementation Specialist well versed in ADB's TA administrative and procurement arrangements was recruited mid-2013 to support EOC. The Specialist monitors the status of procurements on a weekly basis and provides updates at the weekly meetings between TASU and the EOC management team (MT).</p> <p><b>Action:</b></p> <ol style="list-style-type: none"> <li>ADB has successfully piloted a simplified procedure for uploading documentation requirements for disbursements, liquidations and submission of claims, using ADB's online system known as eStar. Consequently, the majority of contracted parties now receive direct payment from ADB. Again, this represents the first instance of application of this simplified procure to a TA within ADB resulting in: i) substantially expediting the liquidation of advances and payments to consultants and contractors; ii) synchronizing financial reporting, thus minimizing the burden of reconciling differences between ADB's account and EOC's accounts; and iii) significantly reducing the administrative workload of TASU and the Controller's Department. (CTL)</li> <li>TASU, CTL and OSFMD have developed a template for output-based LOAs that focuses on outputs for payment and reports purposes, rather than on inputs, to minimize the reporting burden on LOA partners. The template will be reviewed internally, prior to adoption.</li> <li>The workload of TASU Project Officer and Project Analyst have been rationalized in view of the heavy workload associated with CEP. The Project Officer's time is more or less dedicated to CEP, averaging between 75-80% on CEP and related matters.</li> <li>TASU and EOC will hold semi-monthly or monthly meetings with OSFMD to</li> </ol>	<p>The MTR does not support this recommendation, because the issues are not driven by resourcing but by the systems and decision making processes (both within the EOC and the requirements of ADB). In effect the issues are systemic and need to be addressed as such.</p> <p>Building efficiency is more important in this issue and the MTR recommends streamlining, performance benchmarking, and a revised structure and simplified procedures.</p> <p>ADB and the EOC MT need to squarely confront and address these ongoing issues and then plan more accurately for the constraints that are beyond the control or influence of the EOC and CEP activities.</p>
6.	4 Performance	<ul style="list-style-type: none"> <li>The utilisation of funds for administrative activities needs to be reduced.</li> </ul>	<p>EOC</p> <p><b>Response:</b> The analysis of EOC based consultants' costs and the consequent conclusions regarding EOC related costs is misleading. Firstly, inputs by EOC based consultants towards components 1-4 should not be singled out since they provide technical support in much the same manner as any non-EOC based consultant. By virtue of being based at EOC, these consultants are able to coordinate their technical inputs more effectively than non-EOC based consultants and, thereby, support the concept of EOC serving as a technical secretariat for GMS countries. Furthermore, being based at EOC reduces operating costs of frequent travel to the</p>	<p><b>MTR Position</b></p> <p>The issue is valid. However the real issue is the allocation of costs. The EOC financial management systems have been poorly structured and maintained in this regard. The MTR seeks to resolve this issue as an urgent priority through restructuring and clarifying the roles and skills of key staff.</p>



				<p>countries. Indeed if space was not a constraint, it would have been optimal to have all consultants working on the CEP (other than national consultants) based at EOC. Therefore the statement in the Report that 68% of all costs incurred as of 31 December 2013 were EOC related costs, is likely to be misinterpreted as the bulk of such costs were for technical inputs. Secondly, while it is correct that EOC operations and program delivery costs have been higher than component-wise costs, this is to be expected at the inception phase of CEP. Administrative costs are fixed costs comprising office rent and running costs, support staff, and two specialists. As activity related costs increase over the ensuing years, these administrative costs (fixed cost) will reduce in proportion to total expenditure. Finally, EOC operations and program delivery costs account for only 8% of CEP's total budget.</p> <p><b>Action:</b></p> <ol style="list-style-type: none"> <li>EOCs administrative expenditure will be reviewed during the MTR in relation to its planned total budget.</li> <li>EOCs administrative costs as a proportion of total expenditure will be reported clearly under the revised financial reporting format that is explained under Item 9 below.</li> </ol>	<p>The review has contributed to this issue becoming worse during 2014 by exacerbating rather than alleviating paperwork.</p> <p>At the same time, the MT response needs to improve and acknowledge that the information systems of the EOC are inadequate to accurately portray the administrative costs.</p>
7.	6.6.2 Audits of Phase I	<ul style="list-style-type: none"> <li><i>The audits for phase I must be completed without further delay.</i></li> </ul>	ADB	<p><b>Response:</b> The audits of Phase I grant accounts with Sweden and Finland have now been completed and audited financial statements have been submitted to the respective governments.</p>	<p>MTR No comment is required</p>
8.	6.4 Fund Transfers to Partner Organisations	<ul style="list-style-type: none"> <li><i>The uncleared advances of Phase I must be closed and the reasons for the significant delays need to be formally disclosed to the donors.</i></li> </ul>		<p><b>Response:</b> Phase 1 involved the disbursement of over \$28 million by engaging 121 contractors including 28 implementing partners in 6 countries engaged under the LOA arrangement. Considering the enormous volume of transactions involved, closing of these contracts has been a challenging task. To date 110 contracts (91% of all contracts) accounting for 95% of the total value of TA have been closed. ADB is currently reviewing the final liquidation reports of the remaining 11 contracts.</p> <p>The main reason for delay in closing Phase 1 accounts has been the cumbersome process of reviewing liquidation documents, especially from LOA partners. The Report (Section 6.4) highlights several reasons including: i) implementing partners not being familiar with ADBs requirements for liquidation of claims; ii) EOC not being able to adequately support and guide the implementing partners. However, we would like to submit that the fundamental reason is the stringent requirements and delays resulting from inadequate compliance for substantiation of liquidations. For example, ADB requires original receipts as proof of all expenditure as part of its standard due diligence procedures. However, in certain countries (e.g., China, Viet Nam) invoices stamped 'PAID' serve as proof of payment. In other cases, consultants or implementing partners were unable to provide original receipts of taxi fares or boarding passes as proof of travel. These are some examples of the nature of the issues causing the delay in liquidation of claims.</p> <p><b>Actions:</b></p> <ol style="list-style-type: none"> <li>ADB has reviewed claims under all contracts and is currently reconciling liquidations against reported advances of the 11 remaining contracts. These steps are expected to be completed by end of November 2014.</li> </ol>	<p>MTR</p> <p>This issue is really a separate issue to CEP 2 and as such lies outside the scope of the MTR.</p> <p>The effect of this issue on CEP phase 2 is significant due to cashflow impacts and the deferred payments and work plans. Other cofinanciers have in fact cashflowed the Government of Finland's contribution to CEP Phase 2 which has caused significant transaction complexity and accounting complexity for ADB Head Office staff.</p> <p>ADB and CEP BCI 1 has contributed to this by failing to address the issue with sufficient urgency</p> <p>The MTR is also aware of the need to ensure that this is not repeated in December 2016 and seeks a far more considered contracting and contract completion window than is currently being applied. All contractors should be required to conclude their work by November 1st 2016</p>

9.	2 Executive Summary	<ul style="list-style-type: none"> <li><i>The semi-annual and annual Programme financial reports need to be reconciled to the ADB TA accounts and the reconciliation need to be documented properly.</i></li> </ul>	<p><b>EOC</b></p> <p><b>Response:</b> The observations and analysis of the Program's financial reporting are mostly accurate. The Report correctly states that ADB reports financial status by expenditure categories (i.e., Consultants' costs; Equipment and supplies; Seminars, workshops and training; Surveys, reports, studies and documentation; and TA Administrative and miscellaneous costs). It further states correctly that EOC prepares a corresponding component-wise breakdown of expenditure. However, it then incorrectly infers that EOC does not have a process for reconciling the Program's financial reports to ADB's accounting records. EOC extracts information on the financial status of each contract under the CEP from ADB's TA Information System (TAIS). EOC then adopts an excel spreadsheet template --- where each contract is allocated to a component and subcomponent -- to compute the corresponding expenditure by component and subcomponent. However, as pointed out in the Report, there are differences in the actual expenditure reported in TAIS and recorded by EOC. This is due to the delay between expenditure being incurred and it being recorded in TAIS. Therefore, there have been instances where EOC's record of expenditure does not match records in TAIS.</p> <p><b>Actions:</b></p> <ol style="list-style-type: none"> <li>EOC has been provided real-time read only access to TAIS. Previously, data was only provided upon request. As such, EOC is able to verify the most updated information on expenditure from TAIS when preparing component-wise expenditure statements. Furthermore, as mentioned under item 5 above, the simplified arrangement of uploading disbursement, liquidation and submission of claims via eStar, has resulted in expenditure information being uploaded in TAIS in real time. As such, the need for reconciliation between EOC's records and ADB's records has been significantly reduced.</li> <li>EOC will explore the possibility of using MYOB or a relational database program to create an interface to extract information from TAIS and compute component-wise expenditure updates in real time. This will reduce the risk of computing errors from updating such figures manually in an excel spreadsheet. It will also enable such information to be available in a timely manner to ADB and EOC staff. One complication, however, is that expenditure against the EOC advance facility is reported as one figure in TAIS. EOC currently has to manually disaggregate the figure to determine a component-wise breakdown of the corresponding expenditure. EOC will consult with CTL on the possibility of being provided a breakdown of details of the EOC contract.</li> <li>The presentation of financial information in the annual report (i.e., reporting on percentage of utilization and remaining budgets under each component and</li> </ol>	<p><b>MTR concurs</b></p> <p>All financial management systems need significant improvement urgently and recommendations for this have been included.</p> <p>The ECO /ADB response may technically be correct however the issue is not about the detail of the arguments being presented. The issue is weak communication and a lack of responsiveness on the part of EOC to requests for consistent financial management data. The MTR has been assured of systems, however there is very little evidence of effective financial management systems in terms of being able to report information in clear and effective ways. From this the question remains as to how the MTR of EOC manage its financial responsibilities given the paucity of data.</p> <p>Specific recommendations are provided to this issue by the MTR.</p>
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10.	2 Executive Summary	<ul style="list-style-type: none"> <li>The principles of reporting on the physical progress of contracts need to be clarified and better adjusted to match actual progress of activities. Reporting 20% of physical progress with only TOR prepared does not give an accurate picture of actual progress.</li> </ul>	EOC	<p><b>Response:</b> EOC developed its current, improved method of tracking progress in late 2013 following feedback from cofinancing partners at the WGE SAM8. The system was subject to scrutiny at an independently facilitated workshop (financially supported by Finland) in Jan 2014 before it was adopted. Given that successful outputs and outcomes are closely related to good design and planning prior to implementation, EOC considers it is as important to monitor inputs to the scoping, design and TOR development of an activity, as it is to monitor implementation time. This is why EOC monitors activities from initial scoping, through procurement to implementation and completion. The value of 20% applied to the milestone of TOR completion is based on experience of the time required to produce a TOR that is well scoped and conceptualized, with clear objectives and deliverables, has benefitted from peer shared with relevant WGE partners.</p> <p><b>Action:</b></p> <ol style="list-style-type: none"> <li>The basis of physical monitoring of activities will be explained in more detail in the CEP Semi-annual progress report</li> <li>The veracity of weightages assigned to different milestones of physical progress will be reviewed during the self-assessment workshop.</li> </ol>	<p><b>MTR concurs</b></p> <p>Contract management systems are weak, and poorly considered. Current staff responsible for this do not have the required skills to complete this important task. A significant review and reform of these systems and their realignment within a restructured EOC have been recommended.</p> <p>Physical progress reporting through adding 20% for</p>
11.	5.4.2 Financial Reporting	<ul style="list-style-type: none"> <li>The financial costs need to be properly analysed in the annual reports and the financial reporting needs to be more integrated to the narrative progress reports.</li> </ul>	EOC	<p><b>Response:</b> See response to item 9 and 10 above.</p> <p><b>Action:</b></p> <ol style="list-style-type: none"> <li>Reconciliation of financial and physical progress reporting in annual and semi-annual reports will be reviewed during the self-assessment workshop and necessary adjustments will be made to reporting formats.</li> </ol>	<p><b>MTR</b></p> <p>Addressed above</p>
12.	5.4.2 Financial Reporting	<ul style="list-style-type: none"> <li>The financial reporting information needs to be improved by including proper budget utilization figures, budget availability on the sub-component level and a breakdown of financial commitments.</li> </ul>	EOC	<p><b>Response:</b> The response and action to item 9 above addresses this point.</p>	<p><b>MTR concurs</b></p> <p>Recommendations relate to contract management strengthening and financial management systems attached to these.</p>
13.	4.4.1 Narrative Reporting	<ul style="list-style-type: none"> <li>The EOC still needs to focus on increasing the monitoring and reporting capacity of the EOC consultants. This becomes critical as the Programme activities increase.</li> </ul>	EOC	<p><b>Response:</b> This recommendation is acknowledged. A significant problem is the limited ability of non-native English speaking consultants to express themselves coherently in written English. This is not readily identifiable through routine selection process. Furthermore since there has been a concerted effort to recruit more GMS nationals to staff EOC, some skills may invariably be weaker than with similarly qualified native English speaking but international consultants. But ADB recognizes this as a necessary process of building up a core cadre of GMS nationals within EOC. The strategy therefore has been to engage consultants on one-year contracts, which are renewable upon satisfactory performance, and in 2014 to introduce written exercises during the process of selecting individual consultants. [It should be noted here that the KPMG Report makes a subsequent recommendation (Item 38) which negates the above strategy (i.e. the recommendation to reduce 'short term' consultancy contracts). This matter is discussed under Item 38.]</p> <p><b>Monitoring and reporting by EOC-based consultants includes: monthly meetings to review and update the annual results-based work plan; annual Performance Evaluation Reviews of individual EOC-based consultants, along with review of their individual work plans and TORs; and quarterly, semi-annual and annual reports to which all EOC consultants routinely contribute.</b></p> <p><b>Action:</b></p> <ol style="list-style-type: none"> <li>The capacity of EOC consultants to monitor and report on tasks under their control will be assessed during the self-assessment workshop.</li> <li>If deemed necessary, EOC consultants will be provided training on monitoring and</li> </ol>	<p><b>MTR concurs</b></p> <p>The structure of contracts is a contributing factor, however this also relates to the systemization of reporting and monitoring of performance and the lack of clear accountability for such functions.</p> <p>An experienced contract management and administration role is urgently needed.</p>

