



Australian Government
AusAID

Quality at Entry Report for BRAC Strategic Partnership Arrangement (SPA)

A: AidWorks details *completed by Activity Manager*

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| Initiative Name: | Bangladesh: BRAC Strategic Partnership Arrangement (BRAC SPA) | | |
| Initiative No: | TBC | Total Amount: | \$200 million over five years, initially. The length of the agreement may be extended (please see F (5) in this summary QAE). |
| Start Date: | 2011-12 | End Date: | 2015-16 (see above) |

B: Appraisal Peer Review meeting details *completed by Activity Manager*

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| Initial ratings prepared by: | |
| Meeting date: | – 31 August 2011 |
| Chair: | – Paul Nichols, ADG NSA, |
| Peer reviewers providing formal comment & ratings: | – Graham Rady, Quality Adviser, NSA – Yeshe Smith, Manager, Partnership Brokering, South Asia Section – Dee Jupp, Independent Consultant |
| Independent Appraiser: | – Dee Jupp, Independent Consultant |
| Other peer review participants: | – Sun-Hee Lee, Director, South Asia Section – Rachel Payne, First Secretary, Dhaka – Ameena Chowdhury, SPM, Dhaka – Jacqui Powell, Bangladesh Manager, South Asia Section – Esther Perry, Asia Strategy, Program & Performance – David Coleman, Education Thematic Group – Susan Ferguson, Gender Adviser – Nick Studdert, NGO & Human Rights Section – Than Tun, South Asia Section |

C: Safeguards and Commitments *(completed by Activity Manager)*

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| <i>Answer the following questions relevant to potential impacts of the activity.</i> | | |
| 1. Environment | Have the environmental marker questions been answered and adequately addressed by the design document in line with legal requirements under the <i>Environmental Protection and Biodiversity Conservation Act</i> ? | Yes |
| 2. Child Protection | Does the design meet the requirements of AusAID's Child Protection Policy? | Yes |

| D: Initiative/Activity description <i>completed by Activity Manager (no more than 300 words per cell)</i> | |
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| 3. Description of the Initiative/Activity | <p>AusAID commenced the process of moving into a Strategic Partnership Arrangement (SPA) with BRAC and DFID with an aim to engage with BRAC at a strategic level replacing current engagement around individual programs. The purpose of the SPA is to support BRAC to make an increased contribution to the achievement of the Millennium Development Goals (MDGs) - in line with their strategic objectives and vision, and building on their impressive reach in Bangladesh and record of delivering high impact development outcomes. BRAC, AusAID and DFID have worked jointly to develop the SPA.</p> <p>The SPA will represent a qualitatively different relationship between AusAID, DFID (and other development partners who may join the SPA in the future) and BRAC. It will facilitate greater involvement of AusAID at the strategic level of BRAC and support for institutional strengthening. AusAID's current funding to three individual programs (education, health and extreme poverty) will be replaced by core, non-earmarked funding. Reporting will focus more on impact level, shifting from the current focus on outputs.</p> <p>The BRAC SPA will represent a critical component of Australia's growing development cooperation program in Bangladesh as a highly regarded local development partner with a proven capacity to deliver cost effective development outcomes, aligned with our proposed country strategy objectives. The SPA will also support AusAID to build on and develop an institutional partnership with BRAC based on mutual trust, knowledge sharing and common development objectives for mutual benefit over time, together with other development partners</p> |
| 4. Objectives Summary | <p>What are we doing? The objectives of the SPA are as follows:</p> <ul style="list-style-type: none"> ▪ The primary objective of the SPA is to support BRAC to increase its contribution to the achievement of internationally agreed development goals in Bangladesh, with a particular focus on off-track targets, lagging geographical regions and improving the status of women and girls, in accordance with the priorities outlined in the BRAC Strategy. ▪ The secondary objective is by engaging with the BRAC Executive and Board, to support BRAC to pursue its own institutional strengthening agenda. <p>Australia's objectives for engaging in the SPA are:</p> <ul style="list-style-type: none"> ▪ to continue to support the implementation of highly effective development activities and the achievement of the MDGs in Bangladesh, in an administratively streamlined and scalable manner with the intention of facilitating a progressive shift to more strategic engagement with BRAC which will engage AusAID's time and dedicated attention at higher strategic levels; ▪ to continue to build on and deepen our strong partnerships with BRAC (and DFID) and to encourage engagement by other DPs in the SPA, in support of the Aid Effectiveness Principles; and <p>To help foster greater opportunities for dialogue and engagement between the Government of Bangladesh and BRAC, through our partnership with DFID and our joint support for key government activities, including the health and education sector program.</p> |

