

# Assessment of Sustainability Elements/Key Risk Factors Practical Guide



Norad



NORWEGIAN MINISTRY  
OF FOREIGN AFFAIRS





## Purpose and Use of the Practical Guide

The Practical Guide is a supportive document for carrying out screening of relevant sustainability elements/key risk factors. The Guide is designed to be of practical use when identifying, assessing and documenting the effects and risks of a programme, among these the cross cutting issues referred to in the various grant scheme rules.

This version of the Practical Guide is a reprint of the first edition presented in 2007. In the new version the original chapter on Environmental Sustainability has been replaced by a new chapter called Environmental and Social Sustainability and Climate Change Risk Management (Climate Proofing). A few changes in the new version have been made to reflect a new terminology. Otherwise the content is identical with the version from 2007.

This Guide contains seven chapters each describing one important sustainability element. The elements are in accordance with internationally accepted standards for analysis of risk factors. The following seven sustainability elements are based on OECD/DAC's six areas of particular importance from 1992 but adjusted to existing Norwegian development policy:

- » Gender Equality and Women's Empowerment
- » Environmental and Social Sustainability and Climate Change Risk Management (Climate Proofing)
- » HIV and AIDS
- » Institutional Capacity
- » Conflict Sensitivity
- » Financial Management and Corruption
- » Human Rights and Equality

The structure of the Practical Guide follows the programme cycle. All seven chapters suggest important and critical questions that may be asked and answered during the Preparatory Phase, the Follow-up Phase and the Completion Phase. In order to facilitate the screening and assessment the Guide suggests identical procedures for addressing all the sustainability elements.

Not all the sustainability elements are relevant in all programmes. The goal and design of a programme will decide whether one or more of the sustainability elements may be a potential risk factor. It is, therefore, important to assess which elements that are relevant and how they will be addressed. This is especially important in the initial phase when a programme document is still a draft.

The relevance of the suggested questions will differ from programme to programme and from country to country. For locally assessed programmes where the Embassy is the grant manager, the questions in the Guide may hopefully be of direct use. For programmes that involves technical support from Norad the questions may be used when drafting the request for the assignment. Assessment of Sector Programmes or Joint Financed Programmes should, in line with the Paris Declaration, as far as possible be harmonized with other donors.

gender  
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and  
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## Assessment of Gender Equality and Women's Empowerment



Assessing gender equality and empowerment means addressing the relations between gender, causes of inequality and poverty, and the role of equal participation. Drawing upon women's knowledge and resources is cost-effective and rational. It enhances the realisation of equal rights and opportunities for women and men, girls and boys in gaining from development programmes.

The Convention on the Elimination of All forms of Discrimination against Women (CEDAW), the Beijing Plan of Action and the Millennium Development Goals provides a common framework that Norway and the international society are committed to. Some programmes target women (or men), others will integrate gender equality and empowerment as part of a programme's objectives. The specific sector or programme focus will determine the level and extent of the gender and empowerment analysis.

### Preparatory Phase

*When considering the sustainability of a development programme one important issue to be clarified is the gender aspect. To find out if more information and documentation are needed, an initial screening on gender aspects and potential impacts on women and men and gender equality should be carried out in the preparatory phase.*

The following questions might be considered when undertaking an initial gender and empowerment screening.

- » Will both women and men be involved in planning, implementation and evaluation of the project?
- » Will the programme affect women and men differently?  
Who will benefit and who will potentially be in disadvantage from the proposed interventions and activities?
- » Has the programme incorporated specific activities and mechanisms to ensure the equal participation of women and men? What are the potential barriers to women's and men's (girls' and boys') participation?