14.	2 Executive Summary	<ul style="list-style-type: none"> <li>• <i>ADB needs to clarify and report the principles of the utilisation of different funding sources.</i></li> </ul>	ADB	<p><b>Response:</b> The response to item 33 below partly addresses this point.</p> <p><b>Action:</b></p> <ol style="list-style-type: none"> <li>1. The principles of fund utilization from different sources are captured in the Board Papers/Memos prepared by TASU to seek approval for increases in the TA amounts. ADB will circulate these documents to the WGE and cofinancing partners and share new</li> </ol>	<p><b>MTR concurs</b></p> <p>It should also be recognized, however, that the withheld transfer of Finnish funds stifled physical progress, and contributed significantly to the delays of NSU establishment and operational capacity.</p> <p>To achieve this recommendation would have required the demobilization of the program for at least one quarter if not longer.</p>
				documents as and when they are prepared.	
15.	5.4.2 Financial Reporting	<ul style="list-style-type: none"> <li>• <i>Transparency of the financial reporting and the allocation of costs need to be improved. The accuracy of financial reporting could be enhanced by more accurate allocation principles.</i></li> </ul>	EOC	<p><b>Response:</b> The response to item 9, 10 above and 33 below addresses this point</p>	Repetitive
16.	6.6.1 Audits of Phase II	<ul style="list-style-type: none"> <li>• <i>The combined financial statements of the TA account need to be annually audited and the auditor's statement need to be provided to all donors.</i></li> <li>• <i>The integrated audit needs to cover all funding sources including ADB funding. The audits need to be conducted within a reasonable time after the end of each period (4-6 months).</i></li> <li>• <i>The audit procedures of Phase II need to be clarified and agreed jointly with all stakeholders.</i></li> </ul>	ADB	<p><b>Response:</b> The Report correctly states ADB's obligations to provide audited financial statements as per agreements with the respective major cofinancing partners. Accordingly, when ADB communicated with the Government of Sweden to initiate the annual external audit of the Sweden grant's financial statement for the period ending 31 December 2013, Sweden, Finland and the NDF jointly expressed their desire to receive annual external audits of the entire TAs financial statement.</p> <p>ADB supported the suggestion and presented a proposal to undertake an audit of the full TAs financial account, which will be shared with all three partners. In response to ADBs proposal, Sweden requested a component-wise breakdown of the expenditure in the audited financial report. However for reasons explained under Item 9 above, ADB responded that its retainer external auditors would not be in a position to provide a component-wise breakdown of expenditure as part of an audited financial report. Instead ADB has proposed that the component-wise breakdown of expenditure would be provided in the annual report of the corresponding year.</p> <p>Sweden's responded to ADBs proposal on 23 September and is now awaiting ADB's counter response.</p> <p><b>Action:</b></p> <ol style="list-style-type: none"> <li>1. ADB will respond to Sweden's email of 23 September</li> <li>2. ADB's retainer auditor will be requested to provide a quotation to undertake the audit.</li> <li>3. ADB will also initiate the process of amending the cofinancing agreements to reflect this change.</li> </ol>	Outside scope of MTR

17.	6.8 Procurements	<ul style="list-style-type: none"> <li>To increase the efficiency of the procurement and monitoring we recommend that more combined procurements would be performed and that the ADB's Consultant Selection Committee process would be utilised more frequently.</li> </ul>	EOC/ADB	<p><b>Response:</b> ADB and EOC are fully cognizant of need to expedite procurements under the TA. Being a programmatic TA, CEP covers a broad range of subject matter, including environmental planning support and tools, environmental assessments and safeguards, environmental performance monitoring, biodiversity assessments and management, NRM-based livelihood support, climate adaptation and mitigation, vulnerability assessments, sustainable environmental financing, regional cooperation and capacity building. Building on experience of Phase I, CEP strives to engage regional partners who have a long-term stake in supporting the GMS countries. Indeed, this has also been recommended by the KPMG team (see item 19 below). EOC has therefore consciously designed procurement</p>	<p><b>MTR concurs</b></p> <p>The packaging of contracts is inexplicable. The MTR recommends a reformed procurement responsibility and procedure with small packages only to be used as the exception.</p>
				<p>packages that would attract such partners (i.e., NGOs, research institutions, academic institutions, etc.). Combining packages into larger procurements would increase efficiency but would restrict eligibility to larger consulting firms that are versatile in providing a broad range of services in multiple disciplines.</p> <p>TASU and EOC regularly assess the tradeoffs between larger more generic procurement packages and smaller more specialized packages. The current composition of procurements is based on the conscious acknowledgement of these tradeoffs. The larger number of procurements has no doubt increased the administrative burden on TASU and EOC. Another reason for delays in finalizing procurement packages has been the nature of partners with whom such packages are being contracted. Several of these entities are unfamiliar with ADB consulting service procedures and have therefore been engaged in protracted negotiations with OSFMD.</p> <p><b>Action:</b></p> <ol style="list-style-type: none"> <li>EOC has recruited a Project Implementation Specialist well versed in ADB's consulting services and procurement procedures. The Specialist monitors the status of procurements on a weekly basis follows up with TASU and OSFMD as necessary; and advises EOC based consultants on a daily basis.</li> <li>The Specialist will conduct in-house training sessions for EOC based consultants on ADB consulting service and procurement guidelines as needs arise.</li> <li>TASU and EOC will hold semi-monthly or monthly meetings with OSFMD to address pending issues on procurements</li> <li>During MTR, ADB and EOC will take stock of remaining procurement packages as well as future procurements with a view to merging relevant procurements into larger packages.</li> </ol>	
18.	2 Executive Summary	<ul style="list-style-type: none"> <li>EOC's internal procedures need to be formalised and the selection of the evaluation teams need to be defined.</li> </ul>	EOC	<p><b>Response:</b> EOC has a defined process for selection of evaluation team, which has been further modified following the recruitment of a replacement Project Implementation Specialist in August 2014. Such teams include the Procurement Implementation Specialist, who is knowledgeable about ADB's procurement procedures, a MT member and the lead EOC consultant who will oversee the implementation of the contract, plus other technical persons as necessary.</p> <p><b>Action:</b></p> <ol style="list-style-type: none"> <li>EOC will update its Standard Operations Manual (SOM) and clearly articulate internal procedures for selecting evaluation teams, and short-listing and interviewing candidates before sending its list of prospective candidates to OFSMD to execute the procurement process.</li> </ol>	<p><b>MTR concurs</b></p> <p>Recommended changes to the management structure and procurement systems will ensure this is achieved.</p>

19.	6.8 Procurements	<ul style="list-style-type: none"> <li>• <i>More regional cooperation needs to be encouraged and possibilities to involve local cooperation in the Programme activities needs to be reviewed. Procedures for regional cooperation with local partners need be established.</i></li> </ul>	EOC	<b>Response:</b> This recommendation is interpreted as an expression of the need to engage more with regional partners in implementing CEP activities. If so, the response to Item 17 above addresses this concern.	<b>MTR concurs</b>  Finding for a rebalancing of programs with greater recognition of regional best practice models, alignment with other programs and a withdrawal from areas where significant overlaps occur.
20.	6.8 Procurements	<ul style="list-style-type: none"> <li>• <i>The EOC needs to prepare the necessary procurement</i></li> </ul>	EOC	<b>Response and action:</b> Addressed under Items 10 and 18	
		<i>guidelines or checklists for internal use in order to ensure an adequate transfer of knowledge and to improve the efficiency of the procurements.</i>			<b>MTR concurs</b> (see above)
21.	6.8 Procurements	<ul style="list-style-type: none"> <li>• <i>Additional capacity training to the EOC consultants in the ADB's procurement procedures needs to be provided.</i></li> </ul>	ADB	<b>Response and action:</b> Addressed under Item 18.	<b>MTR position</b>  It is felt that capacity in the sense indicated is probably not a constraint. Systems and accountability and a lack of performance culture are considered more important. A more reasoned approach will be to move the procurement to procurement expertise and not inexperienced technical staff and EOC management
22.	6.8 Procurements	<ul style="list-style-type: none"> <li>• <i>The ADB needs to properly inform and communicate all relevant changes in the procurement process to the EOC consultants.</i></li> </ul>	ADB	<b>Response:</b> This is done on a regular basis via the Project Implementation Specialist. <b>Action:</b> As suggested as action under Item 5, TASU OSFMD and EOC will hold regular (bi- weekly or monthly depending on need) meetings to discuss the status and pending issues regarding procurements. These meetings will be used to update EOC on changes to ADB procurement procedures. <i>(Also, see Response to Item 17.)</i>	
23.	5.3.1 Programme Level Monitoring	<ul style="list-style-type: none"> <li>• <i>The reporting on physical progress of contracts should be better aligned with the actual implementation and progress of the Programme's outputs.</i></li> </ul>	EOC	<b>Response and action:</b> This is address under Item 10.	Repetitive
24.	5.3.1 Programme Level Monitoring	<ul style="list-style-type: none"> <li>• <i>The physical progress of contracts reports should include the planned figures on the output and Programme level.</i></li> </ul>	EOC	<b>Response and action:</b> This will be reviewed with a view to incorporating planned figures. <i>See also response to Item 10 and note that both actual and planned figures are monitored in the contracts schedules and, semi-annually and annually, reported to WGE.</i>	Repetitive