| E: Quality Assessment and Rating <i>(no more than 300 words per cell)</i> | | | |
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| Criteria | Assessment | Rating (1-6) * | Required Action (if needed) ‡ |
| 1. Relevance | <p>Why are we doing this? The SPA aligns with the guiding principles for AusAID's engagement on development in Bangladesh:</p> <ul style="list-style-type: none"> • Retaining a strong direct emphasis on achieving poverty results • Remaining focused on a limited number of activities • Working with partners who add value, knowledge and ideas. <p>The SPA will see AusAID and DFID harmonising their approach to working with BRAC, and will also provide an opportunity for other donors to harmonise in the future.</p> <p>BRAC's Strategy 2011-2015 'Achieving the Millennium Development Goals' aims to complement government efforts in achieving the MDGs, taking into consideration crucial gaps in existing development efforts.</p> <p>AusAID needs to be aware that BRAC is a large organisation and it has not articulated its long-term vision; it needs to be more accountable to citizens and is insulated from the level of scrutiny to which other organisations are subjected. Despite this comment, AusAID's experience is also that BRAC is an effective organisation that is open to improvement and prepared to learn.</p> | 6 | <p>Comments on BRAC's potential to improve and the need to monitor BRAC's position in Bangladesh would be integrated through the management of the BRAC SPA.</p> <p>The Bangladesh program will systematically monitor the political economy and BRAC's position in Bangladesh, including through AusAID's annual program reporting process and other political economy analyses.</p> |
| 2. Effectiveness | <p>Will it work? BRAC is an excellent partner which delivers results efficiently. The main advantage of the SPA is the gains intended by adopting a more integrated and strategic approach to poverty reduction.</p> <p>The first objective of the SPA is the core funding of the organisation, which will lead to more of the successful outcomes that BRAC is already producing. The second is the deeper partnership with BRAC, that <i>should</i> lead to a more strategic engagement with the management of BRAC, and a 'transformation' in the relationship between AusAID and BRAC.</p> <p>Achievement of the SPA partnership objectives is likely to be mixed due to resourcing constraints in the early years and our own evolving clarity of what can and should be achieved (e.g., what dialogue and subsequent action can we successfully promote between BRAC and GoB?).</p> | 5 | <p>The DSID would include the risk of AusAID having high expectations of the partnership with BRAC in the first phase of the SPA. This should note the need to treat the first phase as a learning period to establish the partnership and to embed the relationship in Bangladesh, before extending it into other countries. Include that AusAID's objectives in the first phase of the SPA should be to set up the partnership and the business processes to support it.</p> <p>The Bangladesh Program should also plan for broader engagement between BRAC and AusAID/Australia, by inviting discussion between BRAC and ANCP partners; inviting BRAC for regular visits to Canberra; and inviting Senior AusAID officials (DG and DDG) to visit Bangladesh and BRAC.</p> |