*If the initial screening shows that the information on gender is insufficient there is a need to discuss with the grant recipient how this may be included in the Programme Document and whether a full or limited study should be undertaken.*

### **Appraisal-Expert Guidance**

*The Appraisal-Expert Guidance assesses the relevance, feasibility and potential risks and sustainability of a development programme. If the gender aspect is identified as a critical sustainability element and a possible risk factor the Appraisal-Expert Guidance shall ascertain that relevant questions are assessed, and if necessary, provide additional information or recommend that more information is secured. Together with a summary of the findings the document shall give specific recommendations of possible amendments to the programme. The amendments should be reflected in a revised Programme Document, if possible.*

Based on the principles of equality, participation, empowerment, non-discrimination and the realisation of women's rights the following could be assessed:

- » Is the programme in line with national policies and priorities related to gender equality?
- » Does the programme document contain sex-disaggregated base-line data and indicators in order to ensure and enable implementation, monitoring and reporting mechanisms to be appropriate to concerns of importance to women's and men's empowerment?
- » Is both women's and men's knowledge and experience included and utilised in the programme, so as to ensure equal access to decision-making?
- » Does the programme include explicit budget allocations and resources towards activities targeting women/men or gender equality issues?

If relevant:

- » Does the programme promote equal access for women and men to resources, as technology, health, education etc?
- » Does the programme take into account how women and men, girls and boys are differently affected by conflict/war, and their different requirements in protection, justice and reconstruction?
- » Does the programme describe the vulnerability/risks and impact of HIV/AIDS for respectively women and men?

## **Decision Document/Agreement**

*The Decision Document shall make an assessment of the recommendations of the Appraisal-Expert Guidance and the subsequent dialogue with the grant recipient. The document should reflect gender risks that have been identified and measures taken to mitigate or manage the risks, including follow-up mechanisms. All identified risk factors and suitable measures for rectification should be reflected in the goal hierarchy or as a major risk factor.*

## **Follow-up phase**

### **Reviews**

*In the follow-up phase formal meetings and reviews are important mechanisms for monitoring the progress of the programme. Among issues to be discussed are risk factors identified in the Appraisal-Expert Guidance and reflected in the Agreement including assessment of the gender aspects.*

A review-team should have competence in gender equality issues, and review reports might include the following assessments:

- » Have any new gender-equality issues or negative impacts on women and/or men arisen during the implementation of the programme?
- » Is there any changes in the situation of women or men that can be observed as result of the programme implementation?
- » Has both women's and men's potential been utilised in the programme implementation phase?
- » Have means and resources been distributed equitably between women and men?

## **Completion phase**

*Both the Final Report and the End Review should include assessment of relevant sustainability elements. The grant manager shall assess the grant recipient's compliance with agreed reporting requirements.*

### **Links to relevant source material**

- Handbook on gender and empowerment assessment (Norad 1999)  
[http://www.norad.no/default.asp?V\\_ITEM\\_ID=967](http://www.norad.no/default.asp?V_ITEM_ID=967)
- UNDP – Gender mainstreaming in practise – a handbook (including Sectoral approach to gender mainstreaming)  
[http://www.undp.org/women/docs/RBEC\\_GM\\_manual.pdf](http://www.undp.org/women/docs/RBEC_GM_manual.pdf)

- UNDP – tools  
[www.undp.org/gender/tools.htm](http://www.undp.org/gender/tools.htm)
- CIDA's framework for assessing gender equality results  
<http://www.acdi-cida.gc.ca/CIDAWEB/acdicida.nsf/En/EMA-2181431-QCF>
- The Norwegian Government's Action Plan for the Implementation of UN Security Council Resolution 1325 on Women, Peace and Security  
[http://odin.dep.no/filarkiv/279831/ActionPlan\\_Resolution1325.pdf](http://odin.dep.no/filarkiv/279831/ActionPlan_Resolution1325.pdf)
- UN/OSAGI Gender Checklist for Peace Support Operations  
<http://www.peacewomen.org/resources/1325/GenderChecklist2003.pdf#search=%22gender%20checklist%20for%20peace%20support%20operations%22>

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# Assessment of Environmental and Social Sustainability and Climate Change Risk Management ('Climate Proofing')

## Introduction and Rationale



Assessment of the environmental and social sustainability and climate change risks of development projects needs to be based on an understanding of the links between development, poverty alleviation, climate change and the environment. The key rationale for assessing environmental and social sustainability and climate change risks is to improve decision making, to ensure that development activities under consideration are sound and sustainable, and that potentially affected people have been properly consulted.

