

Independent Evaluation of the Sri Lanka Support Unit (SLSU)



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Disclaimer

This Evaluation was undertaken by Graham Teskey (Team Leader), and Matilda Nash (Governance Adviser). The views expressed in this report are those of the Evaluation Team and do not necessarily reflect those of the Government of Sri Lanka, the Australian Government, Department of Foreign Affairs and Trade (DFAT) or Abt Associates.

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Acronyms and Abbreviations

Acronym/ Abbreviations	Full Description
AHC	Australian High Commission (DFAT)
DAP	Direct Aid Program
CDRP	Covid Development Response Plan
DFAT	Department of Foreign Affairs and Trade (Australian Government)
EoPO	End-of-program outcome
GESI	Gender equality and social inclusion
GoSL	Government of Sri Lanka
ICES	International Centre for Ethnic Studies
IDS	Investment Design Summary
IFES	International Foundation for Electoral Systems
KLIE	Knowledge and Linkages for an Inclusive Economy
LTA	Long-term adviser
MEL	Monitoring, evaluation, and learning
NARA	National Aquatic Resources Research and Development Agency
NAQDA	National Aquaculture Development Authority
NGO	Non-government organisation
PPA	Partner Performance Assessment
PSC	Project Steering Committee
RMIT	Royal Melbourne Institute of Technology (The Australian APEC Study Centre for International Development)
S4IG	Skills for Inclusive Growth
SLSU	Sri Lanka Support Unit – Adviser Team and Facility Program
SSG	Strengthening Subnational Governance
STA	Short-term adviser
TAF	The Asia Foundation
TAG	Technical Advisory Group
TL	Team Leader
ToC	Theory of change
ToR	Terms of reference
UNSW	The University of New South Wales
UTS	University of Technology Sydney
UWA	University of Western Australia

Executive Summary

The focus of this evaluation is on the performance of the Sri Lankan Support Unit (the SLSU). The SLSU is a facility with four functions: managing three programs (the Strengthening Subnational Governance program, or SSG; the Knowledge and Linkages for an Inclusive Economy program, or KLIE; and the Direct Aid Program, or DAP), and providing technical advice, capability development, and operational support, as requested by Colombo Post. KLIE and SSG are two components of DFAT's Governance for Growth (G4G) investment in Sri Lanka.

The Terms of Reference (ToR) required the Evaluation Team to consider the relevance, appropriateness, effectiveness, and efficiency of the SLSU. The Evaluation Team conclude that the *functions* performed by the SLSU are absolutely relevant and appropriate: all Interlocutors – including staff in the Australian High Commission (AHC) – noted its effectiveness. The Evaluation Team would broadly endorse the findings of the 2020-2021 and 2021-2022 Partner Performance Assessments (PPAs). It would also appear that the SLSU is efficient (but it should be noted that Team did not undertake a deep dive into the Unit's finances).

There is, however, a profound question regarding whether the SLSU is the right *form* or *modality* for meeting DFAT's needs. DFAT now contracts out technical support for a range of functions that the Evaluation Team consider to be core in-house responsibilities, including developing corporate documents, such as the Governance Strategy (2020), the Inclusion Strategy (2022), and the Economic Strategy (commissioned), and will draw on the facility to support a research and strategy development process to inform the new Country Strategy, which will succeed the April 2022 Covid Development Response Plan (CDRP).

This situation has arisen for two reasons. The first is that several senior posts in the development section have been downgraded over the last 24 months: the Development Counsellor position was lost at the beginning of 2020, and the second First Secretary position was downgraded to a Second Secretary position, also in early 2020. The LE7 position was vacant for one year, and then replaced with an LE6 at the end of 2022, following an HQ level decision (see Annex 8 for detail). While the Evaluation Team was in Colombo (16-21 October), an additional First Secretary arrived to manage the Humanitarian Program for a period of twelve months. Development staff are stretched exceptionally thinly.

There has also been a reduction in support from the geographic desk in Canberra, which previously had a dedicated full time experienced development officer to support the Colombo Post. It now has one officer who also covers foreign policy, economics, trade, and domestic policy. (The Sri Lanka Maldives desk was merged with the Nepal, Bhutan, and Bangladesh desk). One consequence of this is that the AUD 17 million SSG program, working through three international partners – The Asia Foundation (TAF), The International Foundation for Electoral Systems (IFES), and Search for Common Ground – in the politically sensitive area of local government, is not receiving adequate guidance from DFAT regarding the design of the program, or its soon-to-end six-month inception phase. This is no criticism of the current First Secretary: the Evaluation Team were impressed with their commitment and understanding but surprised at the breadth of her remit. Given the size of the portfolio and their public diplomacy and communications responsibilities, the First Secretary Development estimates that they are able to allocate no more than 5% of their time to SSG. The second driver is the availability of an experienced and competent Team Leader (TL) of the SLSU who has filled the resulting vacuum. Without their depth of experience and commitment, SSG would not have made the progress it has – but managing the SSG is not in their ToR.

The SLSU has experienced significant 'mission creep'. The TL has filled the gap and their efforts are highly appreciated by DFAT staff up to and including the Deputy Head of Mission. But the fact remains that the SLSU TL is now the *de facto* SSG TL and is taking on responsibilities beyond the ToR of the SLSU. Further, implementing partners noted that the TL provides recommendations on aspects of their respective programs but is unable to help with adoption as it is outside their remit.

The Evaluation Team conclude that AHC is now overly reliant on the SLSU and in particular its TL. While this meets short-term needs, the Evaluation Team suggest that it exposes DFAT to an unacceptable level of risk,

both in principle and in practice: in principle as what should be corporate tasks are contracted out¹, and in practice because the AHC is increasingly dependent on one person to support with everything from rapid technical advice to strategic decision-making. The AHC would be in a difficult situation and without clear backup plan should the SLSU TL depart suddenly.

It is therefore recommended that urgent attention be given to the oversight and management arrangements of the development program. To use the cliché, the Evaluation Team would suggest that the current arrangements are not ‘fit for purpose’.

One operational issue came to the attention of the Evaluation Team. The SSG program involves three international partners working together in one Consortium, following an AHC decision in 2020. This was noted by all to have been a real struggle, despite good will on all sides. The partners were required to submit joint corporate documents and first year implementation plans to the SLSU (and thence on to the AHC) in early December 2022 for review. The documents were rather poor and fell below DFAT standards. Quite how this situation came about is unclear. However the Evaluation Team feel it is not unreasonable to have expected the SLSU to have played a more active role here (see Figure 4 for an excerpt of the SLSU’s Statement of Requirements, and section 7 for a discussion).

Figure 1 below presents a summary of the Evaluation Team’s recommendations, detailed in section 9.

Figure 1: Summary of recommendations

Strategic

Issue	Comment	Section
1. Ensure that the new Country Strategy has clear strategic intent and is widely shared	Individual programs should demonstrate a clear line of sight to DFAT’s strategic intent, once this has been clarified	4.1
2. Decide the extent to which the AHC is content to contract out core corporate documents and responsibilities	Recommend recreating the Development Counsellor position to take responsibility for oversight of the ‘whole of aid’ portfolio and SSG. If the Departmental Budget does not allow this, then consider creating a new and separate section in the SLSU with a new TL reporting directly to the First Secretary	4.2
3. Clarify the strategic intent of KLIE	KLIE lacks cohesion and strategic intent. The application and design process appears reactive and opaque. It is a mix of disconnected partnerships with minimal read across to each other or other parts of DFAT’s portfolio. Recommend replacing with a reformed program, where partnerships must align with the Country Strategy, and link with DFAT’s other aid programs	4.1
4. Clarify the strategic intent of DAP	Is the DAP about public diplomacy or developmental impact? In its current form it sits somewhat awkwardly between the two and is serving neither the AHC nor Sri Lanka’s civil society as well as it could be	4.1

Programmatic

Issue	Comment	Section
5. Once a decision has been taken regarding strategic ownership (issue #2), revise the SLSU ToR	This assumes going to market for the next iteration of the SLSU is a DFAT corporate requirement. The Evaluation Team would also endorse an extension of the current SLSU, provided the ToR and resourcing were revised to reflect the reality of SLSU’s role	5.2 & 8.1
6. Replace KLIE with a reformed partnership program (outlined in issue #3 above)	Commission the design of a replacement program in line with the forthcoming Country Strategy. The design should consider increasing financial limits but reducing the number of partnerships. Review existing KLIE projects. Consider extending (or inviting grantees to reapply) if they (i) align with DFAT’s new Country Strategy, (ii) link to other DFAT-funded	4.1

¹ Advice can of course be rejected: the issue is whether the AHC has the developmental capacity to challenge and question such key drafts

Issue	Comment	Section
	programs, (iii) are performing well, and (iv) there is evidence that more time and resources will lead to greater impact	
7. Once its strategic intent has been clarified (issue #4), revise the DAP	If public diplomacy is the priority, consider reducing the maximum value of the grants and making DAP non-ODA to allow more flexibility. Invest more in communication and increasing DFAT's visibility. If strengthening civil society and developmental impact is the priority, consider (1) reducing the number of grantees but increasing the value of the grants; (2) making the application process commensurate with the value of the grant and the capacity of the organisation; (3) offering extensions or multi-year grants to high-performing organisations; (4) creating a pathway for grantees to transition to the new partnerships program; (5) looking for opportunities to create linkages; (6) resourcing the SLSU to provide capacity building in key areas	4.1
8. Stand up the SSG Project Steering Committee (PSC)	The PSC is yet to be convened. GoSL involvement in, and ownership of, the SSG barely exists. This should be addressed as a matter of urgency	7.2
9. Review SLSU staffing needs as soon as a decision on the future of the Consortium (and indeed the KLIE and the DAP) is taken	Once new arrangements are confirmed the staffing profile should be reconsidered	6.1 & 8.1
Operational		
Issue	Comment	Section
10. Require a coherent monitoring, evaluation, and learning (MEL) framework	Draft Monitoring and Evaluation Results Framework should be updated by March 1 st 2023 to cover the remaining nine months of implementation and codify four years of important learning for DFAT and its partners	6.2
11. Clarify the reporting line and accountabilities of the SLSU TL	The reporting line of the SLSU TL should be clarified. The TL should report directly to the senior responsible owner in the AHC – presumably the First Secretary (in the absence of a Development Counsellor)	4.2
12. Evaluation of SLSU's capacity building approach	The SLSU's capacity building approach should be reviewed at the end of the program to judge the extent of success and capture lessons learned	4.1

1 Introduction

1.1 Background

The SLSU is a four-year (2019-2023) AUD 8 million program.² The goal of the SLSU is to assist the DFAT bilateral aid program to transition successfully into a set of strategic, long-term economic and governance partnerships between Australia and Sri Lanka.

Its three End-of-Program Outcomes (EoPOs) are:

- the presence of an Advisor Team which provides high quality program and investment-level advice on issues that include, but are not limited to, MEL, GESI, governance for growth, economic opportunities for the poor, communication for change, and tourism that will assist DFAT to:
 - develop and then monitor a high-quality Aid Investment Plan (AIP), 2020–2025
 - make and implement strategic and operational decisions that ensure the objectives of the AIP are met
 - maximise the performance and effectiveness of activities, delivery partners and the quality of partnerships between DFAT and its partners, including the Government of Sri Lanka (GoSL)
 - ensure bilateral program and investment-level decision-making aligns with relevant DFAT departmental strategies such as the Gender Equality and Women’s Empowerment Strategy and the Strategy for Australia’s Aid Investments in Private Sector Development
 - monitor and evaluate program, investment and activity performance
 - improve the capacity of staff and partners with the intent of ensuring sustainability of interventions
 - position itself over the medium-term as a trusted broker of development knowledge
- a high-quality KLIE grants program establishment of long-term, productive government-to-government, industry and research linkages between Sri Lankan and Australian institutions
- to establish and ensure the sustainability of a small grants facility that will fund small, practical projects that are instigated by individuals, community groups, the private sector, non-government organisations, local government agencies and/or not-for-profit organisations

The SLSU seeks to deliver these EoPOs through five components:

- advisory services (both just in time and long-term strategic in nature)
- managing the KLIE partnerships program
- managing the DAP small grant program
- managing the SSG program
- operational responsibilities including finance, administration, logistics, etc.

1.2 Evaluation purpose

The purpose of this evaluation is “to assess whether the facility has been effective, efficient, and delivered on intended outcomes. It will draw out program achievements, inform decisions on the next phase of the program and confirm what features should be included in the new facility design” (see ToR at Annex 6).

Recommendations will be used to strengthen program implementation over the final year of the SLSU contract (ending November 2023) and any further contract that DFAT chooses to put in place.

1.3 Evaluation scope

Although the evaluation is specifically designed to assess the performance of the SLSU, a judgement cannot be reached without recourse to some sort of ‘assessment’ of the performance of the three programs noted in section 1.1, and the SLSU’s role in their success or otherwise. For this reason, the Evaluation Team looked in some depth at these three programs, and the findings are presented in sections 4, 5, and 6 of this report.

² SLSU began in November 2019 as a two-year AUD 3 million program. It received a two-year extension and is now due to end on November 5th, 2023. The total value of the contract is now AUD 8 million. An additional extension for a total of AUD 14 million was under negotiation at the time of writing

2 Approach

2.1 Key evaluation questions

The Evaluation considered the implementation and resulting achievements of the program in the past four years (2019-2022). Key evaluation questions are listed in Annex 3.

2.2 Process

The evaluation was undertaken in five stages:

- a pre-departure brief from the AHC Colombo Post;
- an extensive desk-based document review (see Annex 4 for the documents reviewed);
- in-person meetings with a range of stakeholders in Colombo during the week of October 16th to 21st (see Annex 5 for the list of interlocutor);
- preparation of the first draft of the report; and
- revision and drafting of the final report after comments received from Colombo Post.

The Evaluation Team presented its immediate findings to the Deputy Head of Mission and other AHC staff on the October 20th 2022.

2.3 Review of documents

The team gathered information from five sources: from DFAT and the AHC in Colombo; from the SLSU; from the three SSG partners in the consortium; from KLIE; and from DAP (Annex 4). The Evaluation Team also consulted the Nick Manning review of the SSG design (July 2021).

2.4 Key informant interviews and focus group discussions

Key informant interviews and focus group discussions or consultation workshops were conducted to gather data. Meetings with partners and individuals were conducted in Colombo. A shared semi-structured interview protocol was used and based on the key evaluation questions. Informants were selected based on their roles and perspectives on the program. Interlocutor included individuals from DFAT, implementing partners, development partners, and program beneficiaries (Annex 5).

3 Context

3.1 Covid, politics, and the economy

The program coincided with an extremely challenging conflation of circumstances: the Easter bombings of 2019, the presidential election of November 2019, the parliamentary elections of August 2020, the onset of the Covid-19 pandemic, the adoption of questionable economic policies by the Rajapaksa government, the resultant political and economic crisis of May and June 2022, and the impact of imported fuel and food price inflation partly as a result of the Russian invasion of Ukraine. It is difficult to imagine a less auspicious set of circumstances.

As a result of misguided macro-economic and fiscal policies, Sri Lanka is now in sovereign debt default for the first time since independence.³ The World Bank expects an almost 8% GDP contraction in 2022 and a further 3.7% contraction in 2023⁴. With foreign currency reserves at near-zero levels and the inability to borrow from global capital markets, Sri Lanka has started the process to restructure its external debt and enter a program arrangement with the IMF. Attaining macroeconomic stability is an immediate priority. The currency has depreciated by almost 80% since March 2022, driving up inflation because of Sri Lanka's import dependency for energy, food, and industrial inputs. A lack of foreign exchange has driven shortages of critical imports including cooking gas, transport fuel and medicines. The government has been forced to remove or relax most

³ This paragraph and the next two are drawn (paraphrased) from the draft PEA study authored by the three SSG partners; undated document but October 2022

⁴ World Bank, Global Economic Prospects, June 2022

price controls, allowing inflation to rise to almost 70% year-on-year in September 2022. Food price inflation reached 95% in September 2022, but has fallen to about 55% in January 2023.