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| <p>3. Efficiency</p> | <p>As the SPA is based on the demonstrated ability of BRAC to deliver results from donor funding, and good returns on donor investments, we can be confident that the BRAC SPA represents good value for money. The SPA will allow BRAC to assume more control over its programming and be more strategic in its program management. Giving BRAC the ability to respond to priority needs, and react to crisis or funding gaps without seeking approval from donors on individual projects, this will ensure that funding is used more efficiently.</p> <p>The SPA is expected to help to address the weaknesses in horizontal communication by creating more opportunities for cross programme integration and cross sectoral synergies and learning (between health, education and the ultra poor programme, water and sanitation, livelihoods and the human rights and legal service programmes) and thereby efficiencies in service delivery.</p> <p>For AusAID the transaction costs are expected to decrease as there will be a single funding stream where three currently exist. However, AusAID will require different types of skills and increased senior staff time in order to make a significant and professional contribution to BRAC's ability to enhance its contribution to the MDGs. BRAC will face increased transaction costs until other DPs embrace this new modality and we can rationalise reporting, meetings etc.</p> <p>The governance arrangements involve an annual meeting with the BRAC Board, six-monthly meetings with BRAC Senior Management, expanded unspecified program-level engagement, regular meetings with DFID, 6-monthly reports, a MTR, an evaluation and detailed Terms of Engagement that document the agreement. These governance arrangements are appropriately broad and yet straight-forward. In addition, an operational partnership framework, detailing the business processes for the partnership is needed.</p> <p>The roles of AusAID and DFID in relation to BRAC, and BRAC to the donors are relatively clear, but a fuller description of the AusAID-DFID relationship would be useful. AusAID and DFID need to clarify what their commitments are to each other, as well as to BRAC. The donor to donor commitments may be quite different to the commitments being made to BRAC.</p> | <p>5</p> | <p>Dhaka Post will discuss with BRAC and DFID the need to establish an operational partnership framework and business processes for the SPA. AusAID will use the discussion and decisions from this APR for more discussion with BRAC and DFID to move forward with the partnership with an agreed workplan for the next 12 or 18 months, including establishing business processes for the SPA. This would include AusAID's expectation that this process would identify the motivations/drivers for the SPA from each partner.</p> <p>Dhaka Post will establish a donor Code of Conduct for AusAID and DFID (and for new development partners in the future) for the SPA, on high level principles and defining better governance arrangements between the two organisations.</p> <p>Canberra will cover communication within AusAID on the BRAC SPA relationship with DFID, as an important partnership with a key DAC donor. Canberra will also work to ensure communications are happening between AusAID and DFID at the headquarter level. For example: an initial exchange of emails between the Director General and the Head of DFID on the BRAC SPA and Code of Conduct, and discussion at agency level meetings.</p> |
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| <p>4. Monitoring & Evaluation</p> | <p>The SPA requires M&E on the partnership and M&E on development results.</p> <p>Focusing M&E on partnership would mean the need to build in reflection and learning at the centre of the M&E system. It would include a regular mechanism for qualitative measurement of the incremental improvement of the relationship.</p> <p>BRAC has extensive monitoring and evaluation systems within individual programmes at present which are supported by a central Monitoring and Evaluation unit and its own Research and Evaluation Department (RED). Programme M&E concentrate on inputs and activities.</p> <p>AusAID, DFID and BRAC have agreed to strengthen BRAC's capacity in this area. While 2% of the notional fund allocation is allocated to "institutional development and sustainability" it is not clear whether capacity building will occur in this M&E area apart from allocating up to 3 scholarships in 2011/12 for this purpose.</p> | <p>5</p> | <p>The Bangladesh program could work with AusAID's NGO Section regarding partnership M&E issues.</p> <p>AusAID will continue to work with BRAC over the first year to strengthen M&E and discuss options for a forward work-plan for M&E capacity building.</p> |
| <p>5. Sustainability</p> | <p>The most important sustainability measure in the DSID is its focus on giving more power and flexibility to BRAC to determine its own project priorities, and assume more control over the allocation of its project funding. Ensuring that work is identified and driven by beneficiaries, rather than external actors, is a key sustainability measure. The ownership of the work by BRAC, rather than by Australia or any other donors, will ensure a continued effort to maintain the outcomes of the activity.</p> <p>AusAID must be cautious that ultimately the failure of the SPA could ruin the goodwill between BRAC and AusAID. The new approach is a radical change from the relationship of the last 10 years which has existed between BRAC and AusAID. AusAID should work internally to build support for the BRAC SPA partnership approach.</p> | <p>5</p> | <p>Addressing corporate challenges and strains at Dhaka Post is fundamental to ensuring the effectiveness of the partnership.</p> <p>Dhaka Post would propose Partnership Brokering training, for the key people involved in the SPA from BRAC, DFID and AusAID.</p> <p>Yeshe Smith would be the key contact for the BRAC SPA in Canberra.</p> <p>The Bangladesh Program should also plan for broader engagement between BRAC and AusAID/Australia, by inviting discussion between BRAC and ANCP partners; inviting BRAC for regular visits to Canberra; and inviting Senior AusAID officials (DG and DDG) to visit Bangladesh and BRAC.</p> |