Climate change will affect all aspects of development cooperation. The vulnerability of development projects is a function of the type of infrastructure it establishes, the activities it supports, and its geographical location. Projects within infrastructure (hydropower, transport, water) and industrial use of natural resources, including extractive industries (mining, petroleum), normally cause the most severe environmental and social impacts and are most at risk to climate change, while social sector projects cause less impacts.

## Assessment and Decision

### **Environmental and Climate Change Risk Screening**

*All development projects should be screened and classified according to their potential environmental and social impacts and climate change risk<sup>1</sup>.*

As part of the review of a project's expected social and environmental impacts and the climate change risk, the development project should be classified in three categories, depending on the type, location, sensitivity, and scale of project, the nature and magnitude of its potential environmental and social impacts and the associated climate change risks:

#### **Category A**

*Development projects likely to cause significant adverse social and/or environmental impacts that are diverse, irreversible or unprecedented. These impacts may affect an area broader than the sites or facilities subject to physical works. For large scale projects within sensitive sectors (agriculture, water resources, energy, coastal development and management and other infrastructure (e.g. roads)) subject to climate risks a climate risk assessment should be performed.*

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<sup>1</sup> Grant managers are encouraged to familiarize themselves with the World Bank's, including the International Finance Corporation (IFC), safeguard policies since many development partners use these in their environmental and social assessment process.

**Category B**

*Development projects with potentially limited adverse social and/or environmental impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures. Selective climate risk assessment is required in particular for projects with strong components related to water and in climate sensitive risk areas (e.g. integrated rural development, agriculture, energy, water supply and sanitation).*

**Category C**

*Projects with minimal or no adverse social or environmental impacts or no climate change risk. Includes development projects that are not affected in any significant way by climate, and not affecting external vulnerabilities.*

Depending on the project and the nature and magnitude of its risks and impacts, instruments like environmental and social impact assessment (ESIA) and strategic environmental assessment (SEA) are used. An ESIA evaluates a project's potential environmental risks and impacts in its area of influence, examines alternatives, identifies ways of improving planning, design and implementation by preventing, minimizing, mitigating or compensating for adverse environmental impacts and enhancing positive impacts. Preventive measures should be favoured over mitigating or compensatory measures, whenever feasible. A SEA is often applied at the very earliest stages of decision-making both to help formulate policies, plans and programmes and to assess their potential development effectiveness and sustainability.

The grant recipient is responsible for preparation of an ESIA according to national laws and regulations. For Category A activities an independent ESIA is required, i.e. not carried out by the same consultant hired to prepare technical, financial, institutional and economic studies. The ESIA should provide input to the feasibility study, i.e. be prepared in parallel. Independent environmental and social assessments should also be prepared for initial feasibility (pre-feasibility) and siting studies.

The grant recipient should engage with project-affected groups and communities through disclosure of information, consultation, and informed participation, in a manner commensurate with the risks to and impacts of the affected groups and communities, aiming at obtaining broad community support for the project within the affected groups and communities. For Category A activities, the grant recipient consults project-affected groups and communities at least twice: (a) shortly after environmental screening and before the terms of reference for the ESIA are finalized; and (b) once a draft ESIA report is prepared. In addition, the grant recipient consults with project-affected groups and communities throughout project implementation as necessary to address environmental and social issues that affect them. For countries which are signatories to the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) the consultations with indigenous peoples should be undertaken with the aim to obtain indigenous peoples' free, prior and informed consent (FPIC).