The crisis in Sri Lankan politics adds confusion and uncertainty to the economic crisis. The Rajapaksa-led Sri Lanka Podujana PERAMUNA (SLPP) received strong democratic mandates at the November 2019 Presidential election and August 2020 Parliamentary election. Yet, by July 2022 the economic crisis had seriously eroded of popular support for the government, and amidst massive protests the SLPP's Prime Minister and President resigned. The successor was surprisingly Ranil Wickremasinghe whose United National Party (UNP) only had one seat in parliament. His appointment as Executive President by Parliament and support for his legislative agenda is dependent on the reduced majority of the SLPP in Parliament. The President will have some leverage over the SLPP after February 2023 because after a 2.5-year tenure, the current parliament can be dissolved by the President without the vote of a parliamentary majority. The threat of an election where the SLPP loses its parliamentary majority can be used by the President to push through legislative reforms.

The overall lack of a political consensus on the common minimum economic reforms needed means that there is significant risk of future elections derailing the IMF program and jeopardising Sri Lanka's path to debt sustainability, both of which are likely to need a minimum of three to five years of consistent economic policies. This leaves Sri Lanka at a high risk of falling back into crisis over the next few years even if it succeeds in sustaining the IMF program and completing debt restructuring over the next 12 months.

A May 2022 update from the AHC says it all (Figure 2). While the situation has improved in the last few months, negotiations are continuing with the IMF and international creditor regarding the restructuring of Sri Lanka's foreign exchange debt. This debt includes a significant amount owed to China for infrastructure loans made over the last decade. However, it is reported that China is reluctant to take a 'haircut' on repayments due, which of course makes western creditors reluctant to agree debt forgiveness, as this would merely facilitate foreign exchange flowing to the People's Republic. Informed observers are concerned that the fuel and food situation could deteriorate in February and March 2023.

Figure 2: AHC political and economic read out, May 2022

- The economic situation in Sri Lanka remains grim, with the country virtually bankrupt.
- Sri Lanka's foreign reserves have dropped so low that the country cannot afford to import basic essentials, leading to shortages of fuel, food and medicines.
- People have had to endure daily power cuts of up to 10 hours, fuelling mass protests across the country since March.
- Also, the country has defaulted on its billions in foreign debt obligations and is in discussions with the IMF for an emergency loan and financial assistance to get the country back on its feet. A team from the IMF started work with officials in Colombo this week over a bailout that will include a tough package of reforms as well as financial support.
- The cause of the crisis stems back to Sri Lanka not having enough money to adequately pay for heavily-relied upon imports.
- The political instability and economic crisis have brought about a catastrophic food shortage, with people now forced to pay triple for basics like rice, sugar, lentils and milk powder. And for domestic cooking gas.
- Fears of undernutrition rates, which include concerns like wasting, stunting and being underweight, have remained essentially unchanged for over a decade.
- Over 500,000 people have been driven into poverty in the country over the past two years.
- World Bank warns that poverty rates in Sri Lanka will spike this year.
- "Sri Lanka's economic outlook is highly uncertain due to the fiscal and external imbalances. Urgent policy measures are needed to address the high levels of debt and debt service, reduce the fiscal deficit, restore external stability, and mitigate the adverse impacts on the poor and vulnerable," the World Bank's twice-a-year regional update.

3.2 'Pivoting' to Covid?

It is not surprising therefore that the three programs for which the SLSU has responsibility (SSG, KLIE, and the DAP) have been hugely affected. When Covid first hit, the SLSU responded by providing guidance on 'pivoting' activities. However, the Evaluation Team found little evidence that either the SSG or the KLIE made substantial changes to their work programs. This is unsurprising, as SSG was still in its design phase (it went through eight iterations), and none of the partnerships in the KLIE program could be 'pivoted' in any meaningful way to address the pandemic: the partnerships include managing organic waste, sustainable marine aquaculture, ocean forecasting, supporting the diagnosis and treatment of complex eye diseases, research on the effectiveness of social protection programs post-Covid, and research on women's economic empowerment.

The upshot is that all three programs have been delayed, although all for different reasons. SSG has been delayed primarily by design challenges among the three partners of the consortium, and less by Covid. Annex 7 discusses four issues with respect to this program which are of concern to the Evaluation Team: the April 2022 design, the theory of change, its response to the Manning review of July 2021, and its reliance on the idea of 'taking pilots to scale.

The KLIE program relies on partnerships between Australian Universities and Sri Lankan organisations (universities, municipalities, and not-for-profits), and these were, to all intents and purposes, grounded by Covid. Country visits were halted and many Sri Lankan partners were busy managing the impact of the political and economic crises of mid-2022. The program is only now getting back on track.

The first and second round DAP projects were also impacted by Covid and the ensuing economic crises. As a result, all grantees received 'no cost' extensions and were able to continue given the localised approach to delivery. DAP FY19-20 grantees received up to four-month no cost extensions (from 1 July 2021 to 31 October 2021) and DAP FY20-21 grantees received up to six-month no cost extensions (from 1 July 2022 to 31 December 2022). The DAP grantees interviewed praised the SLSU for their understanding of the context and flexibility with deadlines during the challenging period.

Several DAP projects directly address Covid prevention, which is in line with the CDRP's commitment to enhancing health security. For example, Good Neighbours International distributed surgical masks and sanitary gel and has plans to raise awareness about Covid prevention as part of its 'Improving the Health of Communities Affected by Chronic Kidney Disease' project in Anuradhapura; and 'Street Child' will support schools in Batticaloa and Trincomalee to reopen safely in line with Covid guidelines.

Other DAP projects are supporting Sri Lankans to adapt to life in a post-Covid world. For example, Viluthu conducted a workshop on Covid adaptation as part of its Promoting Resilient and Sustainable Women-led Micro Industries project in Jaffna; and Helvetas is helping migrant workers in Gampaha and Puttalam to reintegrate into the economy, with many having returned to Sri Lanka after employment opportunities dried up abroad due to the pandemic. Several DAP grantees are implementing projects focused on supporting livelihoods as part of Sri Lanka's economic recovery.

Both DAP and KLIE absorbed underspend from across the DFAT Sri Lanka portfolio during the pandemic. While the number of DAP grantees increased the level of SLSU resourcing to support them remained the same, opening the facility up to risks. See Section 6 below for more detail.

4 Relevance and appropriateness

4.1 Relevance

The ToR ask: "To what extent are the grants and advisory services of the SLSU relevant to supporting the effective implementation of Post's country development strategy?" The answer to this question is yes, SLSU services are *immediately* relevant for the implementation of SSG, KLIE, and DAP. Further, they are *tangentially* relevant for the implementation of other DFAT programs, for example the Skills for Inclusive Growth (S4IG) program and the Market Development Facility (MDF), as it procures and manages technical assistance for

these programs. The SLSU has evolved into an implementing arm for a significant slice of Australia's development program in Sri Lanka.

The CDRP has three current goals: health security, stability, and economic recovery. SSG contributes most directly to the (political) stability objective, while KLIE *may* contribute to local government capability development, but this is not guaranteed; indeed, it represents something of a gamble. The DAP is a mixed bag, representing its confused identity – is it about public diplomacy or development outcomes? The relevance of both KLIE and DAP are discussed in more detail below.

CDRP: The CDRP is loosely articulated, and little is ruled out. It is recommended that the next Country Strategy be more precise on its strategic intent, on what it will fund and what it won't, and how it will be tracked. This will make the task of program design that much simpler.

SSG: The SSG program has experienced many issues in its gestation period. A detailed review of the SSG goes beyond the ToR for this Evaluation. However, given that it is by some distance the most important program for which SLSU has some (confused) responsibility, the Evaluation Team investigated it in more detail. Observations are presented in Annex 7.

KLIE: The KLIE portfolio presents a mixed picture in terms of relevance. Three projects align with the CDRP's commitment to supporting Sri Lanka's economic recovery:

- the International Centre for Ethnic Studies' (ICES) 'Reimagining Vulnerability in the Light of Covid-19';
- the University of Sydney's 'Scoping Study to Develop a Plan for Sustainable Marine Aquaculture'; and
- Royal Melbourne Institute of Technology University's (RMIT) 'Building Better Networks for Gendered Economic Development Program'.

Strategic relevance is less clear when it comes to the University of Western Australia's (UWA) 'An Ocean Forecasting System for Sri Lanka' project and Sight for All's 'Eye Health Workers Upskilling and Equipment Upgrade of Regional Eye Units in Sri Lanka'. The Evaluation Team were given to understand that the former was requested by the GoSL following the MV X-Press Pearl marine disaster, the worst environmental disaster in the country's history. While there is an economic case for improving Sri Lanka's ocean forecasting system, the program's greatest relevance lies in its ability to leverage Australia's world-class research institutions to build Sri Lankan capacity to protect the Indian Ocean.

The Evaluation Team would make five comments with respect to the KLIE program.

First, there appears to be little coherence or consistent strategic intent in the six projects that make up the program, outside the loosely defined and applied priorities of the CDRP. Partnerships can, of course, be developmental, but the idea of a partnership should not be elevated to an end in itself. There is no harmonisation or alignment either *among* the six KLIE partners, or *between* them and any of the other programs in DFAT's country portfolio.

Second, it is not clear from where ideas for KLIE programs originated, nor how organisations were selected to participate. For example, RMIT's Asia Pacific Economic Cooperation (APEC) Study Centre was invited to submit a concept note, despite Sri Lanka not being a member of APEC and the Centre never having worked in the country. The Sight for All project appears to be something of an outlier: what is the strategic intent of this investment? How does it fit in with the rest of the KLIE program?

Third, the decision to adopt an issues-based approach to building local government capacity. The Evaluation Team would endorse this approach. The argument is that 'capacity' is 'built' as local staff seek to address specific challenges with advice and additional resources from external partners. Evidence would suggest that this is a much more effective approach than 'training' and 'skills development' in the absence of resources and a real-world pressing problem to address. The Evaluation Team would recommend an evaluation of this approach in due course.

Fourth, a comment regarding the idea of 'scaling'. The approach adopted by the SLSU and manifest in much of the KLIE portfolio is two-stage: first, 'solve' a problem, and second, take the solution to scale – up and/or out. The University of Technology Sydney's (UTS) work with the Ministry of Municipalities on sustainable waste

management is an example. The Evaluation Team does not disagree with this approach, but would add a note of caution: what evidence is there that the sub-national governance system in Sri Lanka is sufficiently connected (horizontally and vertically, politically, and administratively), to enable what is in effect a strategy of replication? Such a system for scaling up and out may require a level of sophistication and assume a degree of coordination that may not exist in Sri Lanka.

Finally, the Evaluation Team would note the poor design quality/program logic of all the KLIE projects. This represents the downside of relying on partner-led design – partners who may be world class in their field but who have no experience of program design work in development. For example, one KLIE partner claims ‘good project management’ will be one of two outcomes of its project.

As it stands, the KLIE program is hard to justify as part of DFAT’s Governance for Growth (G4G) investment. It is therefore recommended that the program come to a close at the end of the current round (June 2023). The design of the follow up program should begin as soon as possible. Under the new program, partnerships should be required directly to contribute to the objectives of the Country Strategy and align with DFAT’s other development programs in Sri Lanka.

DAP: While the DAP projects align with the CDRP’s three priorities for Sri Lanka, its overarching purpose is unclear.⁵ Currently, it is expected to achieve both public diplomacy and development outcomes, but the lack of strategic intent means it is not optimised for either.

As a public diplomacy mechanism, it is too rigid, not reactive enough, and possibly too large. The application process is cumbersome for smaller organisations, despite improvements introduced by the SLSU after it took over stewardship of the DAP in FY20. This is not the fault of the SLSU – the DAP must meet DFAT’s ODA criteria and therefore its rigorous due diligence requirements. The architecture around each AUD 30,000-60,000 DAP grant is not dissimilar to that of an AUD 5 million program. Managing the DAP requires a heavy lift on behalf of the SLSU (discussed in more detail in Section 6 below).

As a development programme, it lacks coherence and a clear MEL framework, does not have the resources to offer the necessary capacity building to partners, is too small and, in most cases, is unsustainable. The SLSU noted the strength of Sri Lanka’s civil society and the important role it plays in the country’s development.

Once a decision has been reached about the strategic intent of the DAP, it will need to be restructured (see Recommendations in Section 9 for more detail).

4.2 Appropriateness

The ToR ask: to what extent is the modality of the SLSU grants and advisory services fit-for-purpose? This emerged as the central question for the Evaluation Team, and arguably it is the most important for DFAT consideration.

‘Appropriate’ has two dimensions here: first form, and second, function. In terms of the *functions* performed by the SLSU there is no doubt that the SLSU is absolutely appropriate, and as the previous section demonstrated, the tasks they perform are relevant. The functions of strategy development (governance, inclusion, communications, MEL); program oversight and management; monitoring and reporting implementation progress; grant management; and the provision of technical advice across the whole program are non-negotiable *functions* in all posts where there is a development program.

This does not mean that the *form* is automatically appropriate. The Evaluation Team is slightly surprised at the breadth and the depth of SLSU responsibilities. Pros and cons of this approach are summarised in Figure 3.

The Evaluation Team recognise that ultimately this is a judgement call to be made by the AHC Colombo Post and Canberra. The Evaluation Team would suggest that the contracting out modality has been pushed out as far as it should go. Indeed, in some ways, it has already been pushed out too far.

⁵ The FY22/23 round has dropped the focus on health security. Its priorities are broadly the same for Sri Lanka and Maldives: support economic recovery with a focus on sustainable and inclusive livelihood opportunities for typically excluded groups, and promote stable, cohesive, and inclusive societies including activities relating to governance, food or environmental security, social protection, and gender-based violence

Figure 3: Pros and cons of reliance on external support

Pros	Cons
<ul style="list-style-type: none"> • Reduces workload on DFAT staff. The argument is that it frees up staff time to engage in policy dialogue; however, there is no evidence that this has happened • Reduces the need for DFAT to employ specialists directly. This has been done through the SLSU • Allows greater breadth of technical assistance to be accessed, including from experts who bring lessons from other contexts • Can offer opportunities for capacity building DFAT staff (co-creation, etc.) 	<ul style="list-style-type: none"> • External contractors, however competent, rarely have access to the full range of issues under consideration by Post • Outsourcing blurs lines of accountability. Currently, the TL SLSU is <i>de facto</i> acting as TL for the SSG, which is not only beyond the ToR, but it also creates the impression that accountability for SSG performance lies with the SLSU, which it does not • Outsources key elements of country strategic direction, thereby increasing dependence on external advisers (including key individuals) • Can reduce DFAT learning opportunities • Increases risk: DFAT reliant on contractor for adequate and timely advice. If things go wrong, DFAT will be open to the accusation that it lost control • Exposes DFAT staff: no in-house resources to debate and contest technical ideas and proposals • Designs from Australian partners with no development experience tend to be weak and would benefit from more technical support from DFAT

5 Effectiveness: progress against outcomes

5.1 Effectiveness: the ToR

The ToR require the evaluation to consider the extent to which the SLSU has been effective in contributing to:

- the development and monitoring of the country development strategy?
 - making and implementing strategic and operational decisions related to the country development strategy?
 - maximising the performance and effectiveness of activities, delivery partners and the quality of partnerships between DFAT and its partners, including the GoSL?
 - ensuring bilateral program and investment-level decision-making aligns with relevant DFAT departmental strategies?
 - improved monitoring and evaluating of investments?
 - improved capacity of staff and partners with the intent of ensuring sustainability of interventions?
- What are the strengths and weaknesses of the SLSU including the partnership and program management?
- What are DFAT's past, current, and expected needs from the SLSU facility?
- What and where are the gaps between what DFAT wants delivered and what is being delivered?
- To what extent has SLSU managed high quality DAP and KLIE grants programs?