25.	5.3.2 Monitoring of activities and consultants	<ul style="list-style-type: none"> <li>Quality control procedures from ADB's resources not directly linked to the Programme could improve the quality of Programme implementation.</li> </ul>	ADB	<p><b>Response:</b> ADB's resources not directly linked with the Program are utilized in providing substantial supervision and administrative support to the Program. <b>This includes staff time committed to operations by: SE Asia Department (SERD) and its TASU; central operations departments, such as OCO, CTL and OFSMD staff who support TA execution and supervision; and technical support from other sectors such as agriculture, energy and transport through the GMS Secretariat and Resident Missions in GMS countries. It should also be noted that transaction costs for a large, complex TA of this nature are higher than for the average loan: in the case of this TA over 80 individuals and firms have been contracted to date and another 26 are ongoing. (See also further details provided in response to Items 5 and 17.)</b></p>	<p><b>MTR position</b></p> <p>THE MTR accepts the issue but feels the review team has little understanding of the administrative support provided by ADB including the level of accounting support required to manage the cashflow issues created through the funding release decisions of the Government of Finland.</p>
26.	5.3.2 Monitoring of activities and consultants	<ul style="list-style-type: none"> <li>The hiring of a monitoring and evaluation specialist should be considered.</li> </ul>	EOC/Program management	<p><b>Response:</b> This has been seriously considered on more than one occasion, particularly since it the 'norm' in terms of expectations. Currently, responsibility for M&amp;E is mainstreamed across the EOC-based staff responsible for leading specific activities. Such persons develop the TOR(s) for their activity, engage in the selection process, supervise the consultants work and, therefore, are best equipped to monitor progress and outputs. This responsibility would be compromised by bringing in a separate M&amp;E expert. There are also cost implications of adding further consultants to EOC, as raised elsewhere in the Report. It should also be noted that the TPH and Deputy TPH provide oversight of CEP implementation.</p> <p><b>Action:</b> M&amp;E will continue to be kept under review, including the forthcoming MTR.</p>	<p><b>MTR position</b></p> <p>The MTR does not support the mainstreaming of M&amp;E into consultants' roles however the M&amp;E framework needs to be established at the program and thematic program level as well as for outcome and output indicators. The EOC performance in this regards is less than expected in such a program.</p>
27.	5.3.2 Monitoring of activities and consultants	<ul style="list-style-type: none"> <li>The role of financial monitoring within the EOC needs to be more clearly defined. The budget monitoring at the subcomponent level needs to be established and taken into use.</li> </ul>	EOC	<p><b>Response:</b> This has been addressed in the response and action reported under Item 9 above.</p> <p><b>Action:</b> Refer to Item 9</p>	Repetitive
28.	5.3.2 Monitoring of activities and consultants	<ul style="list-style-type: none"> <li>The steps required within the EOC for the processing of consultancy invoices needs to be determined and documented in the TA administration manual.</li> </ul>	EOC	<p><b>Response:</b> The TA Administration Manual already covers this under <i>Section C. Disbursement Arrangement</i>, which is in accordance with the ADB Technical Assistance Disbursement Handbook (2010, as amended from time to time). The TA Manual itself is being revised to incorporate recent measures taken by ADB and EOC to streamline overall TA administration.</p> <p><b>Action:</b> EOC will incorporate a more detailed procedure for processing consultancy invoices and advances in the EOC Standard Operations Manual, which is presently being revised.</p>	<p><b>MTR position</b></p> <p>No comment addressed through systems recommendations.</p>
29.	5.5 Risk Management	<ul style="list-style-type: none"> <li>The status and probability of the identified risks needs to be regularly reviewed and reported.</li> </ul>	EOC	<p><b>Response:</b> ADB's Technical Administration Instruction (TAI), EOC's Technical Administration Manual and Standard Operations Manual provide a suite of integrated policies and procedures that contribute to the overall management of risks in the administration and implementation of CEP. The forthcoming CEP self-assessment also provides an opportunity to review the current approach to risk assessment and reporting.</p> <p><b>Action:</b> Review EOC's approach to risk assessment and reporting</p>	<p><b>MTR position</b></p> <p>Risk management is almost missing within the wider CEP activities.</p> <p>The revised management structure is requested to develop and apply a more comprehensive risk management framework.</p>
30.	5.5 Risk Management	<ul style="list-style-type: none"> <li>Additional risk mitigation measures for Programme administration need to be identified.</li> </ul>	EOC		
31.	5.5 Risk Management	<ul style="list-style-type: none"> <li>The risk analysis needs to be more integrated to the daily management of the Programme</li> </ul>	EOC		

32.	5.5 Risk Management	<ul style="list-style-type: none"> <li>• <i>The anti-corruption policies need to be actively communicated to all Programme partners.</i></li> <li>•</li> </ul>	EOC	<p><b>Response:</b> Anti-corruption policies are contained within the EOC Technical Administration Manual (paras 1.15-1.17). These policies are communicated to partners routinely, for example at the training/capacity building workshops with NSUs following the signing of LOAs.</p> <p><b>Action:</b> Continue current routine procedures.</p>	
33.	2 Executive Summary	<ul style="list-style-type: none"> <li>• <i>The Programme has significant unutilised funds and thus the Programme's fund request need</i></li> </ul>	ADB	<p><b>Response:</b> Section 6.3 of the Report describes the status of fund transfers and account balances of the respective cofinancing partners. While the figures pertaining to 'Total donor commitments' and 'Funds received' are accurate, the figures pertaining to 'Cumulative commitments' and 'Cumulative expenditure' as of 31 December 2013 have since been revised</p>	<p><b>MTR position</b></p> <p>The analysis of this issue seems to be flawed and inconsistent with the recommendation for clearer transparent use of funds by fund sources. An assessment on this basis would have highlight the severe impact of the delays in the release of Finnish funds and how the funds from SIDA and NDF were used to cash flow the short fall in Finnish funds.</p> <p>That said the paucity of data or understanding of cash flow positions, the less than professional management of contract financial performance , ongoing budget forecast and projection inaccuracy are significant indicators of a lack of care and skills.</p>



		<i>to be based on actual and clearly demonstrated cash flow needs.</i>		<p>in ADB's records when the accounts for FY2013 were reconciled. The revised and final figures were conveyed to the cofinancing partners. As indicated, the funds received from Finland were fully utilized by July 2013 and no commitments or expenditure has been charged to the Finland account since then.</p> <p>The Report states that, 'since unutilized funds at the end of year 2013 amounted to \$5.1 million.. it could be estimated that no additional fund transfers would be needed in 2014'. This statement is incorrect since it presupposes that funds from all sources are evenly and proportionately applied to all components and subcomponents. This is not the case; funds from NDF for instance are earmarked for climate change related activities (Component 3) and that too in selected countries or on regional activities. Therefore, despite NDF having transferred its entire commitment of funds in one single tranche, ADB can only utilize these funds for selected activities.</p> <p>Given the above described situation, the Program is currently severely hampered by the lack of funds to honor existing commitments and to initiate new activities. Finland and Sweden indicated unwillingness to release their respective second tranche payments until the audited financial reports of Phase 1 were submitted. Upon receipt of this report, Sweden released a second tranche payment in 2<sup>nd</sup> quarter 2014, however Finland has extended the embargo on release of funds until issues relating pertaining to the KPMG review are resolved. It is important to highlight that the lack of funds has already affected ongoing progress of the TA and will have bearing on future performance as well.</p> <p><b>Action:</b></p> <ol style="list-style-type: none"> <li>1. In connection with the self-assessment exercise, EOC will prepare a fund utilization report by component and by fund source. The report will present scenarios for completing the stated activities and meeting the stated outputs given the start-up delays, and present the corresponding fund utilization scenarios by donors.</li> <li>2. The fund scenario report will be presented to the donors as part of the outputs of the self-assessment and will be the basis for amending the tranche payment schedules.</li> </ol>	
34.	6.4 Fund Transfers to Partner Organisations	<ul style="list-style-type: none"> <li>• <i>ADB needs to ensure that ADB's requirements for financial reporting are met also in costs incurred through the advance payment facility of EOC and partner organisations.</i></li> </ul>	ADB/EOC	<p><b>Response:</b> EOC is delegated responsibility to ensure that ADB's requirements for financial reporting are met. In addition, an independent audit firm has been engaged to audit EOC accounting, as well to ensure that ADB's requirements are strictly observed. TA Administration Manual and Standard Operations Manual are in line with the ADB Technical Assistance Disbursement Handbook (2010, as amended from time to time). See response to Item 28 above.</p> <p><b>Action:</b> EOC will continue to actively engage with CTL and HQ TASU through regular consultations, and monthly teleconference and weekly teleconference meetings, respectively, at the staff level.</p>	MTR has no <b>comment</b>
35.	6.4 Fund Transfers to Partner Organisations	<ul style="list-style-type: none"> <li>• <i>Capacity building in the financial reporting of NSUs is needed.</i></li> </ul>	EOC	<p><b>Response:</b> Building on experience gained and lessons learnt from CEP Phase I, EOC supports NSUs' financial management and reporting in the following ways:</p> <ol style="list-style-type: none"> <li>i) NSUs, under their LOA, have provision for hiring an accountant or finance assistant to manage their accounting and financial reporting;</li> <li>ii) Provisions in LOAs prevent release of subsequent advances until 75% of previous advances are successfully liquidated;</li> </ol>	<p><b>MTR position</b></p> <p>Again this is required but is unlikely to address the issue in totality. NSUs have institutional mandate issues that limit their ability to ensure financial reporting is completed on time and</p>