## **Appraisal-Expert Guidance**

*The Appraisal-Expert Guidance assesses the relevance, feasibility and potential risks and sustainability of a development project. If social and environmental impacts and climate change are identified as a critical sustainability element and a possible risk factor the Appraisal-Expert Guidance shall ascertain that all relevant questions are assessed, and if necessary, recommend that more information is provided. Together with a summary of the findings the document shall give specific recommendations of possible amendments to the programme. The amendments should be reflected in a revised Application from the grant recipient, if possible.*

In the appraisal the relevance, completeness and quality of the environmental and social aspects and suggested preventive measures and mitigation procedures should be assessed. The assessment in the Application or the conclusions drawn in the review of the ESIA should be summarized in the Appraisal-Expert Guidance focusing on (these questions can also form the basis for including environmental and social issues, including climate change, in the ToR for appraisal/expert guidance):

- » Have the key environmental and social issues been addressed? Have the anticipated impacts of climate change in the programme area been identified?
- » Are there significant and/or irreversible environmental and social impacts of the project?
- » Have alternatives (if relevant) been considered to help avoid or minimize adverse impacts?
- » Are the measures proposed to be taken by the grant recipient sufficient to address the key environmental and social issues?
- » Have relevant and reasonable adaptation measures aimed at reducing climate change impacts (reduce the vulnerability of the project to climate variability and change) and improve development outcomes been identified?
- » Have an assessment of the capacity of the grant recipient to plan and implement the measures described been undertaken and has the responsibility for implementing mitigation measures been defined?
- » Have consultations with affected groups and communities been adequate? Is the gender dimension addressed? If indigenous peoples have been identified as project-affected, is the project in compliance with indigenous peoples' rights and have indigenous peoples been consulted in accordance with requirements in UNDRIP (where applicable)?

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- » Have the project's contribution to emissions of greenhouse gases (GHGs) or reduction in emissions as a consequence of implementation of the activity been estimated?
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The appraisal/expert guidance should provide an overall recommendation and possible amendments to these recommendations as a result of the appraisal. If the grant manager based on the Appraisal-Expert Guidance makes the assessment that the environmental and social impacts would be unacceptable, Norwegian support should be rejected. If an ESIA is carried out and considered inadequate a more extensive ESIA should be requested from the grant recipient. The recommendations should be discussed with the grant recipient.

### **Decision Document**

The *Decision Document* (DD) should make an assessment of the recommendations of the Appraisal/expert guidance and the subsequent dialogue with the grant recipient to address outstanding issues. The DD should reflect climate change and environmental and social risks that have been identified and measures taken to mitigate or manage the risks including follow-up mechanisms. All identified climate change and environmental and social risk factors should be reflected in the goal hierarchy in the Application or as a major risk factor.

### **Follow-up Phase**

*In the follow-up phase formal meetings and review reports are important mechanisms for monitoring the progress of the programme. Among issues to be assessed are risk factors identified in the Appraisal-Expert Guidance and reflected in the Agreement including assessment of environmental and social and climate change risks.*

In the follow-up phase, including at formal meetings, the following issues should be discussed:

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- » Have any new climate change and environmental and social issues associated with the project arisen?
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- » Have adequate mechanisms for monitoring and reporting of environmental and social and climate change issues and impacts been established?  
Is it possible to follow up and evaluate results against these indicators?
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Both reviews and the Final Report should include assessment of how relevant environmental and social and climate change issues have been addressed, including descriptions of activities undertaken, deviations in relation to plans, goal achievement, effects on the target groups and others, sustainability and summary of main findings.