5.2 Effectiveness: point of departure

Effectiveness refers to the extent to which the program or project delivers its intended outcomes. Figure 4 is taken from DFAT's original 'Statement of Requirement' documents when the SLSU was first tendered in 2019.

The Evaluation Team judged that in these terms the SLSU has – largely – been effective. This judgement is in line with PPAs of 2021 and 2022. Regarding the first outcome, there is an advisory pool on which to draw, although the SLSU TL seems to take much of the requested work upon himself and does this to a high standard.

What concerns the Evaluation Team is the first and second bullets of paragraph 2 in Figure 4 below:

- Make and implement strategic and operational decisions that ensure the objectives of the AIP are met
- Maximise the performance and effectiveness of activities, delivery partners and the quality of partnerships between DFAT and its partners, including the Government of Sri Lanka

Figure 4: SLSU Goal and Outcomes

The goal of this program, in the context of Sri Lanka’s verging on becoming an Advanced Middle-Income Country, is to assist the DFAT bilateral aid program to transition successfully into a set of strategic, long-term economic and governance partnerships between Australia and Sri Lanka. Three end of program outcomes support the achievement of this goal

The first outcome is the presence of an Advisor Team which provides high quality program and investment-level advice on issues that include, but are not limited to, MEL, GESI, Governance and Economics, Communication for Change, and Tourism that have assisted DFAT to:

- Make and implement strategic and operational decisions that ensure the objectives of the AIP are met
- Maximise the performance and effectiveness of activities, delivery partners and the quality of partnerships between DFAT and its partners, including the Government of Sri Lanka
- Ensure bilateral program and investment-level decision-making aligns with relevant DFAT departmental strategies such as the Gender Equality and Women’s Empowerment Strategy and the Strategy for Australia’s Aid Investments in Private Sector Development
- Monitor and evaluate program, investment, and activity performance
- Develop and then monitor a high-quality Aid Investment Plan (2020-2025)
- Position itself over the medium-term as a trusted broker of development knowledge

The second outcome is a high quality KLIE Grants program establishment of long-term, productive government-to-government, industry and research linkages between Sri Lankan and Australian institutions

The third outcome, remains subject to DFAT approval and depending on DFAT’s central policy settings, is to establish and ensure the sustainability of a small grants facility that will fund each year from 2020/21 approximately 5-10 small, practical projects that are instigated by individuals, community groups, the private sector, NGOs, local government agencies and/or not-for-profit organisations

The Evaluation Team would ask whether it really was the considered intent of the AHC to contract out “making and implementing strategic and operational decisions”? From what the authors of this report know about DFAT, this seems somewhat unlikely. If a literal view of this first bullet is taken, then it is legitimate for the SLSU and its TL to – putting it bluntly – to manage, steer, and direct the SSG, the KLIE and the DAP – and take whatever decisions are necessary including strategic ones. This is the precise wording of the Statement of Requirements. A literal interpretation of this first bullet alone legitimates the TL of the SLSU acting as the *de jure* team leader of the SSG (let alone its *de facto* team leader). It is therefore equally acceptable for the SLSU to act as a contracting mechanism to bring in technical support to help inform strategy and pipeline planning, which will ultimately inform the Country Strategy. But was this DFAT’s intent?

The second bullet point of Figure 4 (first outcome) requires the that “the SLSU Maximise the performance and effectiveness of activities, delivery partners and the quality of partnerships between DFAT and its partners”. Here the evaluation team have reached a less positive conclusion. Section 7 of this report (considering Impact), discusses this issue in more detail. At this point the evaluation team would note that it appears that the SLSU “took its eye off the ball” at a critical stage in the SSG consortium design process.

In terms of the second and third outcomes stated in the Statement of Requirements, the Evaluation Team found that the SLSU’s management of both the KLIE and DAP grant programs has been highly effective. For example, the SLSU instigated improvements to the DAP application process, introducing a two-step process to reduce the administrative burden on unsuccessful grantees and allowing the SLSU to dedicate more time to supporting shortlisted applicants with their proposals. Grantees interviewed across both programs praised the SLSU’s management, including the streamlined application process and clear guidance. The support provided

by the SLSU, in particular the Grants Manager and Finance and Admin Officer, has been first class. All grantees emphasised the SLSU’s responsiveness and flexibility in the face of existential challenges.

When KLIE and DAP partners were asked where the SLSU could improve, four common themes emerged, offering lessons for DFAT as much as for the SLSU:

- Providing more opportunities to network with and learn from other DFAT-funded programs and partners;
- Encouraging increased engagement from DFAT. For smaller service delivery NGOs this means attending ‘ribbon-cutting events’; for more established research CSOs this means sharing DFAT’s strategic priorities and facilitation policy discussions;
- Adapting the granting mechanism to allow for multi-year initiatives (see section 4.1 above); and
- Finally, several DAP partners noted that the 10% limit on administration costs had been challenging in the current context of high inflation and shortages.

Figure 5 presents a high-level SWOT analysis of the SLSU.

Figure 5: SLSU SWOT analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> ➤ SLSU Team is responsive and timely when dealing with DFAT and all partners ➤ Well-managed and effectively led ➤ High degree of localisation ➤ No branding ➤ Birdseye view of DFAT’s portfolio allows it to make linkages between programs 	<ul style="list-style-type: none"> ➤ MEL framework not updated ➤ Under-resourced for its current remit (particularly as its remit is beyond the scope of the original ToR) ➤ Scope of services unrealistically broad ➤ More support could have been given to the three SSG Consortium partners as they prepared their respective first year (2023) implementation plans
Opportunities	Threats
<ul style="list-style-type: none"> ➤ Help DFAT to monitor its investments and learn at the portfolio level ➤ Able to collate and communicate public diplomacy stories 	<ul style="list-style-type: none"> ➤ Overly dependent on TL ➤ Perceptions of accountability for KLIE, DAP, and – especially - SSG ➤ Potential to overstretch and underperform on SSG in the de facto ‘prime contractor’ role ➤ Highly exposed given the central role it plays in DFAT decision-making

Figure 6 presents the Evaluation Team’s summary of SLSU effectiveness against the ToR. The Evaluation Team has adopted an adapted version of DFAT’s independent peer review scoring system (shown below). The text does not quite apply for an evaluation, but the intention is to give the reader a sense of how effective SLSU has been in each area on a scale of one to six.

No.	<i>Satisfactory rating (4, 5, and 6)</i>
6	Very high quality; does not require amendment before proceeding
5	Good quality; needs minor work to improve in some areas
4	Adequate quality; needs some work to improve

No.	<i>Less than satisfactory rating (1, 2, and 3)</i>
3	Less than adequate quality; needs to be improved in core areas
2	Poor quality; needs major work to improve
1	Very poor quality; needs major overhaul

Figure 6: SLSU effectiveness

Issue	Score	Assessment
The development and monitoring of the country development strategy?	2	Very little evidence of this; however, this judgement says more about the CDRP than it does the SLSU. The CDRP is drafted in vague terms and its performance metrics are almost impossible to measure with any degree of certainty (see section 5.3 for a discussion)
Making and implementing strategic and operational decisions related to the country development strategy?	5	Successful. The SLSU has been operating largely without significant AHC support over the last 12 months, and thus took responsibility for leading the continued development of SSG in line with its ToR (see Figure 4)
Maximising the performance and effectiveness of activities, delivery partners and the quality of partnerships between DFAT and its partners, including the GoSL?	4	A mixed picture here. All partners noted the responsiveness, timeliness, and relevance of SLSU support and guidance over the last 24 months. Two areas were missing: (i) GoSL involvement, of which the Evaluation Team saw very little across the whole program, and (ii) guidance to SSG Consortium partners on the preparation of their first year implementation plans (see section 7)
Ensuring bilateral program and investment-level decision-making aligns with relevant DFAT departmental strategies?	4	The SLSU produced some excellent guidance in early- and mid-2022 on how to ‘pivot’ to Covid. As discussed in section 3.2, the Evaluation Team did not see much evidence of actual ‘pivoting’, but this was largely caused by other factor. The SLSU commissioned a program-wide Inclusion Strategy in August 2022: it is too early to say whether its recommendations are being taken up by SSG, KLIE and the DAP
Improved monitoring and evaluating of investments?	3	This is a priority for the SLSU. The Evaluation Team are aware that SSG partners are now drafting individual MEL frameworks, and that the SLSU will integrate them into one overarching framework. This will be a critical step. SSG, KLIE and DAP monitoring is weak – this is due in part to poor designs by partners. This is unsurprising when projects are being ‘designed’ by colleagues with no background in development, and who have no understanding of program logic and theories of change.
Improved capacity of staff and partners with the intent of ensuring sustainability of interventions?	n/a	The Evaluation Team found insufficient evidence against which to make a judgement

Question	Details
What are the strengths and weaknesses of the SLSU including the partnership and program management?	See figure 5 (SWOT and associated discussion)
What are DFAT’s past, current, and expected needs from the SLSU facility?	This is an important question. It can only be answered by the AHC. deciding where strategic decision-making and program oversight lie. If they are content to outsource these functions to a managing contractor, then the SLSU can continue, much as it is, but probably with additional resourcing. If, on the other had, the AHC wishes to restore these functions inhouse, then it will need to ensure that it has the requisite staff. Under such a scenario, the roles and responsibilities of the SLSU can be narrowed down
Are there gaps between what DFAT wants delivered and what is being delivered?	Answering this question follows from the previous question. The High Commission wants a high-quality program but it has an insufficiency of Departmental budget to ensure this inhouse. So, it is forced to contract out a range of core strategic and decision-making functions. At the moment the SLSU – on the whole – is delivering what the AHC needs. But this arrangement is fragile and risky for DFAT. The ‘gap’ therefore is less about what is being delivered, and more about clarity on

Question	Details
	respective roles and responsibilities over the medium term – especially as the bilateral program ramps up to AUD 75 million per annum
To what extent has SLSU managed high quality DAP and KLIE grants programs?	From the limited time available, the Evaluation Team concluded that the management of the KLIE and DAP projects are not the issue. This issue is their strategic intent: what does the AHC wish them to deliver? The KLIE is a something of a ‘rag bag’ of unrelated initiatives (see section 4.1). Is the objective of the DAP delivering public diplomacy opportunities or securing development outcomes? At the moment it seems to do both not very well (again see section 4.1)

5.3 Effectiveness: monitoring the CDRP

The extent to which the SLSU can monitor the implementation of the country development strategy can be answered only by reference to the monitoring framework of the latter. The AHC’s CDRP was released in April 2022. It includes one table outlining the Performance Framework against the three objectives of health security, stability, and economic recovery. SSG, KLIE, and DAP are bracketed against the stability pillar. This is reproduced at Figure 7.

Figure 7: The CDRP Performance Framework

Response Plan	1. Health security	2. Stability	3. Economic recovery
Expected Outcomes	<ul style="list-style-type: none"> - Emergency health assistance supports vulnerable people (SDG1, 2, 3) - Government has improved capacity to prepare for and respond to emergencies (SDG 13) 	<ul style="list-style-type: none"> - Improved responsiveness of GoSL to COVID-19 impacts across all regions/districts (SDG 16,) - Improved capacity to provide sustainable quantities of food (SDG 2) 	<ul style="list-style-type: none"> - Improved level of industry-relevant skills and education in tourism, agriculture, and aquaculture (SDG 7, 14) - Contributions to progress trade and investment reform in response to COVID-19 by GoSL - Improved economic opportunities for marginalised groups, particularly women and people with disabilities (SDG 5, 8)
Key results (Tier 2)	<ul style="list-style-type: none"> - Instances of improvements in government capacity to improve health security outcomes - Number of women and girls receiving sexual and reproductive healthcare with Australian support - Number of vulnerable people (sex-disaggregated) receiving emergency assistance with Australian support 	<ul style="list-style-type: none"> - Instances of improvements in subnational government service delivery related to public health, education, social protection, and economic growth - Instances of women’s voice empowered to influence policies, regulations, and norms - Instances of improvements in local food security in targeted value chains (policy, technical advice, or direct support) 	<ul style="list-style-type: none"> - Number of people (sex-disaggregated) who received industry-relevant skills training - Number of people (sex-disaggregated) who received livelihood assistance - Number of producers connected to selected agriculture and aquaculture value chains - Number of people (sex-disaggregated) with increased access to financial services - Instances of improved economic outcomes for marginalised people, particularly women or people with disabilities - Instances of partnering with the private sector and

Response Plan	1. Health security	2. Stability	3. Economic recovery
			Australian institutions to improve inclusive economic development

The two expected outcomes are probably impossible to demonstrate unequivocally. How would the SLSU measure these? The key results panel makes more sense – it is asking only for ‘instances’ of improvements. That said the Evaluation Team found no formalised stories or reports of such improvements in the extensive documentation provided. For SSG and KLIE it may be too early to detect such instances. For DAP it is probably the case that the scatter gun approach (two projects in every district and in every sector to maximise public diplomacy) mitigated any coherent contribution to the CDRP.

6 Efficiency and value for money

The ToR asked: How has the SLSU been able to demonstrate value for money, including economy of operational systems, efficiency of resource allocation, cost effectiveness of program activities, and equity of beneficiaries of program activities specifically grants?

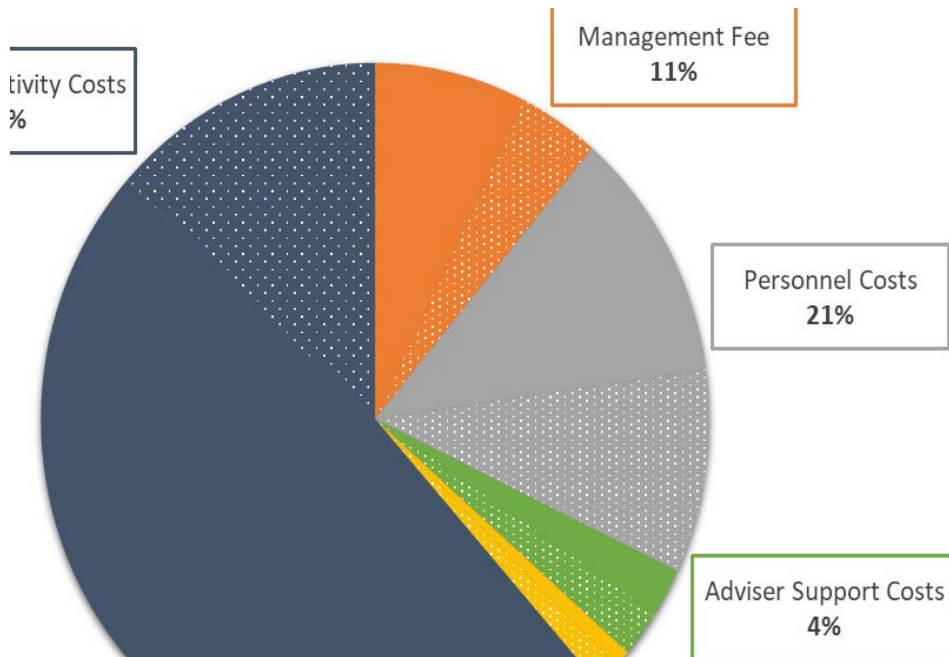
Overall, the Evaluation Team found the SLSU provides good value for money given the quality and timeliness of its support. For the AHC to bring these services inhouse and match the standard offered by the SLSU, it would need to recruit at least one A-Based officer at Counsellor level (to lead on strategy), one A-based First Secretary to lead on governance, and one senior experienced local officer at LE7 with a competitive salary package.