				<p>iii) An orientation workshop is held shortly after the LOA is signed and this includes sessions on ADB's financial protocols and procedures (e.g. CTL guidelines and documentary requirements on submitting claims);</p> <p>iv) Templates are provided for claims, liquidation of expenses etc;</p> <p>v) Controls are in place whereby NSUs are advised to get clearance from EOC before going ahead with workshops, significant purchases etc;</p> <p>vi) EOC finance staff are readily available to respond to financial queries.</p> <p>To date, this level of support appears to be effective: all LOA-related disbursements endorsed by EOC and submitted to ADB in Phase II have been liquidated.</p> <p><b>Action:</b></p> <ol style="list-style-type: none"> <li>EOC will continue to monitor NSU financial reporting, especially liquidation, and will convene a regional workshop (once all LOAs have been signed) to build further financial capacity.</li> <li>EOC will routinely review/check NSUs' financial management and reporting procedures during in-country missions. MTR will provide an initial opportunity.</li> </ol>	
36.	6.1 Accounting	<ul style="list-style-type: none"> <li>Monthly consulting invoices, including remuneration and travel costs, would reduce the amount of administrative work related to advance payments.</li> </ul>	ADB/EOC	<p><b>Response:</b> This is now the current practice for EOC-based and non-EOC-based consultants. EOC-based consultants use the standard ADB/CTL forms and there is no duplication in paper/administrative work.</p> <p><b>Action:</b> EOC will continue to closely monitor the practice and ensure that the procedures are followed in a timely manner</p>	MTR concurs but disagrees that it would reduce administrative work. In fact, it may increase slightly but there would be fewer delays and mistakes would
37.	6.4 Fund Transfers to Partner Organisations	<ul style="list-style-type: none"> <li>The amount and frequency of required financial reporting should be reasonable.</li> </ul>	EOC	<p><b>Response:</b> The requirement has been clearly spelled out in the Letter of Agreement with partners. This builds on experience from Phase I and is designed to avoid any backlog of unliquidated expenses.</p> <p><b>Action:</b> EOC is open to negotiation in cases where its protocols are impracticable or deemed to be unreasonable.</p>	
38.	2 Executive Summary	<ul style="list-style-type: none"> <li>The use of short term consultancy contracts needs to be reduced to ensure adequate commitment and capacity building of the EOC team.</li> </ul>	EOC	<p><b>Response:</b> Reference is made to Item 13 where the capacity of EOC based consultants is discussed.</p> <p>In general, there is little evidence to suggest that commitment to CEP is undermined by 1-year contracts. Moreover, some EOC-based consultants may not be able to commit to longer term contracts for family reasons but, meanwhile, their commitment is very high. Obviously, if consultant proves to be less than ideal, the impacts on CEP are less for a short-term than for a long-term contract.</p> <p><b>Action:</b> Duration of contracts will continue to be reviewed on a case by case basis and renewed for a longer term where deemed appropriate</p>	MTR concurs
39.	6.5.1 LOAs in Phase II	<ul style="list-style-type: none"> <li>The unsigned LOAs of Phase II need to be urgently finalised and the implementation of country activities initiated.</li> </ul>	EOC	<p><b>Response:</b> LOAs have been a high priority throughout 2013-14 and two (Cambodia and Myanmar) are outstanding. Cambodia has now been signed by ADB and awaits signature by Cambodia; the Myanmar LOA is in the final stage of drafting</p> <p><b>Action:</b></p> <ol style="list-style-type: none"> <li>Cambodia LOA is to be signed by government by SAM9.</li> <li>ADB/EOC part of Myanmar LOA to be finalized and submitted for Government approval</li> </ol>	MTR concurs This also needs to be supported with funds transfer and replenishments, technical support etc. These were delayed by the withholding of Finnish funds.

40.	6.10 Manuals	<ul style="list-style-type: none"> <li>The Programme management needs to ensure that the individual consultancy agreements are in line with the manuals.</li> </ul>	EOC	<p><b>Response:</b> All EOC-based and non-EOC based consultants under the TA are engaged following the Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers (Guidelines), which set the basic policies and procedures, as well as the ADB Project Administration Instructions (PAI) which provides further guidance. Both documents are updated periodically. EOC's TA Manual (TAM) and Standard Operations Manual (SOM) are in accordance with the ADB Guidelines and PAI.</p> <p><b>Action:</b> EOC will continue to ensure and monitor that all contracts under the TA are in line with the ADB Guidelines and PAI.</p>	<p><b>MTR concurs</b> – see above comments/recommendations on better program management systems with clear lines of authority and responsibility. However, the MTR regards KPMG's recommendation as an example of one that is very focused on details rather than the larger drivers behind the problems at hand.</p>
41.	6.10 Manuals	<ul style="list-style-type: none"> <li>To promote equal treatment of the EOC consultants and equal management policies we recommend that equal policies for different EOC consultants are applied.</li> </ul>	EOC	<p><b>Response:</b> Terms and conditions for EOC-based consultants, by and large, are consistent with the exception of remuneration rates and housing allowances which are determined by the position and the individual's prior history of employment terms and conditions. <b>These, along with provisions for working from home, may vary according to individual contract negotiations.</b></p> <p><b>Action:</b> <b>This has been further clarified in the Standard Operations Manual (SOM).</b></p>	<p><b>MTR concurs.</b></p> <p>All EOC technical consultants should have no home time allocation. All billable time needs to be linked to active involvement in the GMS and the "arrangements" for work in other locations etc. needs to stop with immediate effect.</p>
42.	6.9 Capacity of Personnel	<ul style="list-style-type: none"> <li>Managerial skills need to be highlighted in the recruitment processes.</li> </ul>	EOC	<p><b>Response:</b> EOC has more than tripled in size since 2012 in order to take on the implementation of CEP. KPMG has criticized EOC for not taking a more gradual, consolidated approach to building its capacity without acknowledging the pressure of delivering a program on time and within budget. EOC acknowledges the challenge and the difficulties in striking the optimum balance. Management skills are certainly one area for consolidation and EOC will devote more attention to this need in future recruitments of EOC-based staff, along with addressing the other short-comings mentioned under Item 13.</p> <p><b>Action:</b> Ensure adequate provision of management skills where appropriate in TORs.</p>	<p><b>MTR strongly concurs</b></p> <p>MTR strongly concurs and is recommending urgent action to overcome this issue.</p> <p>The work load issues can be addressed through the procurement of services being rationalized.</p>
43.	6.9 Capacity of Personnel	<ul style="list-style-type: none"> <li>The programme management needs to make sure that only qualified staff is hired and that the differences in the level of technical capacity are not too significant.</li> </ul>	EOC	<p><b>Action:</b> Management is extremely mindful of securing the best staff is hired, irrespective of whether the position is for an EOC-based consultant or not. Hence, it takes the time and energy to interview candidates for all EOC-based positions and most other assignments, as described under Items 17-18, 38.</p> <p><b>Actions:</b> see Items 17-18, 38.</p>	<p><b>MTR strongly concurs</b></p> <p>The MTR is concerned that the skills and experience of some staff are not sufficient to fully perform their duties, and that well-known problems are not being identified and addressed by senior management. An example is the ongoing shortcoming in its cashflow.</p>
44.	6.11 Fixed Assets	<ul style="list-style-type: none"> <li>The fixed assets register should be reconciled at least annually with the bookkeeping.</li> </ul>	EOC	<p><b>Response and action:</b> Recommendation is noted and will be implemented.</p>	
45.	6.11 Fixed Assets	<ul style="list-style-type: none"> <li>A physical check of the Programme's fixed assets should be done at least annually and the check should be documented.</li> </ul>	EOC	<p><b>Response and action:</b> Recommendation is noted and will be implemented.</p>	
46.	3.1.4 WGE Focal Agency	<ul style="list-style-type: none"> <li>Increased local presence and capacity building is needed for the NSUs based on objective</li> </ul>	EOC	<p><b>Response:</b> EOC routinely works with WGE/NSUs to identify and strengthen their capacities. Currently, communication associates are being recruited for all NSUs to strengthen knowledge sharing, awareness raising regionally, nationally and within respective ministries. EOC is also</p>	<p><b>MTR strongly concurs</b></p> <p>The MTR has recommended the movement of technical experts from Bangkok to the NSUs and the development of an institutional strategy.</p>

	and NSU	<i>assessment of the current status.</i>	planning to host a series of visits from NSUs over the next year to develop their awareness about EOC's operations. <b>Also see response to Item 4.</b> <b>Action:</b> Develop program for NSU study visits and review further during MTR.	2015 Work Plan: 2 Oct 2014	
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## **APPENDIX 7: MTR EVALAUTION RATINGS**

The ADB evaluation systems provides a rating system with recommended questions. The application of these criteria are usually applied post completion in this appendix to indicate where the CEP Phase 2. The ratings are presented to provide signal where the strengths and weakness of the CEP Phase program lie. As such the ratings are presented in a disaggregated form – by each output, for EOC and the Project as a whole.

<b>Evaluation parameters</b>
<b>Relevance ratings</b>
<b>Highly relevant 3; relevant, 2; partly relevant, 1; or irrelevant, 0</b>
Evidence of diagnostic assessment of problems and opportunities
Consistency of TA impact, outcome, and outputs with the government's priorities and strategy;
ADB's strategy and program for the country; and consistency with ADB's institutional objectives
TA formulation/design
Evidence of participation or government ownership
Degree of coordination and/or complementarity with activities of development partners
<b>Effectiveness rating</b>
<b>Highly effective 3; effective, 2; less effective, 1; or ineffective, 0.</b>
Effectiveness of TA management
- Appropriate delivery of inputs
- Quality of TA outputs
Achievement of TA outcome, including institutional development (where appropriate)
- Degree to which outcome achieved
- Diagnostic evaluation for any failure to achieve outcome
- Better alignment of the mission and capacity of an organization with its mandate
- Increased awareness and enhanced ability to make changes
- Concurrence of training and capacity building with outputs
Attribution of Impacts to TA influence
- The extent to which TA inputs and activities contributed to observed achievements of TA outputs, in relation to other factors
- The extent to which TA outputs led to observed achievement of outcomes, in relation to other factors
- The extent to which TA inputs and activities contributed to observed achievements of TA outputs, in relation to other factors
- The extent to which TA outputs led to observed achievement of outcomes, in relation to other factors
<b>Efficiency Ratings</b>
<b>highly efficient with a value of 3; efficient, 2; less efficient, 1; or inefficient, 0.</b>
Achievement of TA outcome with efficient use of inputs
- TA outcome and impact relative to TA costs
- Cost effective use of TA funds
- Effective promotion and management of recommended changes
Efficiency of process
- ADB's internal management of the TA
- Organization and management of executing and implementing agencies
- Efficiency in recruitment of consultants and contractual arrangements
- Adequacy of counterpart arrangements and funding
- Effective coordination with development partners

<b><u>Evaluation parameters</u></b>
Timeliness of outcomes
- Utilization of TA resources
- Quality of consultations and decision-making
Quality of mid-course adjustments and dialogue
<b><u>Sustainability Assessment</u></b>
<b>most likely with a value of 3; likely, 2; less likely, 1; or unlikely, 0.</b>
Appropriate policies, procedures, and financial structures in place to ensure continued operation of partner organizations;
Appropriate policies in place to ensure the maintenance of required human resources in partner organizations;
Adequacy
Political will to ensure Government or enterprise ownership and commitment to TA outcomes;
Existence of appropriate legislative structure to support the implementation of TA outcomes; and
Political will on the part of government to maintain support of key stakeholders

## APPENDIX 8: CHANGE PROGRAM

240. The MTR has been presented and identified a number of changes required to build or protect relevance, improved effectiveness, and efficiency and enhance sustainability

### A. Required Changes

#### 6. To ensure relevance change needed to contribute to the outcome:

- (i) Conceptually the CEP is highly relevant as it was at the design stage. Change is necessary to ensure relevance is retained through greater efforts to institutionalize the program and its outputs through the lens of the Regional Investment Framework.
- (ii) The design, at the time of the MTR, remains relevant however the lack of addressing the EOC and its institutionalization at design creates a degree of downside risk to the relevance. This risk is reflected in the in-country reports to the MTR of being distanced from EOC decision making and concern that EOC has inadequate strategies for supporting institutional and capacity strengthening through technical support.
- (iii) EOC / CEP regional program of work is only partly relevant. The regional program supplied and managed by EOC needs to be more closely aligned to the individual country priorities and context to build relevance. Other parts of the work program especially in outputs 2 and 3 are considered irrelevant due to modality, technical direction and approach.
- (iv) LOA work programs are relevant and a critical success factor in terms of the CEP outcome, however their administration has made them less relevant during implementation.
- (v) With respect to ADB s2020 the program rationale is considered highly relevant, the design relevant whilst the program as implemented at MTR is considered partly relevant
- (vi) The CEP DMF structure and indicators at the output level are considered only partly relevant and need to be revised to provide clarity over expected and achievable outputs that in combination would deliver the outcome, currently this is not the case and requires indicators of outputs relating to institutional influence on the RIF and ECP.
- (vii) The EOC as an integral part of the WGE institutional vision was highly relevant at design (although strangely missing from the DMF), currently at MTR the EOC is considered partly relevant. For CEP implementation, the EOC requires significant change in strategy, structure, and quality of management to ensure it remains relevant
- (viii) The EOC vision and functional role in the WGE at design was and still is highly relevant. Significant progress is needed to demonstrate the benefits to maintain relevance in the perception of stakeholders – including a need to demonstrate how to transition to an agreed institutional vision. EOC as the central player for the WGE regional initiative needs to demonstrate it is highly relevant something it is currently failing to achieve