**Sources and Links:**

- Norwegian Environmental Action Plan  
<http://www.regjeringen.no/nb/dep/ud/tema/utviklingssamarbeid/sentrale-utviklingsaktorer/miljo.html?id=445326>
- World Bank's Safeguard policies  
[www.worldbank.org/safeguards](http://www.worldbank.org/safeguards)
- World Bank's Climate Change Portal  
<http://sdwebx.worldbank.org/climateportal/>
- OECD-DAC: "Guidance on integrating climate change adaptation into development cooperation"  
[www.oecd.org/dac/environment](http://www.oecd.org/dac/environment)
- United Nations Framework Convention on Climate Change  
<http://unfccc.int/2860.php> (National communication to UNFCCC and National Adaptation Programmes of Action (NAPAs))
- Gateway to the UN's work on climate change  
<http://www.un.org/climatechange/index.shtml>
- Norads website on climate change  
<http://www.norad.no/en/Thematic+areas/Climate+Change+and+the+Environment>
- United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP)  
<http://www.un.org/esa/socdev/unpfii/index.html>

hiv  
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aids



## Assessment of HIV and AIDS



In fighting the HIV and AIDS pandemic, it is suggested to go beyond the direct interventions related to prevention, care and treatment and also examine the relationship to broader development issues as well as the underlying deeply-rooted social forces that fuels the epidemic. The increasing feminisation of the epidemic is an urgent challenge in this context, as are the complex challenges of stigma and discrimination.

If the response to HIV and AIDS is relevant there is a need to combine immediate and extraordinary measures to achieve universal access to prevention, treatment, care and support and long term approaches, where social and economic structures and systems that generate vulnerability are addressed. In addition, the impact of HIV and AIDS on social and economic development must be taken into consideration in the development work.

Responding to HIV and AIDS should be done within the framework of the national policies and plans, and responding to the oversight of the National AIDS Authority, including transparency in resource flows and alignment of monitoring and reporting.

### Preparatory phase

*When considering the sustainability of a development programme one important issue to be clarified is how the prevalence of HIV and AIDS might affect the programme. To find out if more information and documentation on the issue are needed, an initial screening should be carried out in the preparatory phase.*

There are three key questions that can be asked in order to assess the level of addressing HIV and AIDS:

- » Do HIV and AIDS affect the programme and the way the programme should be designed?
- » Has the programme incorporated specific activities and mechanisms to reduce possible negative consequences, as well as to build in preventive measures?
- » Have people living with HIV/AIDS been consulted in the planning process?

If the initial screening shows that the information on HIV/AIDS is insufficient there is a need to discuss with the grant recipient how this may be included in the Programme Document and whether a full or a limited study should be undertaken.

### **Appraisal-Expert Guidance**

The Appraisal-Expert Guidance assesses the relevance, feasibility and potential risks and sustainability of a development programme. If the prevalence of HIV/AIDS is identified as a critical sustainability element and a possible risk factor, the Appraisal-Expert Guidance shall ascertain that relevant questions are assessed, and if necessary, provide additional information or recommend that more information is secured. Together with a summary of the findings the document shall give specific recommendations of possible amendments to the programme. The amendments should be reflected in a revised Programme Document from the grant recipient, if possible.

Relevant questions to be asked with regard to HIV and AIDS, to the extent it is relevant for the intervention, are:

- » Does the project make a reference to national HIV and AIDS policies and strategies and is it in line with such policies?
- » Has an assessment of the HIV and AIDS situation been carried out, describing the situation in the area, including the most prevalent infection routes, and analysing how the project may affect or be affected by the epidemic?
- » Does the programme identify culturally related or other barriers that may impair the development intervention?
- » Does the programme identify institutions/drivers of change that may facilitate the development process?
- » Are teenage pregnancies, early marriage for girls and sexually transmitted infections prevalent in the area?
- » Has any intervention related to prevention or reducing stigma been included in the project? How well are the risks of HIV understood in the local communities?
- » Have risks and vulnerabilities related to HIV and AIDS been analysed and taken into consideration in the project design? Will it, for instance, increase migration, mobility, and the gap between rich and poor in the community?
- » Does the programme secure equal access of women to goods and services, so that the programme may lead to a better power equality between the sexes?
- » Does the programme implementer have an HIV and AIDS policy and a track record in integrating HIV and AIDS?