6.1 Economy of SLSU operating systems, resource allocation, and cost effectiveness

The SLSU is a lean facility. Its running costs and management fee amount to 38% of the budget, including both actuals and forecasted spend (see Figure 8, right).⁶ While this seems relatively high against the three programs, it masks the fact that a significant proportion of this can be considered as ‘aid’ in its own right. For example, the SLSU TL and technical advisers are frequently tasked to advise both the AHC and its three programs on technical/ development issues that go beyond ‘management’. Operational costs are particularly low (2%), as the SLSU rents an office in a co-working space and does not have a permanent vehicle. SLSU noted that savings made on operational and adviser support costs during Covid have been reallocated to programs.

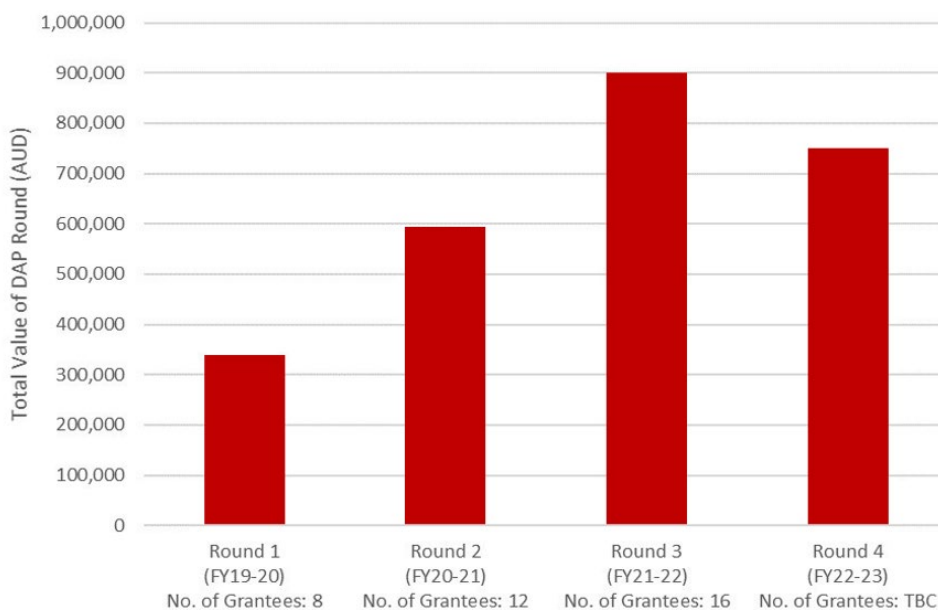
⁶ These figures are based on the SLSU finances as of October 2022. They are subject to ongoing discussions with DFAT

Figure 8: SLSU Budget Breakdown (FY19-23)



The SLSU budget also fails to convey the effort required to manage multiple grantees of varying capacity. At the time of writing, the SLSU was supporting 28 grantees through the DAP alone (see rounds two and three of the DAP in Figure 9 below). Moreover, while the value of the DAP grants is relatively low, the average grant size has increased from AUD 42,486 in the FY19-20 round to AUD 56,250 in FY21-22. As mentioned above in Section 3, DAP absorbed underspend from across DFAT’s portfolio during the pandemic. The number of DAP projects in rounds two and three increased from a target of 10-15 to 28. SLSU employs one full time Grants Manager, who is supported by a Finance and Admin Officer. By all accounts both are performing very well, but the heavy workload could lead to increased risks, including staff burnout or reduced oversight of fiduciary risks, etc.

Figure 9: DAP Grants (FY19-23)



Finally, by having a lean full-time team, the SLSU has had to make sacrifices, including around MEL. The TL recognises that the program’s MEL is particularly weak. At present, the team collects data for reporting and accountability purposes and the TL generates learning products on an *ad hoc* basis, but the SLSU has no dedicated MEL resource. The SLSU’s ability to learn from implementation and respond is in large part due to the institutional knowledge of its staff, namely the TL.

6.2 Equity of beneficiaries of program activities

The SLSU serves two levels of beneficiaries: *direct* beneficiaries (namely DFAT and its projects, but also the SSG, KLIE, and DAP partners) and *indirect* beneficiaries (the Sri Lankan Government and communities reached by the SSG, KLIE, and DAP projects). While a detailed review of the SLSU’s indirect beneficiaries was outside the scope of this evaluation, future reviews might assess a sample of grant projects to determine the accuracy of equity reporting data.⁷

7 Impact and sustainability

7.1 Impact

The SLSU will have immediate impacts on three sets of stakeholders; the AHC, the three programs managed by the SLSU, and other DFAT programs. The Evaluation Team would suggest that the impact of the SLSU has been considerable, sustained, and positive. The AHC have greatly valued the ‘hands on’ technical advice available from the team. It is probable that the three programs (SSG, KLIE, and DAP) could not have operated without SLSU operational and strategic support. Other DFAT programs have also benefited from SLSU’s ability to procure specific technical skills from time to time. Figure 8 summarises SLSU impacts (the SSG program has been separated from KLIE and DAP, as impacts vary).

Figure 8: SLSU impact

Stakeholder	Support provided	Impact
AHC	<ul style="list-style-type: none"> Direction and oversight of key DFAT programs Support with briefings and comms material Advice on operational and technical development issues available 24/7 	<ul style="list-style-type: none"> Staff time made available for other issues Allowed AHC staffing to be reduced Created a serious reliance on the SLSU
SSG	<ul style="list-style-type: none"> Oversight of four original partner proposals Constant ‘shepherding’ of the three selected programs into one Reporting to DFAT 	<ul style="list-style-type: none"> SSG consortium reliant on the SLSU for direction and achieving coherence Allowed the AHC to ‘take its eye off the ball’ Confusion of where overall responsibility for strategic direction lies
KLIE and DAP	<ul style="list-style-type: none"> Management of the DAP and KLIE application process Grants management reporting to DFAT 	<ul style="list-style-type: none"> Well-managed process in both programs Projects mostly in track – RMIT’s study on women’s empowerment is the exception
Other DFAT country programs	<ul style="list-style-type: none"> TA inputs (as requested and <i>ad hoc</i>) Knowledge sharing and networking across DFAT’s portfolio 	<ul style="list-style-type: none"> Readily available mechanism to meet corporate reporting, monitoring, and review requirements

A more difficult question to answer is the extent to which the SLSU has enabled *developmental* impact of its three programs. The SSG is a program that to date has required three international non-governmental organisations to work together in a consortium: TAF, IFES, and Search for Common Ground. The three partners have consistently struggled to work as one consortium. Each had previously submitted proposals as requested by the AHC, but a decision was taken in 2020 to amalgamate them into one program.

The timeline was broadly as follows.

⁷ Both the KLIE and DAP manuals require grantees to report beneficiary data by “male/female, boys/girls, people with disabilities, and any other relevant factor, such as socio-economic, demographic, or cultural markers.”

Throughout late 2020, 2021 and early 2022, the partner-led design process for the SSG consortium was facilitated by SLSU. This involved consolidating the four partners' concept notes into a single governance investment, aligned with the findings from the Governance for Growth Review. Across the design phase, SLSU facilitated 17 workshops across a range of topics including:

- Context and political economy analysis;
- Design plans and processes;
- Program logic;
- Sectors of interventions;
- Program modalities and implementation approaches;
- Cross-cutting issues, including inclusion;
- Monitoring and evaluation; and
- Investment governance approaches.

The investment design document has been reviewed by SSG partners, SLSU, AHC Sri Lanka, DFAT Canberra, and DFAT's third-party governance panel. In total, eight versions of the design were developed in response to five separate reviews. During the reviews, Transparency International Sri Lanka was removed from the SSG partnership, and the remaining three partners modified the project approaches in response to the series of feedback.

A key challenge was that aspects of the partner-led design approach did not conform to a more typical design process. Generally, DFAT would commission a small team of professional design and governance specialists, combining local and international expertise, to design a project – and then identify the partners.

An additional challenge was the evolving political context in Sri Lanka. This resulted in numerous updates and modifications that have been required to ensure that the investment remained relevant, effective, and meets DFAT's risk tolerance. After over two years of discussions, a decision was made in April 2022 to move from inception to design with the approval of the IDD. Six-month grant agreements were signed with each of the three partners in May 2022. However, there was also a recognition that the programming documents developed to date had not met DFAT's standards. The inception phase also included the delivery of six program documents:

- Memorandum of Understanding with The Asia Foundation, The International Foundation for Electoral Systems and Search for Common Ground, July 2022;
- Program Manual: Strengthening Subnational Governance in Sri Lanka, last updated November 2022;
- Political Economy Analysis: Strengthening Subnational Governance in Sri Lanka, last updated November 2022;
- Communication and Advocacy Strategy, Strengthening Subnational Governance in Sri Lanka, November 2022;
- Gender Equality, Disability and Social Inclusion Strategy, last updated November 2022; and
- Monitoring, Evaluation, Reflection and Learning Plan 2022-2027: Strengthening Subnational Governance in Sri Lanka, November 2022.

It was noted in November 2022 that the program documents failed to meet DFAT standards despite the support provided to the three partners. While the PEA and MoU were thought to be sufficient, key components of the program manual, communications and advocacy strategy, GEDSI strategy and the MERL plan failed to meet DFAT standards. The crux of the problem was that these had been developed in isolated – for example, Search was responsible for communications who outsourced it to a consultant, while IFES' head office led the development of the MERL plan.

In response, SLSU developed three terms of references to seek additional STA support. The first focused on MERL including a revised program logic; the second focused on GEDSI; and the third focused on communications and advocacy (to be carried out by Lisa Ritchie at SLSU and EngageDev). The objectives of each included:

- Share international best practices related to governance programs;

- Train and build the capacity of the SSG team across DFAT, SLSU, and the partners; and
- Finalise the MERL Plan / GEDSI Strategy / Communications and Advocacy Strategy, building on the work already undertaken by the partners while ensuring they meet DFAT standards.

Three month No Cost Extensions were provided to each of the partners, effectively extending the inception period from 10 December 2022 to 28 February 2023. SLSU received on 30 November 2022 the Inception Phase Progress Reports from the three partners. In addition, they submitted proposals from the partners to shift from the inception to implementation. While the intent was to review these during the extended inception period, with the support of the identified consultants, these were forwarded to the current evaluation team prior to being quality assured from SLSU. The First Secretary then – and quite appropriately - approached DFAT’s Governance Helpdesk in Canberra to review the documents. The SLSU were informed. At this point the SLSU withdrew the three documents, noting informally that they were not up to DFAT standards. The Evaluation Team has reviewed the one year implementation partner proposals and would confirm that they are not up to DFAT standards. They do not follow DFAT guidance on structure or the presentation of program logic.

How this situation came about is hard to tell. The partners were not sure whether or not the SLSU would undertake the necessary quality assurance. In DFAT terminology, the design process was to be ‘partner-led’. Yet the Statement of Requirements quoted on page 11 above requires the SLSU to “maximise the performance and effectiveness of delivery partners”. This clearly did not happen. The most likely explanation is that partner and SLSU assumptions and expectations were different. However, the result was a set of poor documents and more delay. The Evaluation Team feel it is not unreasonable to have expected the SLSU to have played a more active role here.

It has taken two and a half years and eight iterations to get to this point. It should be said that neither TAF nor IFES are used to working this way. Their typical model is a donor grant, giving then considerable headroom to ‘do their own thing’. They have ‘rubbed up’ against each other, despite the high level of good will.

The Evaluation Team sought to discover the reason for the decision to integrate the three partners proposals into one program. It appears to have been taken as a result of both local and Canberra corporate drivers. Locally, there was a desire to reduce the number of contracts from three to one, thereby reducing transactions costs. Corporately, in 2020 and 2021 Posts were being encouraged to consolidate their programs (fewer in number but larger in value). Further, Administered and Departmental budgets were being reduced, further encouraging consolidation. There is a now a danger that the program will be insufficiently coherent and inadequately overseen by the AHC.

Evidence of the DAP’s developmental impact

The Evaluation Team visited one DAP project site during their assessment – the **Centre for Society and Religion’s** project to improve the health of the urban poor in Colombo 15. The project covers a range of primary healthcare activities and at the time of writing had reached a total of 254 people in one of Colombo’s more vulnerable communities.

The Team also spoke with the **Centre for Handicapped**, who provide custom-made artificial limbs along with agriculture equipment and training for differently abled farmers in Killinochchi and Mullathivu in Sri Lanka’s Northern Province. Of the 50 farmers who received support, 49 have increased their monthly income, in some cases more than doubling it.

It is also too early to judge on the impact of the KLIE partnerships. As noted in section 4.1, the six initiatives within the KLIE program represent a mixed picture. KLIE lacks strategic intent and it appears the projects are not required to contribute to a wider, shared goal. The sole common thread in the program is that of ‘partnership’. This Evaluation Team would suggest that while a partnership can be useful it is a means to an end, not an end in itself. Future reviews of the KLIE must assess the contribution each project has made to the knowledge landscape and the impact this has had on real-world policy. It is not enough to simply assess the quality of the partnership.

The Evaluation Team was not in the position to conduct a detailed assessment of the impact of the DAP grants; however, the program documentation and interviews indicate the DAP has a positive (albiet modest) development footprint. Many DAP projects would be considered unsustainable in that they rely directly on funding from donors like the Australian Government; however, this does not detract from the difference they make to the lives of many Sri Lankans. The impact the DAP has had on public diplomacy is less clear as this is not tracked.

7.2 Sustainability

This is an inappropriate question for the SLSU directly, but the ToR for the evaluation make it clear that the AHC is (rightly) concerned with the *effects* of the facility:

- Are there any instances of enduring impacts from the SLSU interventions, specifically the grants?
- How has the SLSU been able to demonstrate enduring benefits of its activities, specifically capacity building of partners?
- To what extent did SLSU support the SSG design and inception period?

The first question was answered in section 5.3. At the time of writing there is no unequivocal evidence of lasting, sustainable change, either in terms of results of grant activities, or in terms of capacity being built.

The answer to the third question is straightforward: the SLSU played a major role in supporting the design and inception of the SSG. This is not to say there were no problems – there were many. The foregoing text has alluded to some of them. Annex 7 discusses the program in more detail.

One further aspect of sustainability should be noted. The Evaluation Team were slightly surprised by the lack of government involvement with, and ownership of, the program. No meetings were arranged for the Evaluation Team with representatives of the GoSL. The PSC for the SSG program has yet to be convened. If the AHC wishes for any successful interventions being piloted at sub-national level by the SSG or indeed KLIE, then more effort must be given to GoSL involvement.

8 Scenarios

8.1 Options

Given the degree of ‘mission creep’ of the SLSU and the awareness in the AHC of the extent of its risk exposure, the Evaluation Team were requested to come up with options.⁸ Five have been identified and are shown in Figure 9.