#### 7. To secure improved effectiveness

241. The MTR recommends that the following changes are necessary to increased the effectiveness of the CEP EOC program:

- (i) EOC management and leadership needs to be reestablished and then EOC needs to adopt a change management strategy for each part of the program
- (ii) Moving technical experts into technical support roles only by moving them from managing and administering programs into technical support to regional and country programs - both delivered through national NSU offices



- (iii) Restructuring of portfolio activities to remove activities with low potential value added due to “comparative advantage and or available resources and time. For example the planning systems, need to be applicable either in the Green Freight – Transport, SEA (land Use or Energy) sectors, or biodiversity landscape issues. These programs will include agreed activities from output 2, 3, and 4 where applicable. The MTR views on the program include:
  - a. Output 1
    - i. Involvement in ecotourism while intuitively appealing is in the view of the MTR only partly relevant to the CEP outcome and likely to be less effective in terms of outcomes (as opposed to output).
    - ii. SEA work while being resourced has led to little progress on SEA programs, the PDP 7 SEA has had leverage and needs to be followed up to ensure capacity and institutional sustainability.
    - iii. Similarly without integration the land use simulation, multisector decision making and economic valuation while relevant are likely to be only partly effective unless reviewed, restructured and integrated on fewer sites
  - b. Output 2
    - i. A critical review and assessment of the status of Output 2 work program is overdue, development of a strategic plan prior to any input. This review should focus on moving from corridors and landscape establishment to conceptualizing management systems for spatially defined area and then for each landscape developing with the country how to support and test such management systems
  - c. Output 3
    - i. A critical review is required to ensure activities are adding value, and build on the extensive range of work already undertaken in the region rather than reinventing approaches. The review needs to build on the relevant parts of the program only.
    - ii. There seems to be little value addition in the community based work
    - iii. REDD+ programs could leverage greater value through the integration of the SNV (Laos) and WWF programs with the potential use of CEP funds to support the regionalization of the WWF work
    - iv. The regional climate change platform needs to be strategized in terms of the potential development of national level platforms and linking these through CEP support national participation
  - d. Output 4
    - i. Output 4 requires a clearer strategy and expected outputs with the need to separate out institutional from operational outputs. The communication team needs to be involved with the awareness and education programs attached to the work programs
- (iv) Restructure the CEP work program into cross output work programs with management assigned to strategic programs of work comprising multiple contractors and inputs and not by the current subcomponent structure of the TA with programs having country level and regional work plans.
  - a. Within programs ensure improved integration of program work within and across contracts and through future procurement packaging within the CEP
  - b. That each program of work will include clear benchmarks for performance milestones including physical performance, input utilization, outputs and achievements and criteria for achieving sustainability through an institutional change management strategy and activities for institutional strengthening, capacity development, and stakeholder engagement
- (v) Cross cutting themes linked to social ,gender, and poverty need to be reassessed and supported strategically through technical input that has a strong track records in their inclusion at a sector level and strategic institutional level rather than field process orientation.
- (vi) LOA work programs are strongly supported Government NSU stakeholders, however wider Government stakeholder ownership is weak creating downside risk to the program effectiveness. For example, the effectiveness of landscape and corridor

- management continues to apply site and sector based management and administration within these corridors
- (vii) EOC TA implementation is ineffective and needs urgent restructuring, redefinition, and operational management with clear mandate, authority and responsibilities that are reported on a monthly basis. A restructuring is proposed
  - (viii) Outstanding administrative issues in contracts and implementation need to be addressed with urgency.
  - (ix) NSU establishment, staffing, capacity strengthening, integration within work programs, and resourcing (financing and technical support) needs urgent attention that should integrate with the TA implementation strategy
  - (x) EOC leadership needs to be established and external relationships with country and regional clients, owners, donor and financiers and the wider public need to be strategized and implemented at all levels of the program

## **8. Improving Efficiency**

242. To improve efficiency in the CEP, the MTR review identifies the following need for change:

- (i) Restructure the EOC structure, leadership and management with supporting personnel, information and financial management systems supporting a leadership driven management culture change.
- (ii) The separation of the EOC organization from technical support mobilized by EOC for capacity building programs – this requires EOC restructuring, clearer TORs and contracts that support the proposed EOC strategy of focusing the regional program on fewer sites and rebalancing the EOC portfolio towards national needs
- (iii) Technical expertise – where long term needs are established and the need is supported by existing individuals – the position will be transferred to national level postings with technical support programs delivered through NSU country offices.
- (iv) Changed approaches to identify technical support need of reformed programs linked to country NSU needs with the revised EOC responsible for procuring these.
- (v) Changes to role of technical people will limit their role to capacity strengthening and their role in administration and procurement will be limited to (i) reviewing draft TORs provided by the NSUs, (ii) reviewing short lists, and (iii) peer review of outputs
- (vi) Change is required for EOC to mobilize resources – financial, technical support education and awareness information and knowledge products - in a timely and responsive manner either through streamlined procedures or through more advance planning
- (vii) ADB and EOC shall identify identify options to reduce the number of contract variations required

## **9. Building Sustainability**

243. To build improved likelihood of sustaining the CEP the MTR recommends the following changes

- (i) The development of an capacity strengthening and institutional change focus within the reformed programs
- (ii) The demonstration of the benefits from a sustainable and justifiable EOC organization that is responsive to technical requests and able to support national and regional capacity strengthening and learning
- (iii) Agreement with Governments regarding what roles and functions of the EOC and the wider CEP
- (iv) Agreement of each government to sustain and institutionalize the NSU and supporting networks to continue to link the EOC benefits to national stakeholders

## B. Future Vision

### 10. For Improved Relevance

- (i) Rebalancing the work program focus between regional and country level with technical resources supporting both country and regional programs being delivered from the country level
- (ii) Further rebalancing between the current CEP for introducing and developing tools and approaches by EOC/CEP contracts to increased support for identifying current best practices and processes within the region (and beyond) and then having these as case studies
- (iii) Removal of programs with little relevance and effectiveness where CEP has no comparative advantage that as a result provide little or no value added to the outcome

### 11. For improved effectiveness

- (i) Overall effectiveness needs the focus of program management from contract outputs to institutional change programs within the scope of the regional investment framework including assigning resources to integrate EOC outputs and services into both Government and Donor design processes within the RIF program.
- (ii) **Less is more** There needs to be a critical assessment of the work program to assess likelihood of delivering outputs and the relevance of the activities vis a vis the outputs. In this regards the MTR is recommending a change in the DMF indicators that will move the program away from on the ground community programs where there is limited capacity and time,
- (iii) For the reformed work program tools focused on specific issues that are supported by an integrated work program covering all CEP outputs at high probability sites – these sites can then be used as learning sites, the work program needs increased investment into institutional influences and capacity strengthening program that is far more coherent
- (iv) Cross cutting themes – social, gender, and poverty need to be mainstreamed into sector institutional arrangements
- (v) CEP/EOC administrative clean up
  - a. movement to lumpsum contracting for small packages
  - b. the use of output based contracting where ever possible,
  - c. move from small packages to large packages where ever possible – these should be larger than \$600,000 except for exceptional circumstances – decisions on packaging and procurement should be moved to administrative management, and procurement teams used for technical review of Tors and Bids,
- (vi) EOC institutional Reform
- (vii) EOC supporting NSU through demanded technical support

### 12. For Efficiency improvement the vision includes:

- (i) A revised EOC structure with clear internal management lines of reporting and responsibilities that engages closely with its owners, clients and stakeholders
- (ii) An EOC that mirrors the underlying assumptions of CEP in that uses management information systems to inform decision making on a monthly, and quarterly basis including administrative, financial, and portfolio performance
- (iii) CEP actively invests into development of an agreed vision for CEP/EOC beyond 2016.
- (iv) The EOC through to the end of December 2016 should focus on an organization that (i) builds and disseminates information and knowledge services, (ii) identifies and contracts technical support, (iii) builds a regional contacts and technical advisors data base vis a vis CEP LINKEDIN, and (iv) implements the remainder of the CEP investment program through regional and national programs.
- (v) Procurement should be focused on integrated services that are managed through one line of control to ensure that the respective parts of programs are coordinated to obtain synergy and cost efficiency

- (vi) That both EOC and the NSU's establish performance benchmarking for (i) procurement of experts – benchmarked by elapsed time per step, (ii) work planning, (iii) financial management, (iv) LOA and contract management. The performance benchmarks will be reported monthly to senior management in a manner that enables problems to be identified. Where these standards are not being met those responsible will be liable for dismissal
- (vii) Development of an operational strategy to implement the institutional strategy of each national and regional program as part of the NSU and national partners program

### **13. For sustainability**

- (i) An EOC structure that is smaller, cost effective, and able to deliver programs and benefits on time
- (ii) A CEP that is fully understood by all stakeholders, donors, and partners with respect to the role of EOC, its programs, and their inputs to the GMS ECP
- (iii) Adoption of a change management portfolio framework based on a reduced scope of the work program that includes a clear exit strategy linked to the planned institutionalization of program outputs with target agencies and beneficiaries
- (iv) Increased focus on a planned and supported capacity strengthening program in both country and regional programs

### **C. Actions to be taken for implementation**

- (i) An action plan to clean up
  - a. outstanding procurement procedures including a review of their packaging, output and inputs – a revised TOR format that specifies outputs and the format of outputs, and their integration with other programs and government institutions all with output and input milestone requirements before May 30 2015
  - b. outstanding financial management and liquidation issues will be addressed before May 30<sup>th</sup> 2015
- (ii) ADB OSFMD/ SEERD to define how to overcome the need for contract variations for technical experts and contractors – to reduce the waste of cofinancier funds
- (iii) NSU operational capacity needs to be built and technically supported by
  - a. EOC restructuring to be completed by August 30<sup>th</sup> 2015 – no contract awards will be undertaken prior to outstanding issues being fully resolved EOC technical teams by July 30<sup>th</sup>
  - b. A whole of life work plan for each country and each theme completed prior to June 30<sup>th</sup> 2015 reflecting the reforms
  - c. Restructuring of the work program into thematic programs that are integrated and linked to specific institutions, including a contract rationalization program which will require contract variations to adjust scope of work, and linkages between different contractors and the assignment of work onto common spatial sites.
  - d. An institutional strengthening capacity and evaluation program
- (iv) Appointment of a CEP Program Implementation Manager to lead the transition into the restructured portfolio and EOC management structure
- (v) Appointment of contract management and administration manager with authority over all financial management and contract / Procurement management including technical staff contracts by May 30<sup>th</sup> 2015
- (vi) Contracting of a capacity strengthening expert by June 30<sup>th</sup>

## APPENDIX 9: DRAFT TERMS OF REFERENCE

### A. Position: Program Manager – CEP Program Implementation Manager – 17 months

**Expertise:** The candidate shall have a post graduate degree in a management or natural resource management related field. Preferred candidates will have a minimum of 10 years work experience directly in programs of similar nature to CEP. The candidate needs to have experience in the GMS countries along with knowledge and understanding of the Government and administrative structures and systems. Previous experience in capacity building and institutional strengthening at site, subnational, and national level will be a significant advantage.