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- » If there is a HIV policy, does the policy protect the rights of persons living with HIV (no discrimination in employment, no mandatory HIV testing)?

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  - » Is there a budget line for HIV and AIDS in the project proposal?

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  - » Does the project budget include contingencies to cover additional staff-related costs due to HIV and AIDS i.e. medical care, burials and support to dependants?

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  - » Have HIV and AIDS focal points been appointed for the project?

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  - » Is there a monitoring and evaluation system in the project, also covering HIV and AIDS issues?
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### **Decision Document/Agreement**

*The Decision Document shall make an assessment of the recommendations of the Appraisal-Expert Guidance, and the subsequent dialogue with the grant recipient. The document should reflect HIV/AIDS risks that have been identified and measures taken to mitigate or manage the risks, including follow-up mechanisms. Where risk factors are identified, suitable measures for rectification should be reflected in the goal hierarchy or as major risk factors.*

## Follow-up phase

### **Reviews**

*In the follow-up phase formal meetings and review reports are important mechanisms for monitoring the progress of the programme. Among issues to be assessed are risk factors identified in the Appraisal-Expert Guidance and reflected in the Agreement including assessment of the HIV/AIDS situation.*

Guiding questions to be raised might be:

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- » How are policies and strategies with regard to HIV being implemented?

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  - » How have gender issues been addressed?

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  - » How have risks and vulnerability been addressed?

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  - » To what extent have people living with HIV been involved?
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## Completion phase

*Both the Final Reports and End Review should include assessment of relevant sustainability elements. The grant manager shall assess the grant recipient's compliance with agreed reporting requirements.*

### **Links to relevant source material**

- There are several sector specific guidelines and checklists on integrating HIV and AIDS in development work, dealing with sectors such as infrastructure, agriculture, education, human rights, governance, private sector, microfinance etc. A good starting point could be the AIDS Briefs and AIDS Toolkits from HEARD in South Africa, with a list of Briefs and Toolkits for different sectors, with an Impact Checklist and Action Checklist.

<http://www.ukzn.ac.za/heard/publications/publicationsAIDSBriefs.htm>

<http://www.ukzn.ac.za/heard/publications/publicationsAIDSToolkits.htm>

- UNAIDS Secretariat Strategy Note and Action Framework 2004-2005 on Support to mainstreaming AIDS in Development

[http://data.unaids.org/UNA-docs/Mainstreaming\\_StrategyNote\\_en.pdf?preview=true](http://data.unaids.org/UNA-docs/Mainstreaming_StrategyNote_en.pdf?preview=true)

### **Mainstreaming AIDS in Development Instruments and Processes at the National Level**

[http://data.unaids.org/Publications/IRC-pub06/Mainstreaming\\_AIDS%20in\\_Dev\\_Instr\\_Rep\\_28Nov05\\_en.pdf?preview=true](http://data.unaids.org/Publications/IRC-pub06/Mainstreaming_AIDS%20in_Dev_Instr_Rep_28Nov05_en.pdf?preview=true)

In the AIDS Briefs referred to above, there are also checklists for action, and they should be reviewed for the relevant sector.

- Since all sectors have personnel, the “The ILO Code of Practice on HIV/AIDS in the world of work” is a key document for workplace practices on HIV and AIDS.

<http://www.ilo.org/public/english/protection/trav/aids/publ/code.htm>

# institu- tional capacity



## Assessment of Institutional Capacity



The term *institutional capacity* has no single, authoritative definition. In development, capacity development is a frequently used paradigm, covering overall aspects of capacity on individual level, organisational level and system level. Institutional development is used interchangeably with capacity development by different agencies.