Figure 9: Options for the Strengthening Subnational Governance Program

Option	Details	Comments
1. Minimalist	<ul style="list-style-type: none"> • Formalise the responsibility of the current TL of SLSU to be TL SSG • Everything else stays much as it is now 	<ul style="list-style-type: none"> • Minimal transactions costs • Could be enacted quickly • SLSU will need additional resources (one/two technical staff and potentially a more senior program manager) • Experienced TL now in place who knows the program inside out • However, the current SLSU TL is clearly already over-stretched. This would make things worse, not better • Leaves unanswered the lack of AHC ownership and strategic responsibility for the aid program • Would shift accountability to the SLSU. This was not the original design intent for its creation
2. Reclamation	<ul style="list-style-type: none"> • AHC reclaims responsibility for strategic oversight, management, and direction 	<ul style="list-style-type: none"> • The ideal solution, but assumes the AHC has sufficient Departmental Budget to recruit a Development Counsellor. The Evaluation Team consider this unlikely, even after the

⁸ Meeting with Deputy Head of Mission, October 29th, 2022

Option	Details	Comments
	of the Governance for Growth portfolio	Federal Government's new aid budget, delivered on the 25 th October
3. Split	<ul style="list-style-type: none"> Split the current SLSU contract into two (TA/KLIE/DAP remain in the SLSU and recruit a managing contractor with sole responsibility for managing SSG) 	<ul style="list-style-type: none"> This would be suboptimal as it merely transfers the issue from the current <i>de facto</i> TL of SSG to a <i>de jure</i> TL in a new managing contractor, who would need time to get up to speed Would alleviate the workload from the SLSU and clarify reporting lines within the SSG Significant transactions costs and delays Would also shift accountability to the SLSU
4. New SSG TL in SLSU	<ul style="list-style-type: none"> Establish a separate unit inside the SLSU to manage SSG Appoint a TL of this Unit to report directly to the current DFAT First Secretary (and not to the current SLSU TL) Make it clear where responsibility for strategic decision-making lies 	<ul style="list-style-type: none"> A hybrid approach, recognising resource constraints within DFAT Creates a semi-autonomous unit in SLSU with responsibility for managing the SSG. This unit would function as a prime contractor within the SSG consortium Would require roles and responsibilities to be crystal clear: particularly with respect to the issue of accountability Clarifies the boundary of roles and responsibilities and puts strategic oversight back where it belongs: inside the AHC Would alleviate the workload of the TL SLSU Higher transaction costs but unlikely to cause major delays as the SLSU has demonstrated it can flex quickly to AHC's requests Would require increased budget This option would formalise the three-tiered oversight structure that now exists in practice: SSG partner to SLSU and on to the AHC. Would the new TL merely act as a post-box? To avoid this respective SSG TL and AHC roles and responsibilities would need to be crystal clear
5 Separate	<ul style="list-style-type: none"> The final option is to end the consortium and revert to three separate contracts 	<ul style="list-style-type: none"> The poor quality of the documents received from partners would suggest that now indeed is the time to end the Consortium The downside is that it will mean three contracts to be managed by the SLSU (assuming they all go ahead in some form, but it removes the need artificially to 'shoe-horn' them into one program

8.2 Comment

If the second scenario is not possible, it is recommended that DFAT consider scenario five. Ultimately, it is a judgement call to be made by the AHC. It will involve a trade off between control, oversight, and strategy direction of the program on the one hand, and resource availability and accountability on the other.

9 Recommendations

Figure 10 presents the recommendations of the Evaluation, organised in three parts: strategic, programmatic, and operational.

Figure 10: Recommendations of the Independent Evaluation

Strategic

Issue	Comment	Section References
1. Ensure that the new country development strategy, or Country	<ul style="list-style-type: none"> This will require clarifying what DFAT will fund and what it will not fund 	4.1

Issue	Comment	Section References
Strategy, has clear strategic intent	<ul style="list-style-type: none"> Individual programs will thereafter have to demonstrate a clear line of sight to that strategic intent. The Evaluation Team have found from other reviews for DFAT that such clarity of intent and purpose are enormously helpful in program design 	
2. Decide the extent to which the AHC is content to contract out core corporate documents and responsibilities	<ul style="list-style-type: none"> This is a judgement call for DFAT and involves a trade-off. Section 4.2 and Figure 3 provide further commentary The Evaluation Team would recommend considering the recreation of the Development Counsellor position to take responsibility for oversight of the 'whole of aid' portfolio and SSG (Option 2 in Figure 9). If the Departmental Budget does not allow this, then the team recommends option 4: a 'walled off' section in the SLSU with a new TL reporting directly to the First Secretary. This would require the issue of accountability to be clarified. Option 5 is the worst case / fall back option 	4.2
3. Clarify the strategic intent of KLIE	<ul style="list-style-type: none"> The Evaluation Team found the KLIE lacked cohesion and strategic intent. The decisions around which organisation should be invited to submit applications and the design process appears to be reactive and opaque KLIE has four priorities: those of the CDRP plus 'linkages'. The latter should be considered a means to a developmental end, not an end itself. In practice, some of the projects do not align with the CDRP priorities nor the objectives of the Governance for Growth (G4G) investment under which KLIE sits KLIE is currently a mix of disconnected partnerships with minimal read across to each other or other parts of DFAT's portfolio (although the Evaluation Team recognises the SLSU TL's efforts in attempting to address this) Replace KLIE with a reformed partnership program, where partnerships must (i) be aligned to the forthcoming Country Strategy, and (ii) demonstrate how they support or amplify DFAT's other programs in Sri Lanka. This will drive alignment and harmonisation across the portfolio 	4.1
4. Clarify the strategic intent of DAP	<ul style="list-style-type: none"> Is the DAP about public diplomacy or developmental impact? This is not to say that as a public diplomacy program the DAP cannot have developmental impact, or vice versa, but in its current form it sits somewhat awkwardly between the two and is serving neither the AHC nor Sri Lanka's civil society as well as it could be 	4.1

Programmatic

Issue	Comment	Section References
5. Once a decision has been taken regarding strategic ownership (issue #2), revise the SLSU ToR and put the contract back out to market	<ul style="list-style-type: none"> This assumes going to market for the next iteration of the SLSU is a DFAT corporate requirement. The Evaluation Team would also endorse a decision to extend the current SLSU contract, as long as the ToR and resourcing plan were revised to reflect the reality of SLSU's role 	5.2 & 8.1
6. Replace KLIE with a reformed partnership program (outlined in issue #3 above)	<ul style="list-style-type: none"> Commission the design of a replacement program in line with the forthcoming Country Strategy. Timing will be an issue here as the current KLIE program is due to end in June 2023. The design should also consider increasing financial limits, for example to AUD 300,000 per annum, but reducing the number of partnerships 	4.1

Issue	Comment	Section References
	<ul style="list-style-type: none"> Review existing KLIE projects. Consider extending (or inviting grantees to reapply) if they (i) align with DFAT’s new Country Strategy, (ii) link to other DFAT-funded programs, (iii) are performing well, and (iv) there is evidence that more time and resources will lead to greater impact DFAT may also choose to review the DAP projects to determine whether any would be more appropriate as institutional partnerships funded by KLIE (for example, Verité Research) 	
<p>7. Once its strategic intent has been clarified (issue #4), revise the DAP</p>	<ul style="list-style-type: none"> If the AHC wants to use the DAP predominately for public diplomacy purposes, it should consider reducing the maximum value of the grants to approximately AUD 40,000 and making it non-ODA to allow more flexibility. It should also invest more in communicating case studies and increasing DFAT’s visibility If the AHC wants to use the DAP predominately to strengthen civil society and achieve developmental impact, it might consider several changes, including: <ul style="list-style-type: none"> Reducing the number of grantees but increasing the value of the grants to increase the likelihood of lasting impact Making the application process commensurate with the value of the grant and the capacity of the organisation Offering grant extensions or multi-year grants to high-performing organisations, rather than having them reapply for funding on an annual basis. This would be particularly relevant for CSOs and NGOs that work on longer term trajectories (e.g., conducting research or carrying out peacebuilding initiatives) Creating a pathway for successful DAP grantees to transition to the new partnerships program (see issue #6) Looking for economies of scale and opportunities to create linkages across DFAT’s portfolio, with other donors’ investments, into the private sector, and with the GoSL Resourcing the SLSU so it can respond to requests from grantees for capacity building in key areas, such as adaptive management, MEL, dissemination, and knowledge brokering, networking and advocacy, etc. 	4.1
<p>8. Stand up the SSG Project Steering Committee (PSC) as soon as possible</p>	<ul style="list-style-type: none"> The PSC is yet to be convened. GoSL involvement in, and ownership of, the SSG barely exists. This should be addressed as a matter of urgency. Local ownership will increase the chances of sustainable impact and – possibly – the political feasibility of the piloting and scaling approach 	7.2
<p>9. Review SLSU staffing needs once a decision is taken regarding the future of the consortium in SSG, and the future direction of the KLIE and the DAP</p>	<ul style="list-style-type: none"> Once new arrangements are confirmed the staffing profile should be reconsidered 	6.1 & 8.1

Operational

Issue	Comment	Section References
<p>10. Require a coherent monitoring, evaluation, and learning (MEL) framework from SLSU</p>	<ul style="list-style-type: none"> The SLSU has a draft Monitoring and Evaluation Results Framework (included in the SLSU Manual) but this does not appear to have been updated. This is concerning after three years in operation The SLSU should be required to update it or produce a new one by the March 1st 2023 to cover the remaining nine months of implementation and codify four years of important learning for DFAT and its partners. 	6.2

		The SLSU TL is well-equipped to lead the development of a framework but may require an additional resource to own and implement it	
11. Clarify the reporting line of the SLSU TL	<ul style="list-style-type: none"> Regardless of the outcome of the decision regarding issue #2, the reporting line of the SLSU TL should be clarified. The TL should be report directly to the senior responsibility owner in the AHC – presumably the First Secretary (in the absence of a Development Counsellor) 		4.2
12. Evaluation of SLSU’s capacity building approach	<ul style="list-style-type: none"> The approach to capacity building proposed by the SLSU should be reviewed at the end of the program to judge the extent of success and capture lessoned learned 		4.1

10 Annexes

Annex 1. List of SLSU partners

Strengthening Subnational Governance (SSG)

No.	Organisation	Focus within SSG
1	Search for Common Ground	The focus of their work is to improve civil society and community engagement, as well as the responsiveness of government.
2	International Foundation for Electoral Systems (IFES)	The focus of their work is to improve civic and democratic participation particularly for women.
3	The Asia Foundation (TAF)	The focus of their work is to build on their history of subnational governance work with DFAT, particularly focused on improving responsive and evidence-based decision making.

Knowledge and Linkages for an Inclusive Economy (KLIE)

No.	Organisation	Research Project	Partnerships
1	International Centre for Ethnic Studies (ICES)	Reimagining Vulnerability in the Light of Covid-19	<ul style="list-style-type: none"> Faculty of Law and Justice at the University of New South Wales
2	APEC Study Centre, Royal Melbourne Institute of Technology University (RMIT)	Australia Sri Lanka: Gender Dialogue	TBC. Will include Sri Lankan public, private, and non-government institutions, along with Australian institutions.
3	Sight for All	Eye Health Workers Upskilling and Equipment Upgrade of Regional Eye Units in Sri Lanka	<ul style="list-style-type: none"> The Royal College of Ophthalmologists Ministry of Health Sri Lanka 23 Regional Eye Units in the provincial and district hospitals
4	University of Sydney	A Scoping Study to Develop a Plan for Sustainable Marine Aquaculture in Sri Lanka	<ul style="list-style-type: none"> Ministry of Fisheries, Sri Lanka National Aquaculture Development Authority (NAQDA) National Aquatic Resources Research and Development Authority (NARA) Ocean University of Sri Lanka University of Western Australia NSW Department of Primary Industries Fresh by Design; Downunder Submarines (Australian aquaculture companies)
5	Institute of Sustainable Futures, University of Technology Sydney (UTS)	Sustainable Organic Waste Value Chains: Linking Sanitation and Agriculture Through Innovative Partnerships	<ul style="list-style-type: none"> International Waste Management Institute Janathakshan (GTE) Ltd Sabaragamuwa University of Sri Lanka Kaduwela Municipal Council Ministry of Agriculture, Sri Lanka National Fertilizer Secretariat
6	Ocean Institute, University of Western Australia (UWA)	An Ocean Forecasting System for Sri Lanka	<ul style="list-style-type: none"> NARA Marine Environmental Protection Authority Sri Lanka Navy Meteorological Department Disaster Management Centre Coast Conservation Department Ocean University of Sri Lanka University of Ruhuna Moratuwa University

Direct Aid Program (DAP) (Round Three)

No.	Organisation	Project
1	Centre for Handicapped (CFH)	Economic empowerment of disabled farmers in Sri Lanka's Eastern Province
2	CLEAN Maldives (CM)	Climate Certificate for women in resilient food systems in Maldives
3	Disability Organizations Joints Front (DOJF)	Building an integrated economy beyond disability
4	Green Movement of Sri Lanka (GMSL)	Enhancing eco-tourism and spice marketing: sustainable, inclusive livelihood opportunities for women in the informal sector
5	Hashtag Generation (HG)	Supporting survivors of online gender-based violence in Sri Lanka
6	Island Conservation Project (ICP)	Noonu Atoll Community Farm Hatchery
7	Mannar Women's Development Federation (MWDF)	Creating a safer, secure, and more equal society for women in Mannar
8	Muslim Women's Development Trust (MWDT)	Protecting and promoting women's rights through economic empowerment
9	Northern Co-operative Development Bank (NCDB)	Strengthening regional food supply and security through the Northern Cooperative Movement
10	Small Island Geographic Society (SIGS)	Sustainable livelihood and economic recovery planning in Kulhudhuffushi City
11	Soldiered Network Asia, Sri Lanka (SNASL)	Empowering women farmers through a dairy supply chain
12	Sri Lanka Evaluation Association (SLEA)	Improving governance through the institutionalization of evaluation
13	Sri Lanka Press Institute (SLPI)	Right to Information for a Better Democracy
14	Sri Lanka Red Cross Society (SLRCS)	Safer Schools
15	Suvadi	Nourish North Initiative
16	Women's Education and Research Centre (WERC)	Strengthening the role of women leaders in promoting peace and reconciliation in Sri Lanka

DAP (Round Two)

No.	Organisation	Project
1	Centre for Society and Religion	Improving the health of the urban poor in Colombo
2	Funadhoo Youth Development Society	Resilient Farming and Economic Recovery from COVID-19
3	Good Neighbors International	Improving the Health of Communities Affected by Chronic Kidney Disease
4	Green Building Council of Sri Lanka	Creating New Markets for Small and Medium-sized Enterprises
5	Helvetas Swiss Intercooperation	Reintegration of Returned Female Migrant Workers
6	Muslim Women's Research and Action Forum	Better Livelihoods and Stronger Leadership for Women
7	Navajeevana Rehabilitation Tangalle	Disability-Inclusive Economic and Livelihood Development for Women
8	SAFE Foundation	Economic Empowerment for Returning Migrant Workers
9	Sri Lanka Central Federation of the Deaf	Empowerment of the Deaf Community
10	Street Child	Improving Health Security and School Safety during the Pandemic
11	Verite Research	The Cost of Work for Urban Women
12	Viluthu	Promoting Resilient and Sustainable Women-led Micro Industries

DAP (Round One)

No.	Organisation	Project
1	Bridging Lanka	Using fitness to improve youth personal development and mental health
2	CFH	Empowering differently abled farmers
3	Chrysalis	Providing economic opportunities for artisan producing traditional Sinhalese umbrellas
4	Community Development Initiatives	Increasing the voice of the community, particularly women in Maldives' local councils.
5	Equality Based Community Support and Training	Using shared care as a means to reduce stigma and increase economic opportunities for mothers
6	Northern Co-operative Development Bank	Empowering farmers through access to collective marketing and food collection facilities
7	Plantation Rural Education and Development Organisation	Providing Plantation communities with a voice through good governance
8	Wellassa Organization of Persons with Disability	Demonstrating the income earning skills of women with disabilities