The candidate will have detailed knowledge of ADB and donor systems and the implementation of programs and projects. A strong demonstrable experience in the implementation of projects is essential with at least 8 years of direct involvement in the implementation of donor projects including work planning, the design of management information systems, project level budgeting and cashflow planning, and coordination and oversight of project implementation staff in line control roles.

**Posting:** The position will be located in the EOC Bangkok

**Reporting:** The position will report initially to the ADB Project Officer and on the appointment of the proposed EOC COO position the candidate shall report to the COO directly and mentor the reporting of EC to ADB for CEP Phase 2 implementation.

Significant involvement will be required with respect to EOC communications and information services personnel and for the CEP management team for work planning and contractor management issues.

**Duration of contract:** Seventeen (17) months; the inputs are expected to be full time

**Scope of Work:** The scope of work is defined in terms of (i) providing the EOC leadership during the transition to the proposed reformed management structure, (ii) provide mentoring and support to establish the COO appointment, (iii) provide the work planning systems and coordination for the CEP – ADB implementation requirements, (iv) staff management for the three Strategic Program Leaders for the Spatial Management Program, Strategic Sector Assessment Program, and the Green Freight Program.

The position will be required to contribute and build the management performance culture of the revised EOC.

#### **Expected Outputs:**

Output 1: Ensure the smooth transition of the EOC to the reformed structure and Proposed Management Team:

Including:

- Providing support to the ADB Project officer in the establishment of the EOC reformed management structure and personnel.
- Supporting the recruitment process for new personnel
- Provide leaderships in the conduct of performance assessments for roll over contracts within the EOC
- Provide a leadership role within the transition management team and ensure that work programming and agreed MTR recommendations are implemented in a timely manner
- Ensure management systems are reformed through the definition of needs and the identification of appropriate management information systems inputs
- Ensure all reporting and agreed MTR implementation reforms are actioned whilst maintaining the emphasis on program implementation

- Provide leadership in cashflow and contract management roles including the management of the exit of Finnish Government funding.

Output 2 : Provide Mentoring and support to the COO during their establishment:

Including:

- Support the ADB to identify candidates and define a selection process that ensures WGE ownership of the COO preferred candidate selection
- Ensure the selection system is consistent with ADB procurement systems and is fully integrated with the CMS requirements
- Provide support to the appointed COO and ensure briefings are provided, awareness of systems, commitments and reporting requirements
- Mentor the COO through the 2016 work planning process and the approval of the work planning procedures.

Ensuring that coordination and sequencing of contractor work plans and

Output 3: Effective work planning systems integrated with EOC management information systems

Including:

- Ensure a consolidated and consistent work planning systems is applied and reported on a monthly basis to both EOC management and to the cofinancing partners
- Integrate the work plans with contract management, physical reporting and financial management systems
- Ensure that the outputs from CEP Regional programs is fully consistent with the planning, and management requirements of the EOC and ADB
- Ensure AD reporting requirements are fully met, and that the co financing partners are fully informed and updated on a monthly basis.

Output 4: Provide staff management for CEP Phase 2 Strategic Program Managers

Including:

- Support program work planning and budgeting
- Identify performance benchmarks for program management staff
- Oversee implementation CEP 2 implementation progress including review of progress reports, the identification of work plan divergence, provide leadership in the adaptation and response to work plan divergence.
- Provide consolidated financial budgets and cashflow requirement
- Support staff to engage with donors government and stakeholders
- Evaluate staff performance and report this to the management team.

**B. Position: Contract and Administration Manager – until 30th December 2016**

**Expertise:** The candidate shall have a degree in business administration, administration or related field. The candidate needs to have a demonstrable track record in project management and administration systems with advanced skill and knowledge of procurement systems, contract management and reporting systems.

Ideally the candidate will have experience in the GMS countries along with knowledge and understanding of the Government and administrative structures and systems. Previous experience in should include leadership and management of teams for supporting project administration and project management including planning, procurement, disbursement and liquidation procedures.

The candidate will require detailed knowledge of ADB and donor systems, procedures regarding project cycle development and implementation from portfolio and program planning and design through to project design and approval and implementation. Hands on experience is required for the preparation of procurement plans, cashflows, and contract management information systems

**Posting:** The position will be located in EOC Bangkok.

**Reporting:** The position will report to the transitional manager of the EOC and thereafter to the COO. EOC.

Significant involvement will be required with respect to input into the EOC Management Team who will be supported for administrative systems and reporting.

**Duration of contract:** Seventeen (17) months; the inputs are expected to be full time

**Timing:**

**Scope of Work:** The scope of work is defined in terms of management of the EOC administration and contracting systems. The position will be responsible for (i) leading the proposed housekeeping task force to resolve outstanding issues identified during the KPMG and MTR processes, (ii) managing the EOC financial and administration teams, (iii) implementing and leading the contract management services of EOC, (iv) responsible for EOC procurement planning and implementation with delegated authority to define packaging that minimizes the cost of contract support to EOC, (v) ensuring financial and physical performance is accurately reported on a monthly basis to the MT, (vi) that the requirement of ADB administrative procedures are incorporated into the EOC procedures through to December 2016.

The position is managerial, it will require management oversight and decision making that will guide the financial and administrative teams within the EOC and will also need to interact with the management team and provide support services to the wider EOC and WGE institutional arrangements. In the latter role the provision of awareness and capacity institutional strengthening programs for NSUs to enable greater accuracy and delegation of administrative and procurement decision making.

**Expected Outputs:**

Output 1: Complete the resolution of outstanding procurement, contract management, and financial management issues.

Including:

- Review the findings of the KPMG and MTR and identify all issues relating to procurement, financial management, contracting, and administration systems
- Develop a time bound action plan for addressing these issues and obtain ADB approval for the program
- Lead a team to (i) establish the EOC administration and financial management positions, (ii) define new systems, (iii) implement new procedures including

performance benchmarking services and responsibilities, (iv) streamline procedures to simplify approvals and completion of tasks including training of EOC staff, (v) resolve the outstanding issues

- Undertake a contract risk assessment program, develop clear guidelines and responsibilities for contract management including cash flow projections, cash flow management technical, physical and financial progress reporting of contracts and contractor management systems including active management of delayed works.
- Work with the EOC accountant and financial team to specify the needs for an improved financial management system that interfaces or support project contract management tasks, identify potential suppliers and work closely with the MT to define specification for systems development and conduct any required procurement

Output 2: Effective management of the EOC financial and administration teams

Including:

- Ensure that both the financial and administrative teams have clear systems, mandates, levels of authority and work flow procedures
- Ensure individuals have the skills and confidence to undertake the required tasks in the administrative and financial management teams, provide mentoring to increase accuracy and timeliness of work flow
- Be responsible for ensuring planning and work reporting is completed on time
- Oversee the performance assessment of staff
- Negotiate work plans and budgets with each staff member and the team
- Ensure accurate reporting of EOC financial and contract status is available to the MT on a monthly basis

Output 3: Ensure the EOC procurement plan is updated and implemented on time

Including

- Work with the MT to review the planned procurement through to the end of the CEP phase 2 and update the plan including package structure
- Update the procurement plan and submit it to ADB for approval
- Provide a time bond action plan with responsibilities for each procurement stage based on the expected process time frames to ensure mobilization on time
- Report the status of this time bound action to the MT on a monthly basis highlighting issues that need urgent care or management intervention
- Support and manage the procurement process including forming evaluation teams for the procurement packages and managing their inputs and timing of outputs.

Output 4: Timely and accurate financial and contract management reporting to the MT on a monthly basis and to ADB as required

Including:

- Define the monthly reporting formats required by the MT and ADB
- Design a work flow process for providing the reports on an agreed timeline
- Conduct training of NSU and ADB staff on the requirements and quality standards and ensure all parties have clear roles and responsibilities
- Support the design, procurement and commissioning of automated systems including the training of staff and management in the use of the reports
- Maintain the systems through to the end of the Project



**C. Position: Environment Policy Manager – 17 months**

**Expertise:** The candidate shall have a post graduate degree in an environment, natural resources related discipline with a professional focus on institutional and policy engagement. Preferred candidates will have a minimum of 10 years work experience directly in programs relating to natural resources or the environment with at least 8 years experience involved with institutional change and capacity strengthening systems.

The candidate needs to have experience in the GMS countries along with knowledge and understanding of the Government and administrative structures and systems. Previous experience in capacity building and institutional strengthening at site, subnational, and national level will be a significant advantage.

The candidate will have detailed knowledge of ADB and donor systems and the implementation of programs and projects. A strong demonstrable experience in the implementation of projects is essential including direct involvement in the implementation of at least 5 multinational donor projects including procurement, work planning, Government engagement programs. Proven skills and experience in working with strategic planning, behavior change programs and supporting National officials and stakeholders in high level sector and multi-sector policy and institutional arrangements.

**Posting:** The position will be located in the EOC Bangkok

**Reporting:** The position will report initially to the ADB Project Officer and on the appointment of the proposed EOC COO position the candidate shall report to the COO directly.

Significant involvement will be required with respect to EOC Contract and Administration Manager, the CEP Program Implementation Manager and the contracted EOC service providers.

**Duration of contract:** Seventeen (17) months; the inputs are expected to be full time

**Scope of Work:** The scope of work is defined in terms of (i) Developing and managing the Implementation strategies for the technical programs for both EOC regional programs and the technical support of National level programs through the NSU, (ii) Ensure clear institutional influence strategies are implemented and monitored across all EOC work streams, (iii) Provide leadership in the implementation of institutional change and capacity strengthening programs, (iv) Oversee the preparation of knowledge products relating to institutional change, and (v) contribute to the effective management of the EOC.

**Expected Outputs:**

Output 1: Ensure technical programs and technical support program are targeted and effective  
Including:

- Provide a clear technical support strategy for agreed EOC work plan priorities
- Ensure that technical support strategies are fully understood at the EOC, WGE and NSU levels,
- Provide an focus of using technical programs for institutional influence and support the develop of support systems within EOC and NSUs to maximize the value of technical support service provision
- Provide support to procurement systems for the sourcing of technical support
- Build a network of technical resources and institutional technical resources through which the EOC or NSUs can mobilize resources for future support

Output 2: Mainstream the EOC programs into the RIF through the design and implement effective institutional influence strategies:

Including:

- Lead the EOC engagement with the RIF partners, particularly ADB to identify priority investments for EOC to support
- Support EOC and NSU staff develop clear institutional change strategies including engagement in problem identification and prioritization processes, the definition of strategic change programs with clear output objectives, mobilizing the supporting resources through technical support, information and communication service of the EOC
- Monitor the effectiveness of the EOC institutional change programs
- Provide clear biannual reporting of the impact of the EOC on institutional change with recommended adaptation to future work plans.
- Provide capacity strengthening for the institutional change programs to NSU , stakeholder and EOC staff

Output 3: Prepare and utilize knowledge products on institutional change strategies as part of the technical support program for the mainstreaming of EOC into the RIF investment projects

Including:

- Ensure the inclusion of (i) behavior change strategies in each regional work plan, (ii) institutional influence program for each program in each GMS country. (iii) the inclusion of a regional learning strategy for each program
- For all programs ensure that there are knowledge development windows and events where EOC support the NSUs to build knowledge management capability whilst producing knowledge products for the technical teams

Output 4: Ensure the technical quality of terms of reference are provided for all contractors, assist in the review of proposals and technical review of preferred contractors.