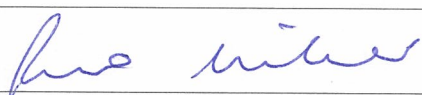
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| <p>6. Gender Equality</p> | <p>AusAID needs to consider how the SPA would measure progress on the policy of gender equality within BRAC as an institution.</p> <p>BRAC's reporting includes gender but the challenge for the SPA is how the gender policy changes the structure within BRAC. There is a need for the level 3 indicators of the Performance Framework to be unpacked.</p> <p>It is important to look at the gender in balance as an issue, not just gender parity and other factors such as the issues of inter-gender aspect in family violence.</p> <p>AusAID would need to be clear on its policy position on gender equality, communicate that position through the partnership and observe the progress taking place within BRAC.</p> | <p>5</p> | <p>A clear gender policy position would be decided for our engagement with BRAC working with the Gender Adviser, including as part of the Bangladesh program's current analytical stocktake and review of approaches to gender</p> |
| <p>7. Analysis and Learning</p> | <p>Almost 10 years of previous engagement, BRAC is a relatively well run, effective and responsive partner. It is an effective organisation that is open to scrutiny and prepared to learn.</p> <p>There is a need to draw out more the learning from AusAID's previous engagement with BRAC, and to understand BRAC's motivation in entering the SPA. It should also include what it means to engage with BRAC on strategic issues or policies. It is important to consider how these policies for example would impact BRAC's structure, and AusAID should consider how the cultural shift will impact BRAC.</p> <p>The challenge for AusAID is how to incorporate learning from the SPA and to show the benefits that AusAID gain from the partnership.</p> | <p>5</p> | |

| * Definitions of the Rating Scale: | | | |
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| Satisfactory (4, 5 and 6) | | Less than satisfactory (1, 2 and 3) | |
| 6 | Very high quality; needs ongoing management & monitoring only | 3 | Less than adequate quality; needs to be improved in core areas |
| 5 | Good quality; needs minor work to improve in some areas | 2 | Poor quality; needs major work to improve |
| 4 | Adequate quality; needs some work to improve | 1 | Very poor quality; needs major overhaul |

‡ **Required actions (if needed):** These boxes should be used wherever the rating is less than 5, to identify actions needed to raise the rating to the next level, and to fully satisfactory (5). The text can note recommended or ongoing actions.

| F: Next Steps <i>completed by Activity Manager after agreement at the Appraisal Peer Review meeting</i> | | |
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| Provide information on all steps required to finalise the design based on <i>Required Actions</i> in "C" above, and additional actions identified in the peer review meeting | Who is responsible | Date to be done |
| 1. Dhaka Post will make changes to the DSID in accordance with the appraisal peer review decisions detailed in this minute. | Dhaka Post | |
| 2. Dhaka Post will discuss with BRAC and DFID the key issues raised in the appraisal peer review, including a 12 month plan to establish business processes which will ensure the development of partnership. | Dhaka Post | |
| 3. AusAID Canberra will work internally for the management buy-in for the BRAC SPA. These processes will be ongoing, but will be well on track if possible before the first tranche of funding. | Desk | |
| 4. AusAID Canberra will seek formal approval to fund the BRAC SPA. | Desk | |
| 5. AusAID Canberra will seek agreement on duration and amount of funding. | Desk | |

| G: Other comments or issues <i>completed by Activity Manager after agreement at the APR meeting</i> |
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| <ul style="list-style-type: none"> • • |

| H: Approval <i>completed by ADG or Minister-Counsellor who chaired the peer review meeting</i> | | |
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| <p>On the basis of the final agreed Quality Rating assessment (C) and Next Steps (D) above:</p> <p><input checked="" type="checkbox"/> QAE REPORT IS APPROVED, and authorization given to proceed to:</p> <p style="padding-left: 40px;"><input checked="" type="radio"/> FINALISE the design incorporating actions above, and proceed to implementation</p> <p style="padding-left: 40px;">or: <input type="radio"/> REDESIGN and resubmit for appraisal peer review</p> <p><input type="checkbox"/> NOT APPROVED for the following reason(s):</p> <p>_____</p> <p>_____</p> <p>_____</p> | | |
| Paul Nichols | signed:  | 7/10/11 September 2011 |

When complete:

- Copy and paste the approved ratings, narrative assessment and required actions into AidWorks and attach the report.
- The original signed report must be placed on a registered file