Annex 2. Evaluation team roles and responsibilities

Name, Role	Responsibilities
Graham Teskey, Team Leader	<ul style="list-style-type: none">• Ensure the Evaluation is implemented according to the Terms of Reference• Management of the Evaluation Team and assignment of duties• Lead the development of reports and key deliverables• Responsibility for liaison with DFAT• Coordinate and lead author of the deliverables, and ensure submission of high-quality deliverables
Matilda Nash, Governance Adviser	<ul style="list-style-type: none">• Lead the coordination of selected components of the Evaluation• Lead drafting of selected components of the Evaluation• Work with the Team Leader to debrief and exchange information• Along with the Team Leader, generate findings, lessons learned and recommendations

Annex 3. Key evaluation questions

Evaluation criteria	Key evaluation question/s	Proposed lines of enquiry/sub-questions	Key informants
Relevance	To what extent are the grants and advisory services of the SLSU relevant to supporting the effective implementation of Post’s country development strategy?	<ul style="list-style-type: none"> To what extent did SLSU support the SSG design and inception period? 	DFAT SLSU colleagues Implementing partners
Appropriateness	To what extent is the modality of the SLSU grants and advisory services fit-for-purpose?	<ul style="list-style-type: none"> What are DFAT’s past, current, and expected needs from the SLSU facility? What and where are the gaps between what DFAT wants delivered and what is being delivered? 	DFAT SLSU colleagues Implementing partners
Effectiveness	<p>To what extent has the SLSU been effective in contributing to:</p> <ul style="list-style-type: none"> The development and monitoring of the country development strategy? Making and implementing strategic and operational decisions related to the country development strategy? Maximising the performance and effectiveness of activities, delivery partners and the quality of partnerships between DFAT and its partners, including the GoSL? Ensuring bilateral program and investment-level decision-making aligns with relevant DFAT departmental strategies? Improved monitoring and evaluating of investments? Improved capacity of staff and partners with the intent of ensuring sustainability of interventions? 	<ul style="list-style-type: none"> What are the strengths and weaknesses of the SLSU including the partnership and program management? What evidence has been collected to illustrate progress? What have the progress reports reported since the program began? Interrogate the theories of change that have been used, and how they have been reviewed and revised over the life of the program How can the MEL system be revised to improve communications and telling the story of the program? What are the arguments for and against the high dependence on of TA? 	DFAT SLSU colleagues Implementing partners
Efficiency / Value for Money	How has the SLSU been able to demonstrate value for money, including economy of operational systems, efficiency of resource allocation, cost effectiveness of program activities, and equity of beneficiaries of program activities specifically grants?	<ul style="list-style-type: none"> Are SLSU office resources appropriately to deliver its remit? What are the strengths and weaknesses of the annual planning and budgeting process? 	DFAT SLSU colleagues Implementing partners

Evaluation criteria	Key evaluation question/s	Proposed lines of enquiry/sub-questions	Key informants
Impact	<p>Are there any demonstrable improvements in the MEL, GESI, communications and general development effectiveness in DFAT’s strategic direction and partner’s programs?</p> <p>Are there any instances of impacts from the SLSU interventions, specifically the DAP and KLIE grants and/or grantees?</p>	<ul style="list-style-type: none"> To what extent has SLSU managed high quality DAP and KLIE grants programs? 	<p>DFAT SLSU colleagues Implementing partners</p>
Sustainability	<p>Are there any instances of enduring impacts from the SLSU interventions, specifically the grants?</p> <p>How has the SLSU been able to demonstrate enduring benefits of its activities, specifically capacity building of partners?</p>		<p>DFAT SLSU colleagues Implementing partners</p>

Annex 4. List of documents reviewed

1. AHC/DFAT

No.	Organisation	Document	Date
1.01	DFAT	Partnership for Recovery Strategy – Partnerships for Recovery: Australia’s COVID-19 Development Response	TBC
1.02	DFAT	Sri Lanka Covid-19 Development Response Plan	Apr-22
1.03	DFAT	AIP Part 1 of Integrated country diagnostic updated draft	N/A
1.04	DFAT	AIP Part 2 Integrated Country Diagnostic draft - Determinants of Inclusive Growth	N/A
1.05	DFAT	AIP Part 3 of country diagnostic BART	N/A
1.06	DFAT	Governance Strategy, AHC Colombo	20-Oct-19
1.07	DFAT	Governance for Growth (G4G) Design	N/A
1.08	DFAT	Sri Lanka Economic Opportunities for the Poor Monitoring, Evaluation and Learning Framework	20-Sep-18
1.09	DFAT	Australia’s Development Program in the Maldives: Discussion Paper [Draft]	N/A
1.10	DFAT	SLSU Partner Performance Assessment 2019-2020	26-Jun-20
1.11	DFAT	SLSU Partner Performance Assessment 2021-2022	N/A
1.12	DFAT	Governance for Growth Sri Lanka Aid Quality Check 2018-2019	30-Apr-19
1.13	DFAT	Governance for Growth Sri Lanka Aid Quality Check 2019-2020	26-Jun-20
1.14	DFAT	Governance for Growth Sri Lanka Annual Investment Monitoring Report 2020-2021	N/A
1.15	DFAT	Governance for Growth Sri Lanka Annual Investment Monitoring Report 2021-2022	N/A
1.16	DFAT	Subsidiary Arrangement between the Government of the Democratic Socialist Republic of Sri Lanka and the Government of Australia Concerning the Governance for Growth Program	2018
1.17	DFAT	Organisational Charts, Development and Soft Power Team	N/A

2. SLSU Management/Operational

No.	Organisation	Document	Date
2.01	DFAT	SLSU Statement of Requirements	N/A
2.02	SLSU	SLSU Support Unit Manual - v2	TBC
2.03	SLSU	SLSU - Pivot Strategy	TBC
2.04	SLSU	SLSU Annual Report 2021	31-Jan-22
2.05	SLSU	SLSU Annual Report 2021 - Annex 1 Grant Updates	31-Jan-22
2.06	SLSU	SLSU Annual Report 2021 - Annex 2 Annual Work Plan	31-Jan-22
2.07	SLSU	SLSU - Quarterly Report: Jan-Mar 2021	Apr-21
2.08	SLSU	SLSU - Quarterly Report: Apr-Jun 2021	Jul-21
2.09	SLSU	SLSU - Quarterly Report: Jul-Sep 2021	Oct-21
2.10	SLSU	SLSU - Quarterly Report: Jan-Mar 2022	Apr-22
2.11	SLSU	SLSU - Quarterly Report: Apr-Jun 2022	Jul-22
2.12	SLSU	SLSU - Quarterly Report: Jul-Sep 2022 - Finance: Forecast expenditure [Draft] and Program Activity Costs	Oct-22
2.13	SLSU	SLSU - Overview for the Independent Evaluation	Oct-22

3. SLSU Technical Assistance

No.	Organisation	Document	Date
3.01	SLSU	Covid-19 Briefings: Major Trends	25-Mar-20
3.02	SLSU	Covid-19 Briefings: Aid Planning and Programming	31-Mar-20

No.	Organisation	Document	Date
3.03	SLSU	Covid-19 Briefings: How to Pivot Programs	20-Apr-20
3.04	SLSU	Covid-19 Briefings: DFAT Annual Development Partners Forum - Continuing to Delivery Programs in the Face of Covid-19	10-Dec-20
3.05	SLSU	Skills for Inclusive Growth Independent Review - April 2020	Apr-22
3.06	DFAT	Inclusion Strategy, AHC Colombo	Aug-22
3.07	DFAT	Women in Work Independent Evaluation - Terms of Reference_For Approval v3	TBC
3.08	DFAT	Economics Strategy, AHC Colombo - Draft for Review v4	TBC
3.09	SLSU	SLSU Capacity Building Strategy - Draft	N/A
3.10	SLSU	Presentation to DFAT on PEA Findings (Jan-Apr 2021)	N/A
3.11	SLSU	One-pager - How Australia is responding to the economic crisis in Sri Lanka (development)	N/A
3.12	SLSU	Roundtable - AHC Partners Forum - The Economic Crisis - talking points	Feb-22
3.13	SLSU	Roundtable - AHC Partners Forum - attendees feedback	Feb-22
3.14	SLSU	Government Deficits and Tax Receipts (Email)	01-Jun-22
3.15	SLSU	Roundtable - Planning for Sustainable Marine Aquaculture in Sri Lanka - Invitation (Email)	15-Sep-22
3.16	SLSU	Food insecurity and poverty update - May 2022	TBC
3.17	SLSU	Food insecurity - June 2022	TBC
3.18	SLSU	SLSU - Humanitarian Development Nexus	20-Oct-22

4. SSG

No.	Organisation	Document	Date
4.01	SLSU	Terms of Reference for the Sri Lanka Support Unit in the Strengthening Subnational Governance Program - Discussion Paper	N/A
4.02	SSG Consortium	SSG Program Manual_Draft 3.0	N/A
4.03	Cardno/IFES	Grant Agreement_SSG Inception_IFES	09-Mar-21
4.04	Cardno/Search for Common Ground	Grant Agreement_SSG Inception_Search for Common Ground	09-Mar-21
4.05	Cardno/TAF	Grant Agreement_SSG Inception_TAF	09-Mar-21
4.06	SLSU	SSG Design - Investment Design Summary_March 2022 track changes_ES	TBC
4.07	SLSU	SSG Design - Annex A Sector Analysis	TBC
4.08	SLSU	SSG Design - Annex B Budget Summary	TBC
4.09	SLSU	SSG Design - Annex C Implementation Plan	TBC
4.10	SLSU	SSG Design - Annex D Implementation and Governance Arrangements	TBC
4.11	SLSU	SSG Design - Annex E Risk and Safeguarding Tool	TBC
4.12	SLSU	SSG Design - Annex G Gender and Social Inclusion Strategy	TBC
4.13	SLSU	SSG Design - Subnational Governance Logic	TBC
4.14	SLSU	ToR for the SSG Technical Advisory Groups (TAG)	18-Oct-22
4.15	SSG Consortium	SSG PEA_DRAFT	10-Oct-22
4.16	SSG Consortium	SSG PEA_4th Inception Workshop	N/A

5. KLIE

No.	Organisation	Document	Date
5.01	SLSU	KLIE Grant Process Manual - Draft v4	28-Apr-21
5.02	Cardno/ICES	ICES - KLIE Grant Agreement	09-Mar-21
5.03	ICES	ICES Progress Report January – June 2022	N/A

No.	Organisation	Document	Date
5.04	ICES	ICES Progress Report June – September 2022	N/A
5.05	Cardno/RMIT	RMIT KLIE Grant Agreement	7-Jun-21
5.06	RMIT	RMIT Six Month Progress Report - Q3 & Q4: 1 January to 30 June 2022	N/A
5.07	RMIT	Annex A Workshop series on a Systems approach to gendered recovery. Concept note.	TBC
5.08	RMIT	Annex B. Sri Lanka-Aus WEE Network Overview	TBC
5.09	RMIT	Project Plan Rev 2.5_BWI comments	TBC
5.10	RMIT	Schedule 2a - SL AUS Work Plan - Rev 2.5	TBC
5.12	Cardno/Sight for All	Sight for All - Head Agreement Sri Lanka - Amended 4.8.22	TBC
5.13	Cardno/Sight for All	Sight for All - KLIE Grant Agreement_Amendment 1	21-Jul-21
5.14	Cardno/Sight for All	Sight for All - KLIE Grant Agreement_Amendment 2	03-Jun-22
5.16	Sight for All	Sri Lanka KLIE Budget Adjustment Proposal	Aug-22
5.17	Sight for All	Sri Lanka KLIE Grant Application May 2021: Concept Note - Eye Health Workers Upskilling and Equipment Upgrade of Regional Eye Units Sri Lanka	19-May-21
5.18	Sight for All	Schedule 1 - KLIE Project Framework	TBC
5.19	Sight for All	Schedule 2a - KLIE Work Plan	TBC
5.21	Sight for All	Schedule 2b - KLIE Budget	TBC
5.22	Sight for All	Sri Lanka KLIE Grant Application June 2022: Concept Note - Badulla Provincial General Hospital Sri Lanka	Jun-22
5.30	Sight for All	Sight for All Activity Report - Quarter 2, Dec 2021	Dec-21
5.38	Sight for All	Sight for All Activity Report - Sep 2022	Sep-22
5.39	Cardno/University of Sydney	University of Sydney - Grant Agreement	09-Mar-21
5.40	University of Sydney	University of Sydney - Progress Report - Dec 2021	31-Dec-21
5.42	University of Sydney	University of Sydney - Progress Report - Jun 2022	30-Jun-22
5.43	University of Sydney	Australia Study Tour (1-12 June 2022) - Itinerary	30-May-22
5.44	University of Sydney	Australia Study Tour (1-12 June 2022) - End of Mission Report	15-Aug-22
5.45	Cardno/UTS	University of Technology Sydney - Grant Agreement	22-Feb-22
5.46	Cardno/UWA	University of Western Australia - Grant Agreement	22-Feb-22

6. DAP

No.	Organisation	Document	Date
6.01	SLSU	DAP Grant Process Manual 2022-23	01-Sep-22
6.02	SLSU	DAP Information FY 2019-20, 2020-21 and 2021-22	2022
6.03	SLSU	DAP Work Plan SEP 22-MAR 23	2022
6.04	SLSU	DAP Infographic 19-20	2020
6.05	SLSU	DAP Infographic 20-21	2021
6.06	SLSU	DAP Infographic 21-22	2022
6.07	SLSU	DAP Quarterly Report: April to June 2022	Jul-22
6.08	CFH	Evaluation of Project Results	N/A

Annex 5. List of key stakeholders interviewed

AHC/DFAT

No.	Organisation	Name, Role	Date, Time (Colombo)	Location
1	AHC Colombo	Erika Seymour, First Secretary Development	1) 17 Oct 2022 2) 20 Oct 2022	AHC Colombo
2	S4IG	David Ablett, Team Leader	19 Oct 2022	Jetwing Seven Hotel
3	AHC Colombo	Amanda Jewell, Deputy High Commissioner	19 Oct 2022	AHC Colombo
4	DFAT	Tom Davis, Director, Curriculum Development (formerly First Secretary Development, AHC Colombo)	2 Nov 2022	Canberra

SLSU/DT Global

No.	Organisation	Name, Role	Date, Time (Colombo)	Location
5	SLSU	Byron Pakula, Team Leader	1) 16 Oct 2022, 2) 20 Oct 2022,	Jetwing Seven Hotel/AHC Colombo
6	SLSU	Mayooran Sathiyamoorthy, Grants Manager Frincy Christian, Finance and Admin. Officer Priya Manoharan, Governance Coordinator Chulla Jayasuriya, Private Sector Adviser Kamane Hapagulle, Governance Adviser Udeni Thewarapperuma, Inclusion Adviser	17 Oct 2022	SLSU Office
7	DT Global	Louise Morrison, Contractor Representative	3 Nov 2022	Remote Call
5	SLSU	Byron Pakula, Team Leader	1) 16 Oct 2022, 2) 20 Oct 2022,	Jetwing Seven Hotel/AHC Colombo

SSG

No.	Organisation	Name, Role	Date, Time (Colombo)	Location
8	IFES	Silja Paasilinna, Country Director; Indraka Ubeysekara, Head of Programs	18 Oct 2022	IFES Office
9	TAF	Dinesha de Silva, Country Representative; Gopa Thampi, Director, Economic Governance; Subakaran Arumathurai, Project Manager	19 Oct 2022	TAF Office
10	Search for Common Ground	Upali Amarasinghe, Program Officer, Marisa Fernando, Director of Programmes	20 Oct 2022	Search Office