Including:

- Ensure the EOC adopts a technical support needs identification program as part of the pre planning of annual work plans
- Identify options of consolidating technical support across countries and agencies
- Oversee and provide quality control in the technical specification of ToRs
- Be responsible for the technical quality control of EOC technical support recruitment, outputs and processes
- Assist the information service team to build a technical resources and contacts data base and make this access through the information portal
- Provide capacity support for technical support recruitment and management of technical service providers to NSUs

Output 5: Contribute to the EOC Management through support and participation in the EOC MT.

Including:

- Provide technical oversight for EOC strategy, and management decision making
- Ensure the technical alignment of EOC programs to agreed priorities and work plans
- Ensure the technical quality and delivery of technical support
- Provide capacity building support to NSUs and EOC staff for the development of technical specification, engagement and management of contractors, the development of policy and institutional influencing programs
- Support program work planning and budgeting for the technical programs

**D. Position: Program Manager – Spatial Management Program (SPM\_PL) – 17 months**

**Expertise:** The candidate shall have a post graduate degree in natural resource management or related field. Preferred candidates will have a minimum of 10 years work experience directly in the outputs specified below and must have experience of working in multidisciplinary – multi-sector planning and project management projects. The candidate also needs to have a demonstrable track record in institutional strengthening, policy communication and government engagement. Candidates will need to demonstrate knowledge of sustainable development, landscape or ecosystem based management systems and their implementation, including their integration into national institutional arrangements. .

Ideally the candidate will have experience in the GMS countries along with knowledge and understanding of the Government and administrative structures and systems. Previous experience in capacity building and institutional strengthening at site, subnational, and national level will be a significant advantage. Experience should include leadership and management of teams and task forces for sector level planning, especially mentoring and facilitating senior and mid-level officials through defining and implementing policy influencing processes. Emphasis will be placed on a demonstrable track record in the development of institutional arrangements for strategy implementation.

The candidate will require detailed knowledge of ADB and donor systems, procedures regarding project cycle development and implementation from portfolio and program planning and design through to project design and approval and implementation.

**Posting:** The position will be located in country of one of the sites, most likely Hanoi VietNam.

**Reporting:** The SPM-PL will report to the Environment Policy Manger, EOC in terms of contract implementation and reporting and to the WGE coordinators in each site country on site management programs and issues.

Significant involvement will be required with respect to EOC communications ad and information services personnel and for the CEP Program Implementation Manager for work planning and contractor management issues.

**Duration of contract:** Seventeen (17) months; the inputs are expected to be full time

**Scope of Work:** The scope of work is defined in terms of management the EOC regional program of spatial management planning systems and tools to be developed for two corridor sections under the CEP activities. The two sites will be used to pilot integrated planning systems and their institutionalization as well as operate as regional learning sites for all six country stakeholders. The two corridors will include activities to be provided by EOC contracted service providers for:

- (i) Multi-sector planning systems including resource valuation
- (ii) Land change simulation and scenario modelling
- (iii) Land scape management systems development
- (iv) Climate change vulnerability and adaptation
- (v) Gender and social inclusion
- (vi) Communication and knowledge management
- (vii) Capacity and institutional strengthening.

The program will operate in two economic corridor segments to be confirmed but provisionally to be Guangxi-Viet Nam transboundary and Laos – Yunnan transboundary corridor.

The position will be responsible for

- (i) Spatial management program leadership and management
- (ii) Management of one regional learning site with responsibility for managing the site on a day to day basis

**Expected Outputs:**

## **Program Based**

Output 1: Provide Leadership for the CEP Spatial Management Program

Including:

- Conduct seminars and forums with WGE contractors, stakeholders, NSU staff, and EOC staff on the vision for spatial management planning systems
- Prepare and present a spatial management briefing paper on the current status of knowledge under EOC and CEP phase 1 and 2 regarding spatial management and the capacity gaps for its application to corridors
- Consult with RIF stakeholders to define the boundaries of the corridors to be included in the Spatial management programs
- 

Output 2: Prepare the implementation program for two learning site including the change strategy and site work plans.

Including:

- Ensure the site management staff and service providers are involved in the development of the Spatial management program strategies and site management plans
- Prepare a consolidated program work plan covering each site and the full range of work envisaged including the sequencing of these work plans to enable the contractor to work across both sites. Submit to NSU and EOC for comment and approvals
- Ensure the work plan has clear physical and financial targets for each quarter by implementation service provider. Integrate these targets with contractual responsibilities and contract management responsibilities that are integrated with contract and site management reporting systems
- Ensure physical and financial targets are specified and achieved for (i) knowledge management, (ii) capacity strengthening, (iii) institutional influence programs.

Output 3: Design and manage the program level institutional change program with supporting regional learning programs for each site

- Draft a program level institutional strengthening program and support regional learning strategies based on country level consultations, EOC and SNU staff experience
- Review other spatial management programs in the GMs and build best practice policy briefs
- Provide leadership in the mobilisation and implementation of the regional learning program across both sites to ensure both active participation and involvement for GMS stakeholders at critical stages of the program implementation
- Coordinate with the EOC information services team to develop and implement both at the program and site based levels, a knowledge management program with supporting monitoring and reporting frameworks

Output 4: Engage with RIF Stakeholders for the two selected corridors to

- Ensure stakeholder awareness of the program,
- Effective engagement of RIF stakeholders including exposure visits to the process and sites,
- Provision of information and knowledge services to RIF stakeholders,
- Mobilizing supporting technical services for subsequent RIF investment project definition and or preparation processes.

Output 5: Prepare a CEP exit strategy including:

- the collation of lessons identified and experienced during the implementation of the spatial management program,
- achievements, outstanding issues and gaps in the implementation of the spatial management programs
- Prepare policy briefs, knowledge products for RIF project developer and management staff
- Provide EOC with a Spatial Program completion report

### **Site Based**

Output 1: Preparing a learning site work plan and supporting budget that is approved by the EOC management:

Including:

- Identification agreement with Government of site stakeholders and the site boundaries and the scope of work planned
- Developing a work sequence that includes all contracted inputs, identification of inputs that require procurement, and the associated time bound outputs with supporting budgets and cashflows
- Work with EOC to ensure contracts responsibilities are aligned with the work plan and adjust accordingly
- Hold a work planning meeting with all stakeholders to ensure there is consensus on (i) work plans, (ii) outputs, (iii) timelines, (iv) implementation responsibilities, (v) line of reporting, (vi) integration between service providers.
- Provide monthly work plan progress reports to the EOC for the site that is consolidated in the program reporting to EOC

Output 2 : Manage the implementation of site work programs and service providers:

Including:

- Ensuring that coordination and sequencing of contractor work plans and activities are aligned to the work plan
- Intervene and reschedule or adapt the work plan where necessary to achieve the program goals
- Ensure the mobilization of EOC technical experts from the EOC or other sites is undertaken in a timely manner
- Hold regular implementation and operation meetings with current contractors involved on the site to identify constraints and opportunities requiring adaptation or variation of work plans and ensure such changes are both necessary and sufficient to achieve the expected outputs and outcome.
- Be responsible for the implementation of the site monitoring and reporting process and ensure all contractors and consultants contribute to the management information and monitoring systems as agreed during the planning process
- Provided a monthly and quarterly report to (i) the NSU and (ii) EOC. The monthly report will outline planned activities and the people involved in these, activities completed and outputs produced, and lessons learned. The Quarterly report will outline in detail the expected work plan for the upcoming quarter and highlight learning events, changes in work plans, capacity strengthening activities and policy and institutional change activities.

Output 3 Manage the delivery of outputs and implement a regional learning and institutional change program to maximize the value of the spatial management program to the GMS

Including:

- Lead the implementation of the site learning program as planned ensuring the involvement of contractors, and stakeholders within knowledge product programs
- Support the EOC communication and information teams to capture use these in (i) the spatial management institutional change program and (ii) CEP regional learning strategies
- Ensure outputs are peer reviewed and packaged for review by stakeholders for comment prior to contractor demobilization to ensure feedback is fully incorporated
- Ensure all capacity strengthening programs are planned and implemented according to plan, with participant evaluations and resource materials and trainer resources captured within the EOC information services group  
Support and deliver the institutional engagement and change processes
- Organize and lead knowledge management events which are integrated with the regional learning program in the wider spatial management program
- Ensure that findings and lessons are captured and integrated into future work activities and used to inform the policy and institutional strengthening programs, and included in knowledge management and communication and awareness programs

**E. Position: Program Manager – Spatial Management Program (SPM\_SM) – 17 months**

**Expertise:** The candidate shall have a post graduate degree in natural resource management or related field. Preferred candidates will have a minimum of 10 years work experience directly in the outputs specified below and must have experience of working in multidisciplinary – multi-sector planning and project management projects. The candidate also needs to have a demonstrable track record in government and policy engagement. Candidates will need to demonstrate knowledge of sustainable development, landscape or ecosystem based management systems concepts and their integration into national institutional arrangements. .

Ideally the candidate will have experience in the GMS countries along with knowledge and understanding of the Government and administrative structures and systems. Previous experience in capacity building and institutional strengthening at site, subnational, and national level will be a significant advantage.

The candidate will require knowledge of ADB and donor systems.

**Posting:** The position will be located in country of one of the sites, most likely Vientiane Laos PDR.

**Reporting:** The SPM-SM will report to the Environment Policy Manger, EOC in terms of contract line management and to the SPM-PL for technical reporting.

Significant involvement will be required with respect to EOC communications and information services personnel and for the CEP Program Implementation Manager for work planning and contractor management issues.

**Duration of contract:** Seventeen (17) months; the inputs are expected to be full time

**Scope of Work:** The scope of work is defined in terms of managing one corridor sections under the CEP Spatial Management Program. The site will be used to pilot integrated planning systems and their institutionalization as well as operate as regional learning site for stakeholders from all six GMS countries. The site will include activities to be provided by EOC contracted service providers for:

- (i) Multi-sector planning systems including resource valuation
- (ii) Land change simulation and scenario modelling
- (iii) Land scape management systems development
- (iv) Climate change vulnerability and adaptation
- (v) Gender and social inclusion
- (vi) Communication and knowledge management
- (vii) Capacity and institutional strengthening.
- (viii)

The program will operate in two economic corridor segments to be confirmed but provisionally to be Guangxi-Viet Nam transboundary and Laos – Yunnan transboundary corridor.

The position will be responsible for management of one regional learning site with responsibility for managing the site on a day to day basis

**Expected Outputs:**

**Site Based**

Output 1: Preparing a learning site work plan and supporting budget that is approved by the EOC management:

Including:

- Identification and agreement with Government of site stakeholders and the site boundaries and the scope of work planned
- Developing a work sequence that includes all contracted inputs, identification of inputs that require procurement, and the associated time bound outputs with supporting budgets and cashflows

- Work with EOC to ensure contracts responsibilities are aligned with the work plan and adjust accordingly
- Hold a work planning meeting with all stakeholders to ensure there is consensus on (i) work plans, (ii) outputs, (iii) timelines, (iv) implementation responsibilities, (v) line of reporting, (vi) integration between service providers.
- Provide monthly work plan progress reports to the EOC for the site that is consolidated in the program reporting to EOC

Output 2 : Manage the implementation of site work programs and service providers:

Including:

- Ensuring that coordination and sequencing of contractor work plans and activities are aligned to the work plan
- Intervene and reschedule or adapt the work plan where necessary to achieve the program goals
- Ensure the mobilization of EOC technical experts from the EOC or other sites is undertaken in a timely manner
- Hold regular implementation and operation meetings with current contractors involved on the site to identify constraints and opportunities requiring adaptation or variation of work plans and ensure such changes are both necessary and sufficient to achieve the expected outputs and outcome.
- Be responsible for the implementation of the site monitoring and reporting process and ensure all contractors and consultants contribute to the management information and monitoring systems as agreed during the planning process
- Provided a monthly and quarterly report to (i) SPM \_PM, (ii) NSU. The monthly report will outline planned activities and the people involved in these, activities completed and outputs produced, and lessons learned. The Quarterly report will outline in detail the expected work plan for the upcoming quarter and highlight learning events, changes in work plans, capacity strengthening activities and policy and institutional change activities.