Institutional capacity is in this context understood as *the ability of individuals, organisations and broader systems to perform their functions effectively, efficiently and in a sustainable way*. There are therefore three analytical levels on which capacity-development objectives may be pursued: 1) *individual*, 2) *organisational*, and 3) *the enabling environment*.<sup>2</sup> The term “systemic” is used to refer to the interactions between the levels.

Some prominent elements involved in assessment of institutional capacity are:

- Individual level: human resources; volume, quality and competence
- Organisational level: organisational strengths and weaknesses
- Enabling environment: social systems, regulatory and legal environments

Context may differ widely, and additional components may have to be added. In situations of conflict and extreme political instability, separate assessments may be required to identify specific risks.

### Preparatory Phase

*When considering the sustainability of a development programme one important issue to be clarified is institutional capacity. To find out if more information and documentation on the issue are needed, an initial screening of the institutional capacity should be carried out in the preparatory phase.*

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<sup>2</sup> DAC Network on Governance: The Challenge of Capacity Development: Working towards good practice. OECD 2005. <http://www.oecd.org/dataoecd/4/36/36326495.pdf>

In the screening the following questions may be considered:

- » Are there any type of resources and mechanisms that have to be in place for the execution of activities, in terms of institutional capacity (e.g. needs for development assistance)?
- » Are there immediate assumptions of critical capacity shortcomings within the organisations, systems and their environments that may topple the proposal, or that call for alternative or additional strategies which will have to be included in further planning?
- » May partnership arrangements possibly cover immediate shortcomings within the existing core structure (e.g. twinning arrangements, technical assistance, staff exchanges)?
- » Is it likely that one will have to make provisions within the proposed activity for a particular capacity development component?

*If the initial screening shows that the information on institutional capacity is insufficient there is a need to discuss with the grant recipient how this may be included in the Programme Document and whether a full or a limited study should be undertaken.*

### **Appraisal-Expert Guidance**

*The Appraisal-Expert Guidance assesses the relevance, feasibility and potential risks and sustainability of a development programme. If weak institutional capacity is identified as a critical sustainability element and a possible risk factor the Appraisal-Expert Guidance shall ascertain that all relevant questions are assessed, and if necessary, provide additional information or recommend that more information is secured. Together with a summary of the findings the document shall give specific recommendations of possible amendments to the Programme. The amendments should be reflected in a revised Project Document from the grant recipient, if possible.*

ToR can be specific in addressing the following questions:

- » Identify the organisational structures to be involved to execute the activities; have they been consulted and how do they assess the project (capability, ability and willingness)?
- » Assess structures and mechanisms in the environment of the project, including capacity, policy- and regulatory arrangements, and legitimacy with key stakeholders.
- » Political will, understanding of ownership and division of roles.
- » Possible socio-cultural dimensions to consider.

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- » Identify possible gaps in administrative and individual capacities; human resources compared to required needs (volume/quantity and quality/competencies).

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  - » Assess if measures to mitigate possible shortcomings are provided for, e.g. if they are gap-filling arrangements or have sustainable impacts (e.g. development assistance, technical resource provisions, institutional twinning, etc).

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  - » May donor harmonisation or donor behaviour influence the executional capacity of the project, for example by imposing transition costs related to the project design and governance structure?
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### **Decision Document/Agreement**

*The Decision Document shall make an assessment of the recommendations of the Appraisal-Expert Guidance and the subsequent dialogue with the grant recipient. The document should reflect institutional risks that have been identified and measures taken to mitigate or manage the risks, including follow-up mechanisms. Where risk factors are identified, suitable measures for rectification should be reflected in the goal hierarchy or as major risk factors.*

## **Follow-up Phase**

### **Reviews**

*In the follow-up phase formal meetings and review reports are important mechanisms for monitoring the progress of the programme. Among issues to be assessed are risk factors identified in the Appraisal-Expert Guidance and reflected in the Agreement including assessment of the institutional capacity.*

Guiding questions to reports and reviews to address the issue of institutional capacity are:

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- » Have the measures taken been sufficient?