KLIE

No.	Organisation	Name, Role	Date, Time (Colombo)	Location
11	NARA	Ajith Kumara, Senior Scientist	18 Oct 2022	NARA
12	UTS	Keren Winterford, Research Director, Institute of Sustainable Futures	19 Oct 2022	Remote Call
13	ICES	Mario Gomez, Executive Director	19 Oct 2022	ICES Office
14	RMIT	Aaron Soans, Research Fellow	19 Oct 2022	SLSU Office
15	NSW Department of Primary Industries, Fisheries	Wayne O'Connor, Senior Principal Research Scientist	25 Oct 2022	Remote Call
16	University of Sydney	Joy Becker, Associate Professor, Aquatic Animal Health and Production	1 Nov 2022	Remote Call
17	UWA	Charitha Pattiaratchi, Professor of Coastal Oceanography	TBC	Remote Call
18	Sight for All	Cesar Carrillo, International Development Manager	TBC	Remote Call

DAP

No.	Organisation	Name, Role	Date, Time (Colombo)	Location
19	Helvetas Swiss Intercooperation	Ms Subhashi Dissanayake, Country Director; Thaveesha Bulegod, Program Officer	18 Oct 2022	Jetwing Seven Hotel
20	CSR	Fr. Rohan Silva, Executive Director	20 Oct 2022	Mattakkuliya, Colombo 15
21	Solidaridad	Thilina Premjayanth, Project Manager	21 Oct 2022	SLSU Office
22	CFH	Saranga Gunasena, Manager – Operations; Mohan Rajendram, General Manager	21 Oct 2022	SLSU Office
23	NCDB	Janaki Kuhanendran	21 Oct 2022	Remote Call
24	PREDO	Michael Joachim, Executive Director	21 Oct 2022	Remote Call
25	Verité Research	Navvid Mushin, Manager – Economics	21 Oct 2022	SLSU Office

Annex 6. Evaluation terms of reference

Terms of Reference Independent evaluation of the Sri Lanka Support Unit (SLSU), Colombo Post

Purpose

This TOR informs the evaluation of the Sri Lanka Support Unit (SLSU), a partnership between the Department of Foreign Affairs and Trade (DFAT) and Cardno Emerging Markets (Australia) Pty Limited. Upon engagement the evaluator in consultation with DFAT may adjust the TOR.

The evaluation will assess whether the facility has been effective, efficient, and delivered on intended outcomes. It will draw out program achievements, inform decisions on the next phase of the program and confirm what features should be included in the new facility design.

This evaluation plan sets out the detailed approach to the evaluation, including the method and outputs, as well as further defining the scope and the key questions the evaluation will examine. It provides a more detailed guiding document for the evaluation team.

Background

The Sri Lanka Support Unit (SLSU) is a 'smart contractor' facility that provides administrative support, grant management services as well as technical advice (including capability development). SLSU began in November 2019 and is now a four-year \$8 million contract (to November 2023). Grant administration: currently managing DAP (28 partners), an institutional twinning program (six partners) and the inception phase of a new governance program (3 partners). Technical advisory: includes traditional development domains of design, evaluations, inclusion, communication, etc in addition to ongoing context monitoring and advice to support aid effectiveness, the provision of whole of program strategy and cross-program integration support, as well as capability development. The goal of this investment is to improve the quality of DFAT's bilateral aid programming and build a set of strategic, long-term partnerships between Australian and Sri Lankan or Maldivian development actors. End of program outcomes are attached at Annex A.

Scope and key questions

- Relevance:
 - To what extent are the grants and advisory services of the SLSU relevant to supporting the effective implementation of Post's country development strategy?
- Appropriateness:
 - To what extent is the modality of the SLSU grants and advisory services fit-for-purpose?
- Efficiency / value for money:
 - How has the SLSU been able to demonstrate value for money, including economy of operational systems, efficiency of resource allocation, cost effectiveness of program activities, and equity of beneficiaries of program activities specifically grants?
- Effectiveness:
 - To what extent has the SLSU been effective in contributing to:
 - the development and monitoring of the country development strategy?
 - making and implementing strategic and operational decisions related to the country development strategy?
 - maximising the performance and effectiveness of activities, delivery partners and the quality of partnerships between DFAT and its partners, including the GoSL?
 - ensuring bilateral program and investment-level decision-making aligns with relevant DFAT departmental strategies?
 - improved monitoring and evaluating of investments?
 - improved capacity of staff and partners with the intent of ensuring sustainability of interventions?

- What are the strengths and weaknesses of the SLSU including the partnership and program management?
- What are DFAT's past, current, and expected needs from the SLSU facility?
- What and where are the gaps between what DFAT wants delivered and what is being delivered?
- To what extent has SLSU managed high quality DAP and KLIE grants programs?
- Impact:
 - Are there any demonstrable improvements in the MEL, GESI, communications and general development effectiveness in DFAT's strategic direction and partner's programs?
 - Are there any instances of impacts from the SLSU interventions, specifically the DAP and KLIE grants and/or grantees?
- Sustainability:
 - Are there any instances of enduring impacts from the SLSU interventions, specifically the grants?
 - How has the SLSU been able to demonstrate enduring benefits of its activities, specifically capacity building of partners?
- To what extent did SLSU support the SSG design and inception period?

Evaluation methodology

The methodology will be refined in consultation with the selected consultant. The evaluation will include:

- A desktop review of relevant program documentation and international literature (approximately 10 days)
- Interviews with internal and external stakeholders involved in the implementation of programs managed by SLSU (including DFAT senior management, relevant program managers, DFAT thematic areas) (approximately 10 days)
- Data analysis and synthesis of findings into an evaluation report suitable for publication (approximately 5 days)
- In country travel for consultations is supported (approximately 5 travel days).

Total proposed days: 30

The evaluator will be expected to work with DFAT to suggest, refine and agree on final evaluation questions when preparing the evaluation plan. Further proposed questions may include:

Outputs

The outputs should align with DFAT's monitoring and evaluation standards ([DFAT monitoring and evaluation standards | Australian Government Department of Foreign Affairs and Trade](#)), and will include:

- An Evaluation Plan that will define the scope of the evaluation, articulate evaluation questions, describe methodologies to collect and analyse data, propose a timeline linked to key milestones, propose a schedule for data collection, outline costs, and a detailed breakdown of responsibilities of all team members. The plan will be developed in close consultation with the consultant and Colombo Post.
- An aide memoir that will present initial findings, seek verification of facts and assumptions, and discuss the feasibility of initial recommendations. The audience for this document is internal.
- A draft evaluation reports the report should include an evidence matrix of qualitative and quantitative data annotated against each key evaluation question and sub-question.
- A final Evaluation Report incorporating any agreed changes or amendments as requested by DFAT and agreed by the consultant. The final evaluation report will include an executive summary (of no more than 2 pages), a clear summary of findings and recommendations for future programming (no more than 20 pages), and relevant attachments. This report should be suitable for publishing.

Specification of the team and timeline

The evaluation of the SLSU is to be led by one consultant. DFAT approvals will be required in the case that the lead consultant requires external advisers or additional consultants to support with the assignment. Upon discussion, the feasibility of additional engagement of consultants will depend on budget allocations.

The consultant should have:

- Experience in leading evaluations
- Regional or experience in Sri Lanka preferred
- Advanced analytical and research skills
- Ability to lead consultations with a wide range of stakeholders, including senior managers
- Ability to write clear, actionable reports and recommendations for DFAT senior management
- The Knowledge of and ability to apply GEDSI principles

The final evaluation report will be due on 15 December 2022 and the timelines, indicative days and milestones are to be finalised based on agreement with DFAT. The estimated cost for the evaluation is AUD 35,000 – 70,000.

Other

One consultant will lead the evaluation. An officer from Colombo Post will assist to coordinate and contribute to the review. The consultant will:

- Plan, guide, and develop the overall approach and methodology for the evaluation in consultation with DFAT.
- Ensure that the evaluation meets the requirements of the Terms of Reference and contractual obligations.
- Manage and direct evaluation activities; lead interviews/consultations with evaluation participants.
- Collate and analyse data collected during the evaluation.
- Lead discussions and reflection.
- Lead on the development of each deliverable.
- Manage, compile, and edit inputs from the other team members to ensure high-quality of reporting outputs.
- Ensure that the evaluation process and report align with DFAT's M&E Standards.
- Provide technical assistance and advice to Post including drafting papers and briefing materials where required.
- Finalise a succinct evaluation report.

The DFAT Officer will:

- Design the draft terms of reference.
- Participate in the data collection.
- Review all outputs including the evaluation plan, aide memoir, draft, and final evaluation reports.
- Facilitate and coordinate the internal DFAT review process, including with the Second Secretary (Development) and Desk; and
- Coordinate the publication of the final report.

Key Documents

DFAT will provide information to the consultant regarding the program. These will include, but not be confined to, the following documents. DFAT will support additional reasonable requests for information and documentation relating to the evaluation. The consultant is also expected to independently source other relevant material and literature as required.

- DFAT – Cardno Emerging Markets (Australia) Pty Limited contract (*subject to confidentiality clauses*)
- DFAT performance reporting (Annual report, Quarterly reports, AQC/IMRs, PPAs covering the reporting cycles)
- Covid-19 Development Response Plan (CDRP) – Sri Lanka COVID-19 Development Response Plan (dfat.gov.au)
- DFAT's Partnership for Recovery Strategy – Partnerships for Recovery: Australia's COVID-19 Development Response (dfat.gov.au)

ToR Annex A: End of program outcomes

(1): The presence of an Advisor Team providing high-quality program and investment-level advice for DFAT's Sri Lanka and the Maldives bilateral aid programs on issues that include but are not limited to Monitoring and Evaluation, Gender Equality and Social Inclusion, Governance and Economics, Communication for Change, and Tourism. This advisor support assists DFAT to:

- a) Make and implement strategic and operational decisions that ensure the objectives of applicable DFAT strategies are met
- b) Maximise the performance and effectiveness of activities, delivery partners, and the quality of partnerships between DFAT and its partners, including the Government of Sri Lanka
- c) Ensure bilateral program and investment-level decision-making aligns with relevant DFAT departmental strategies such as the Partnerships for Recovery: Australia's Covid 19 Development Response, Gender Equality and Women's Empowerment Strategy and the Strategy for Australia's Aid Investments in Private Sector Development
- d) Monitor and evaluate the program, investment, and activity performance
- e) Develop and then monitor a high-quality strategic planning
- f) Position itself over the medium-term as a trusted broker of development knowledge

(2): Establishing a high-quality KLIE Grants program of long term, productive, government-to-government, industry, and research linkages between Sri Lankan and Australian institutions.

(3): Support delivery of small grants facilities (under the Direct Aid Program (DAP) that will fund small, practical projects that are instigated by individuals, community groups, the private sector, NGOs, local government agencies and/or not-for-profit organisations in Sri Lanka and the Maldives.

Annex 7. Commentary on the SSG Design

This annex reflects on two aspects of the SSG: first its troubled design history (process); and second, it identifies four design concerns (substance).

Design history

The SSG is the most significant program under SLSU management. SSG itself is an AUD 17 million investment, with initial (planned) AUD 7 million allocated to TAF, and AUD 5 million each to IFES and Search. The program was conceived as a follow up to the TAF stand-alone component of the Governance for Growth program which ran until 2020.

The design process has been troubled. Proposals were invited from four partners: TAF, IFES, Search, and Transparency International Sri Lanka (TISL). TISL were later dropped by the High Commission as a result of financial issues identified in the due diligence process. The design process has taken over two years, and the design itself went through eight iterations. Even as this Evaluation report is being drafted (late October 2022) the final proposals from each of the three partners have not emerged.

The chronology for the SSG goes something like this:

- external review of DFAT's governance programs in Sri Lanka (October 2018);
- preparation of the Sri Lanka Governance Strategy (2020);
- invitation to four partners to submit proposals (2020) - TAF, IFES, Search, and TISL;
- TISL dropped by the High Commission;
- decision by Post to combine the three remaining proposals into one overarching governance program – what is now the SSG;
- attempts by Post and SLSU to identify a lead among the three partners (the 'consortium'). After some initial interest by IFES, Post decided the cost was prohibitive and it was decided that SSG would proceed as a partnership among the three;
- continued design and redesign throughout 2021;
- SSG Investment Design Summary (IDS) finally approved in April 2022;
- each of the three partners given a six-month contract in June 2022, valued at AUD 200,000, covering the 'inception phase' only. This ends on December 10th, 2022.

The Evaluation Team understands that the consortium has not worked smoothly. Neither TAF nor IFES are used to working this way. Their typical model is a donor grant, giving then considerable headroom to 'do their own thing'.

The Evaluation Team have not been given sight of the proposals of each of the partners, which are due for submission by December 10th. Further, it is not clear to whom the submissions will be made, and where decision making authority lies: is it with the TL in the SLSU or the First Secretary in the High Commission? Clearly it should be the latter but given the resourcing constraints in the High Commission over the last 18 months this may not be the case. The SLSU may take the decision itself.

Regarding the design itself, the SLSU TL advised that each partner will have its own annual work plan and budget (AWPB) and its own MEL framework. These will then be 'nested' into one programmatic AWPB and MEL framework. It is a real possibility that in actuality the final design of SSG that emerges will be some sort of retrofitting of the three partners' original and independent proposals into one program, with weak linkages and integration. This should be carefully considered by the SLSU and the High Commission.

The Evaluation Team sought to discover the reason for the decision to integrate the three partners proposals into one program. It appears to have been taken as a result of both local and Canberra corporate drivers. Locally, there was a desire to reduce the number of contracts from three to one, thereby reducing transactions costs. Corporately, in 2020 and 2021 Posts were being encouraged to consolidate their programs (fewer in number but larger in value). Further, Administered and Departmental budgets were being reduced, further encouraging consolidation

Issues of substance arising from the April 2022 design

The Evaluation team would note four concerns regarding the April 2022 design: inconsistencies in the design document itself; the plausibility of the ‘scaling up’ approach; the program logic; and the failure to heed the recommendations of the Manning 2021 design review.

1 Inconsistencies in the design document

The IDS approved in April 2022 represents the culmination of a contested and tortuous design process. The goal of the SSG investment “is to support the strengthening of Sri Lankan subnational governance systems so that they are more effective, inclusive, resilient and accountable” (IDS, page 8). Two issues arise: first, the goal includes a double hierarchy – to do something in order to achieve something else. Just what is the goal – is it to strengthen sub-national government systems (a latent potential), or is it to achieve more effective, inclusive, resilient, and accountable government (an actual, achieved potential)? One could achieve the former without the latter. Second, there is no articulation of which ‘systems’ are to be strengthened, how this will be achieved or how it will be measured. Is the focus on systems for managing money, people, information, assets, communications, learning, or some mix of them all?

Measuring progress is a second weakness of the design. Table 1 (page 9) presents an ‘Overview’ of the program logic. For each EoIO it provides examples of indicator, but these are overwhelmingly at activity or output level. For example, for EoIO 1 (“evidence-based policies for improving subnational governance are considered by, and influence, subnational governments, and their practice”) the Table suggests:

- i. Number of participants in regional and national policy clinics
- ii. Number of pilot RACs⁹ set up and or supported by SSG
- iii. Number of provincial research and analysis cells established by Government and supported by the project
- iv. Number of policy briefs and analytics published by the RACs
- v. Instances of improved collaboration practices between national and subnational institutions
- vi. Percentage of project participation reporting improved knowledge, awareness, and skills to undertake evidence-based policy development
- vii. Number of policy-briefs and analytics published by project participants
- viii. Instances of new or amended policies for effective delivery of services that are drafted and adopted with project support, particularly with improved stakeholder consultation and based on evidence

Only v and viii can be considered as indicative of ‘systems strengthening’, however defined. All the others are indicator of activities and outputs.