Output 3 Manage the delivery of outputs and implement a regional learning and institutional change program to maximize the value of the spatial management program to the GMS including supporting the role of the Spatial Management program leader.

Including:

- Lead the implementation of the site learning program as planned ensuring the involvement of contractors, and stakeholders within knowledge product programs
- Support the EOC communication and information teams to capture use these in (i) the spatial management institutional change program and (ii) CEP regional learning strategies
- Ensure outputs are peer reviewed and packaged for review by stakeholders for comment prior to contractor demobilization to ensure feedback is fully incorporated
- Ensure all capacity strengthening programs are planned and implemented according to plan, with participant evaluations and resource materials and trainer resources captured within the EOC information services group  
Support and deliver the institutional engagement and change processes
- Organize and lead knowledge management events which are integrated with the regional learning program in the wider spatial management program
- Ensure that findings and lessons are captured and integrated into future work activities and used to inform the policy and institutional strengthening programs,



and included in knowledge management and communication and awareness programs

**F. Position: Program Manager – Strategic Sector Assessment Program (SSAP\_PL) – 17 months**

**Expertise:** The candidate shall have a post graduate degree in environmental management, environmental planning, energy sector assessment or planning or related field. Preferred candidates will have a minimum of 10 years work experience directly in the outputs specified below and must have experience of working in multidisciplinary – multi-sector planning and scenario development and assessment programs. Additional experience is required in multi-disciplinary project management. The candidate needs to have a demonstrable track record in institutional strengthening, policy communication and government engagement. Candidates will need to demonstrate knowledge of sustainable development, SEA, or Energy sector planning programs and principles and their integration into national institutional arrangements. .

Ideally the candidate will have experience in the GMS countries along with knowledge and understanding of the Government and administrative structures and systems. Previous experience in energy sector capacity building and institutional strengthening at sector and national level will be a significant advantage. Experience should include leadership and management of teams and task forces for sector level planning, especially mentoring and facilitating senior and mid-level officials through defining and implementing policy influencing processes. Emphasis will be placed on a demonstrable track record in the development of institutional arrangements for strategic implementation.

The candidate will require detailed knowledge of ADB and donor systems, procedures regarding project cycle development and implementation from portfolio and program planning and design through to project design and approval and implementation.

**Posting:** The position will be located in country of one of the sites, most likely Hanoi Viet Nam.

**Reporting:** The SSAP -PL will report to the Environment Policy Manger, EOC in terms of contract implementation and reporting and to the WGE coordinators in each site country on site management programs and issues.

Significant involvement will be required with respect to EOC communications and information services personnel and for the CEP Program Implementation Manager for work planning and contractor management issues.

**Duration of contract:** Seventeen (17) months; the inputs are expected to be full time

**Scope of Work:** The scope of work is defined in terms of management the EOC regional program of Strategic Sector Assessment systems and tools to be developed for the Energy Sector under the CEP in Viet Nam. The Program will adopt an institutional change program building on the program of work undertaken under the PDP 7 based on institutional strengthening needs assessment with the previous PDP stakeholders, and with the ADB energy sector focal point I Hanoi Resident mission. The program will also support a regional learning program linked to the Viet Nam experience and developments in the energy sector throughout the GMS that will seek to build awareness, knowledge and initial skills in the issues surrounding strategic environmental assessments, integrated sector planning and institutional change. The program leader will need to provide the work planning and coordination for the EOC service providers linked to strategic environmental assessment, integrated energy planning systems, expertise in gender and social inclusiveness, safeguards, climate change, and NAMA awareness and preparation expertise.

**Expected Outputs:**

Output 1: Strategic Sector Assessment Institutionalized in Viet Nam

- Working with MOIT and Institute of Energy support the implementation of an institutional and capacity strengthening needs assessment for the implementation of a institutional change management program based on SEA and energy sector mainstreaming of environment within sector planning systems

- Based on the assessment develop an institutional and capacity strengthening program for the application of Strategic Sector Assessment tools in the energy sector
  - Conduct seminars and forums with WGE contractors, stakeholders, NSU staff, and EOC staff on the vision for SSA
  - Prepare and present a SSA briefing paper on the current status of knowledge under EOC and CEP phase 1 and 2 regarding SSA knowledge and tools identifying capacity gaps and institutional barriers for their application

Output 2: Prepare the implementation program for the SSA program in Viet Nam

Including:

- Ensure the counterpart staff and service providers are involved in the development of the strategies and implementation plans
- Prepare a consolidated program work plan covering the range of work envisaged including the sequencing of these work plans to enable the synergy of contractor input to be retained. Submit to NSU and EOC for comment and approvals
- Ensure the work plan has clear physical and financial targets for each quarter by implementation service provider. Integrate these targets with contractual responsibilities and contract management responsibilities that are linked to management reporting systems
- Develop a consolidated work plan that includes all contracted inputs, identification of inputs that require procurement, and the associated time bound outputs with supporting budgets and cashflows
- Work with EOC to ensure contracts responsibilities are aligned with the work plan and adjust accordingly
- Hold a work planning meeting with all stakeholders to ensure there is consensus on (i) work plans, (ii) outputs, (iii) timelines, (iv) implementation responsibilities, (v) line of reporting, (vi) integration between service providers.
- Provide monthly work plan progress reports to the EOC for the site that is consolidated in the program reporting to EOC
- Ensure physical and financial targets are specified and achieved for (i) knowledge management, (ii) capacity strengthening, (iii) institutional influence programs.

Output 3: Manage the implementation of site work programs and service providers:

Including:

- Ensuring that coordination and sequencing of contractor work plans and activities are aligned to the work plan
- Intervene and reschedule or adapt the work plan where necessary to achieve the program goals
- Ensure the mobilization of EOC technical experts from the EOC or other sites is undertaken in a timely manner
- Hold regular implementation and operation meetings with current contractors involved on the site to identify constraints and opportunities requiring adaptation or variation of work plans and ensure such changes are both necessary and sufficient to achieve the expected outputs and outcome.
- Be responsible for the implementation of the site monitoring and reporting process and ensure all contractors and consultants contribute to the management information and monitoring systems as agreed during the planning process
- Provided a monthly and quarterly report to (i) the NSU and (ii) EOC. The monthly report will outline planned activities and the people involved in these, activities completed and outputs produced, and lessons learned. The Quarterly report will outline in detail the expected work pan for the upcoming quarter and highlight

learning events, changes in work plans, capacity strengthening activities and policy and institutional change activities.

Output 4: Design and manage the program level institutional change program with supporting regional learning programs

- Draft a program level institutional strengthening program and support regional learning strategies based on country level consultations, EOC and SNU staff experience
- Review other SSA programs in the GMs and build best practice policy briefs
- Provide leadership in the mobilisation and implementation of the regional learning program to ensure both active participation and involvement for GMS stakeholders at critical stages of the program implementation
- Coordinate with the EOC information services team to develop and implement both at the program and site based levels, a knowledge management program with supporting monitoring and reporting frameworks

Output 5: Engage with RIF Stakeholders to

- Ensure stakeholder awareness of the program,
- Effective engagement of RIF stakeholders including exposure visits to the process ,
- Provision of information and knowledge services to RIF stakeholders,
- Mobilizing supporting technical services for subsequent RIF investment project definition and or preparation processes.

Output 6: Prepare a CEP exit strategy including:

- the collation of lessons identified and experienced during the implementation of the spatial management program,
- achievements, outstanding issues and gaps in the implementation of the SSA management programs
- Prepare policy briefs, knowledge products for RIF project developer and management staff
- Provide EOC with a program completion report

**G. Position: Gender and Social Inclusion Specialist (GSIS) – International/Regional, 15 months**

**Expertise:** The candidate shall have a post graduate degree in a field related to social science and public policy. Preferred candidates will have a minimum of 10 years work experience directly in the type of outputs specified below and must have experience of working in mainstreaming gender/social inclusion, along with organizational and institutional strengthening of national agencies.

Ideal candidates will demonstrate knowledge of environmental/energy policy and planning, and experience in the GMS region is a strong advantage. The candidate should have extensive experience with the development of social assessment and social policy design both at the sector and program levels with a least 8 years of direct experience in donor-funded programs and a minimum of 5 years' experience on programs and or projects that focus on mainstreaming social assessment into institutional frameworks.

Knowledge of and experience with ADB project implementation systems is preferred.

**Reporting:** The GSIS will report to the Environmental Policy Manager. S/he is also expected to coordinate closely with the National Support Units in the GMS countries.

**Duration of contract:** Fifteen (15) months, full-time.

**Scope of Work:** The scope of work is defined in terms of facilitating the mainstreaming of gender/social inclusion perspectives within CEP's overall portfolio, and building the capacity of NSUs and other partner agencies in this regard. The GSIS will support the coordination and integration of institutional arrangements for mainstreaming gender and social inclusion perspectives within selected environmental policies and programs through technical assistance and capacity building.

**Expected Outputs:**

**Output 1:** Gender/Social Inclusion (GSI) is integrated into the institutional arrangements and supporting tools for (i) spatial planning and management (ii) strategic environmental assessment, (iii) safeguard protocols. Specific activities include:

- (i) Conduct a review which identifies gaps and opportunities for GSI mainstreaming, and propose a strategic plan to integrate GSI perspectives which targets selected projects and endeavors.
- (ii) Based on agreed strategic plan, provide leadership in the strengthening of GSI within environmental/energy policy, law, regulation, enforcement, and dispute resolution mechanisms.
- (iii) Based on the revised institutional arrangements, develop and deliver awareness materials, capacity building programs, and operational guidelines etc.

**Output 2:** GSI perspectives are integrated in national and regional and national roundtables, as well as knowledge products sponsored by CEP. Specific activities include:

- (i) Representation and participation at roundtables, workshops, and other fora.
- (ii) Review research/knowledge product designs and drafts to provide technical input on integrating gender/social inclusion perspectives.
- (iii) Identify in-country examples of good practice in mainstreaming GSI within spatial planning/management, strategic environmental assessment, and safeguard protocols.
- (iv) Document successful examples and lessons learned to share regionally and internationally
- (v) Work with the Program managers to identify and implement the changes to institutional arrangements to incorporate GSI requirements to support best practice.

**Output 3:** Awareness and capacity is built among NSUs and in-country partner agencies on gender and social inclusion principles within the environment/energy sector. The GSIS would specifically:

- (i) Conduct a brief needs and opportunities assessment for a broad-based training on mainstreaming GSI within the environment/energy sector at the national level. This assessment would include identification of existent training materials training providers and any remaining gaps.
- (ii) Conduct training within the GMS region to introduce the topic of GSI within environment/energy policy to key CEP government partners in the

environment/energy sector. The goal of the training is to familiarize partner government agencies with the importance and benefits of GSI in energy and environment, and familiarize them with approaches to GSI mainstreaming.

- (iii) Develop a draft GSI capacity strengthening strategy for any proposed phase 3 incorporating the finding of the upcoming institutional specialist and other technical specialist inputs.