2 Plausibility of the ‘scaling up’ approach

The IDS emphasises that “(t)he SSG investment is itself innovative, seeking to avoid the common binary framing of governance projects as building the “supply side” and “demand side” for government services” (page 2). While the claim to innovation is somewhat hyperbolic (many current DFAT designs claim this with little supporting evidence), the interesting point is to avoid the traditional demand – supply side duality. The IDS places great emphasis on what it calls a ‘scaling’ approach. The relevant section is worth quoting in full:

TAF envisages a staggered approach for scaling-up interventions under SSG where the scaling opportunities will be identified at the inception stage of SSG program. This approach will have two specific elements: 1) positioning and 2) prioritising interventions. Positioning the interventions: (a) Local and district level – where the focus of the interventions will be to use collaborative approaches and networks to demonstrate the benefit of practice change; (b) provincial level – where the focus will be to demonstrate practice and policy changes; and (c) national – where the focus will be on assisting the development of requested policy changes. Prioritising the interventions for scaling will be done considering following criteria: (a) opportunities for collaboration horizontally and vertically with government institutions and non-government organizations including community groups and business associations; (b) potential for influencing policy changes at the subnational and national level (“upstream”); and (c) practice changes that

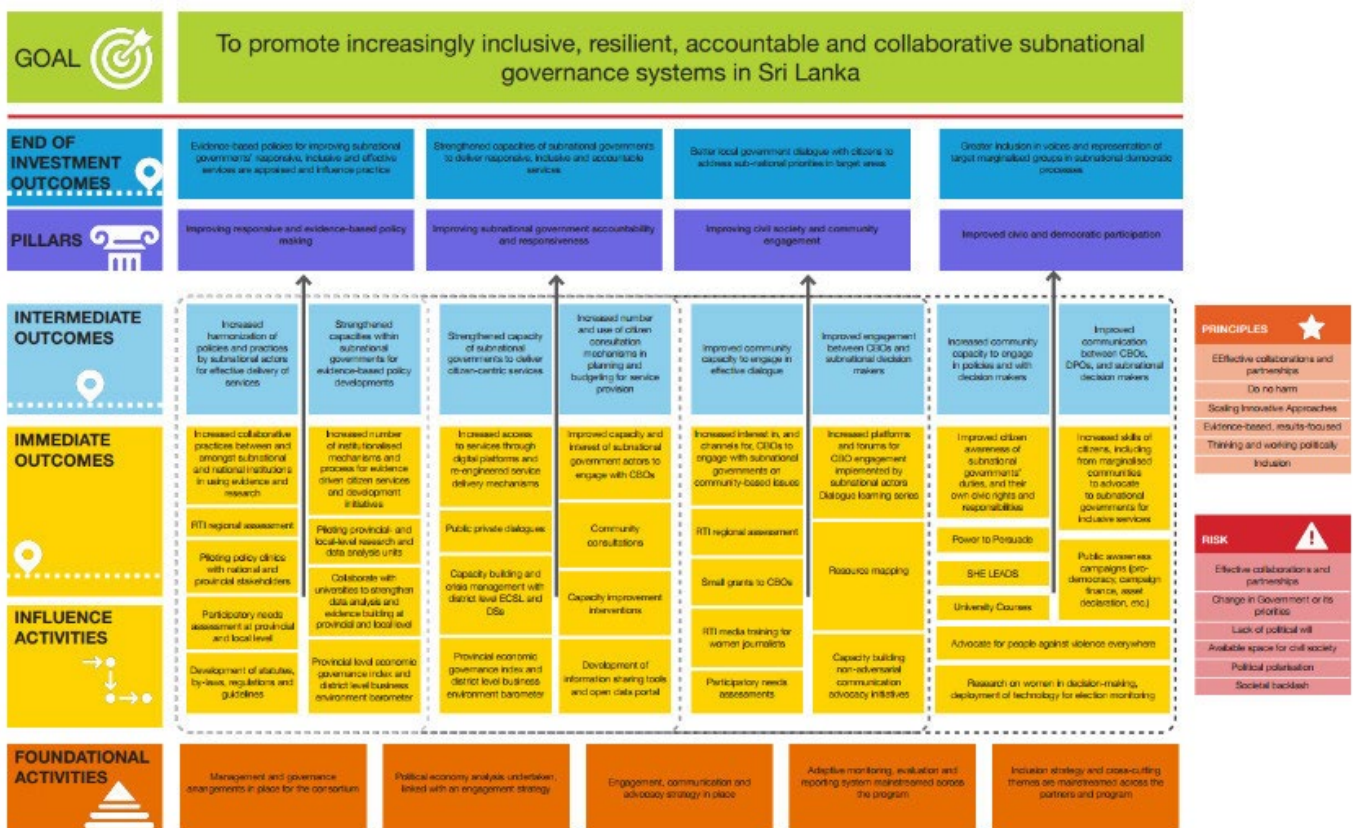
⁹ The document does not explain what a RAC is

can influence larger reforms at different levels of government to deliver services to citizens, including local entrepreneurs.¹⁰

This approach is ambitious and complex. There is nothing intrinsically wrong with the approach - the question is how politically and technically feasible will it be? The IDS does not consider political feasibility. Does the Sri Lankan governance system have the ‘horizontal’ capability for successful reforms to be shared among jurisdictions? What is the mechanism by which success on a specific initiative in the north of the country could be replicated (‘scaled out’ in the terminology) in the south? It is recommended that the High Commission and the SLSU monitor this experiment closely. It is defensible yet risky.

Finally, it is noted that TAF will identify opportunities for scaling in their inception report – due by December 10th. This should also be closely scrutinised by the SLSU and DFAT.

3 The Program logic



The program logic for SSG is presented in Annex B of the IDS. It is reproduced in miniature on the right. It follows standard DFAT format. Reasonable people could argue endlessly about the structure and presentation of the program logic – and they usually do. This is not the issue here. The issue is the little red box in the bottom right-hand corner – summarising what were seen as ‘risks’ to the program. This red box is reproduced as Figure 1. In program logic terms, risks are the inverse of the *assumptions* that will influence if not determine program success. In effect, the program logic assumes that all these risks are either manageable or will not eventuate. The Evaluation Team judge that this represents a triumph of hope over experience.

¹⁰ Investment Design Summary. Page 13. DFAT April 2022

Figure 1: Reproduction of the SSG risks box



The Risk and Safeguards matrix attached to the IDS assessed the ‘inherent’ non-adjusted) risk rating of ‘lack of political will’ and the ‘program being co-opted by non-democratic forces’ as medium for both, but the ‘residual’ (adjusted) risk as low, also for both.

Given this assessment was undertaken in April 2022 these judgements are surprising. From the point of view of the program logic, the question is why do we think the ‘political will’¹¹ exists for this program? A fully formed program logic must include a series of ‘if-then-because’ statements: *if we succeed in delivering these outcomes, then we will succeed in delivering this EoIO, because we judge that all the necessary political and technical conditions are in place in order to make it happen*. The program logic for the IDS contains no such ‘if-then-because’ statements. This would suggest that the design team were not thinking and working politically.

4 The failure to respond to concerns of the Manning 2021 design review

Nick Manning, ex Lead Public Sector Management Adviser in the World Bank, reviewed the original SSG design. He submitted a detailed review in July 2021. While some of his comments were taken on board, his main concern was ignored. The document that Manning reviewed articulated four EoPOs:

- i. Greater inclusion in voices and representation of target marginalized groups in subnational democratic processes.
- ii. Better local government dialogue with citizens to address subnational priorities through community-based efforts in target areas.
- iii. Improved targeted subnational governments’ effectiveness and efficiency through delivery of accountable, inclusive, and responsive services.
- iv. Policies are adapted for improved subnational governments’ effectiveness, efficiency, and inclusion.

These were revised in the final IDS. They emerged as:

- i. Evidence-based policies for improving subnational governance are considered by, and influence, subnational governments, and their practice

¹¹ Often used as a ‘catch-all’ phrase and a substitute for more in-depth analysis

- ii. Strengthened capacities of subnational governments to deliver responsive, inclusive, and accountable services
- iii. Better local government dialogue with citizens to address sub-national priorities through community-based efforts in target areas
- iv. Greater inclusion in voices and representation of target marginalised groups in subnational democratic processes

In summary, what was i became iv, ii became iii, iii became ii, and iv became i. The original working of numbers iii and iv were slightly changed but leaving the substance intact. Manning gave close attention to the stated project purpose and this articulation of program EoPOs. Figure 2 reproduces his suggestions in full.

Figure 2: The Manning critique

Observation 1: Clarifying the project purpose

End of Program outcomes 1 and 2 are clear but EoP outcomes 3 and 4 are framed in a somewhat abstract and elusive manner. *It might help the reader and, more importantly, it might assist in maintaining a focus on project results if the narrative could offer some concrete examples of how improved subnational government effectiveness and efficiency might be evidenced (EoP outcome 3) and what sort of adapted policies are hoped for (EoP outcome 4). When more concrete examples of the anticipated results have been provided, EoP outcomes 3 and 4 might benefit from some tighter drafting. One possibility here is that EoP outcomes 3 and 4 are amended to emphasize public trust in government’s willingness and ability to improve service delivery and improve coverage.*¹²

Intrinsic and instrumental improvements are each to be welcomed separately but, by locating them in the same project, there is a very reasonable implication that they have more value when combined. *If EoP outcomes 1 and 2 are grouped with EoP outcomes 3 and 4 for reasons more substantive than convenience, then the project narrative should state more clearly how the combination of these outcomes supports the claim that subnational governance is being strengthened.* This point is discussed further below in considering the governance results chain that the project assumes.

These two sets of EoP outcomes can be seen as addressing two binding constraints in the governance results chain. The intention of outcomes 1 and 2 is to enable and motivate citizens, particularly marginalized groups, to state their concerns and their policy preferences. The intention of outcomes 3 and 4 is to improve the functioning of subnational governments so that they can adapt their services meaningfully in the light of these concerns and preferences. *This combination of improved inclusion and dialogue with government and improved services and efficiency could be stated more clearly in a revised overall program goal. The overall program goal, as currently stated, adds little value as it is primarily a restatement of the End of Program outcomes, emphasizing outcomes 1 and 2 more than 3 and 4. The overall goal might be more usefully framed along the lines of:*

“Improved health, educational and other development outcomes, improved coverage for disadvantaged regions and underserved communities and improved public confidence in the willingness and ability of subnational governments to maintain these improvements over time.”

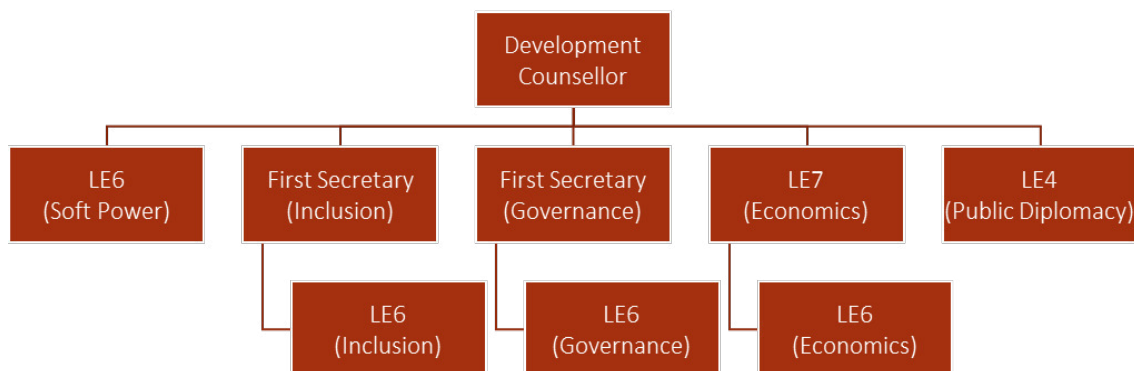
Thus, Manning raised three concerns: that intrinsic and instrumental issues were mixed at the EoPO level; that there was a need to evidence the changes envisaged; and that the project purpose or goal be reframed. It seems that all three concerns were ignored. Given the weakness of indicator in Table 1 of the IDS, this is a concern to the Evaluation Team. Consequently, much now depends on the quality and rigour of the inception phase documents from TAF, IFES, and Search, due on the December 10th 2022, and the ability of the SLSU to aggregate them into one coherent work plan, budget, and monitoring framework. The stakes are high.

¹² This would allow for some measurable indicator to be developed which could capture aspects of immediate improvements in services and views on longer term trends (Bouckaert and Van de Walle 2003; Manning, Shepherd et al. 2010; Manning and Guerrero-Ruiz 2013)

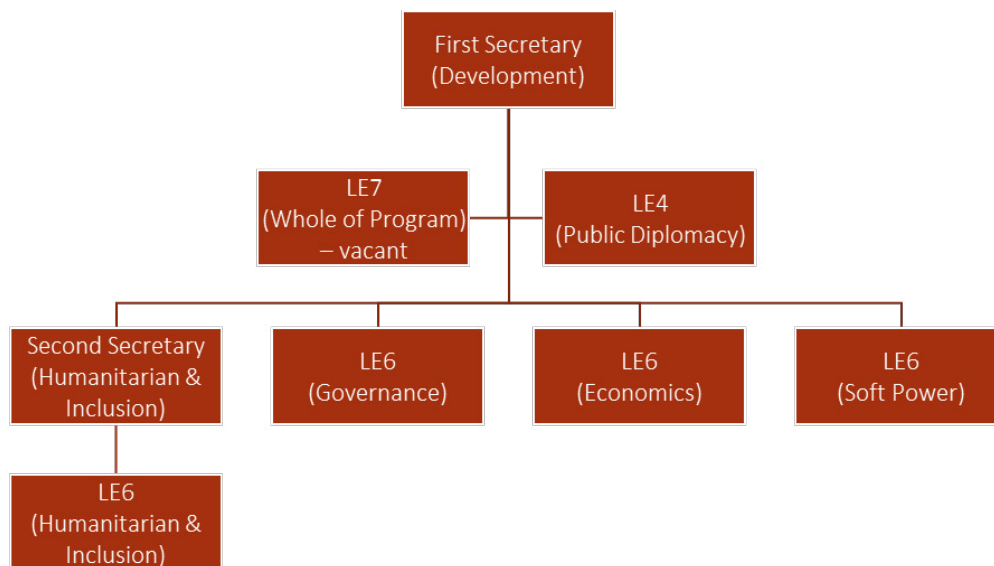
Annex 8. Transition of the DFAT Development Team, AHC Colombo

The three organisational charts below illustrate the transition that has taken place within the DFAT Development and Soft Power Team over the past few years. This included policy leadership for economic and trade being rolled into the remaining First Secretary's position in 2020-2021 (and rolled out in October 2021). It should be noted that the period from August to November 2022 was a particular pinch point. This period coincided with intense SSG inception work and gender review work at the SLSU end, as well as staff leave at the Post end. Post had less resources, and the SLSU team lead was stretched too thinly. A decision to increase staffing (the addition of one grant manager) was made shortly afterwards.

1) Development and Soft Power Team, 2019/early 2020



2) Development and Soft Power Team, August 2022 – November 2022



3) Development and Soft Power Team, November 2022 – November 2023