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  - » Have any of the project's deliverables been hampered by capacity constraints, or is there a foreseeable risk that they will be?

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  - » Have new or unforeseen constraints arisen?

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  - » What are the characteristics of these constraints?

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  - » What measures are needed, and are they realistic to introduce successfully?

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  - » Are there any changes in stakeholder structures, political will or motivation that are likely to influence institutional capacity of the project?
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## Completion Phase

*Both the Final Reports and End Review should include assessment of relevant sustainability elements. The grant manager shall assess the grant recipient's compliance with agreed reporting requirements.*

### **Links to relevant source material**

- EuropeAid, 2005: Institutional Assessment and Capacity Development  
[http://ec.europa.eu/comm/europeaid/reports/concept\\_paper\\_final\\_051006\\_en.pdf](http://ec.europa.eu/comm/europeaid/reports/concept_paper_final_051006_en.pdf)
- A Brief Review of 20 Tools to Assess Capacity. UNDP, 2005.  
[http://www.capacity.org/en/publications/a\\_brief\\_review\\_of\\_20\\_tools\\_to\\_assess\\_institutional\\_capacity](http://www.capacity.org/en/publications/a_brief_review_of_20_tools_to_assess_institutional_capacity)
- A Results-Oriented Approach to Capacity Change. Ministry of Foreign Affairs, Danida. 2005.  
<http://www.um.dk/NR/ronlyres/780914AD-A4C4-42C2-8039-8115F4CA0DDB/0/KortCDbriefintro.pdf>
- DAC Network on Governance: The Challenge of Capacity Development: Working towards good practice. OECD 2005.  
<http://www.oecd.org/dataoecd/4/36/36326495.pdf>

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## Assessment of Conflict Sensitivity



All development assistance in countries with violent conflict or in a post-war setting is facing particular challenges.<sup>3</sup> The context is most often highly charged politically, and the security situation becomes an important factor. Not only assistance focused directly on peace-building, but development assistance in general will be affected and may have an impact on the conflict itself, negatively or positively.

Being conflict sensitive means that development programmes/projects are assessed and adjusted in relation to the context of violent conflict in which they are being implemented, with a view to avoid unintended negative impacts and maximise positive ones. As a minimum, any intervention must be conscious about risks.

An assessment of conflict sensitivity is therefore necessary in principle for all projects and programmes to be implemented in countries and areas where there is an ongoing violent conflict, where such a violent conflict has recently ended, and in cases where there is a high probability that a violent conflict may break out.

### Preparatory Phase

*When considering the sustainability of a development programme one important issue to be clarified is if there is an ongoing conflict in the area and if all aspects regarding the conflict is known. To find out if more information and documentation are needed, an initial screening on conflict sensitivity should be carried out in the preparatory phase.*

The purpose of the screening is to examine whether the particular development programme is likely to cause adverse impacts on the conflict situation, or has the potential for contributing more positively. A prerequisite for addressing this, is a basic understanding of the conflict situation surrounding the proposed programme, consisting of the elements of a conflict analysis: 1) what are the “root causes” for the conflict, 2) what are the conflict dynamics, and 3) who are the main actors (“dividers” and “connectors”). In the preparatory phase it must be clarified whether there is satisfactory knowledge about these important factors and about how the proposed programme may interfere with these.

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<sup>3</sup> The same applies to humanitarian assistance, especially when supporting protracted emergencies, resettlement, reconstruction and reconciliation programmes.

If the initial screening shows that the information on the conflict sensitivity is insufficient, there is a need to discuss with the grant recipient how this may be included in the Programme Document and whether a full or limited study should be undertaken.

### **Appraisal-Expert Guidance**

The Appraisal-Expert Guidance assesses the relevance, feasibility and potential risks and sustainability of a development programme. If a conflict situation is identified as a critical sustainability element and a possible risk factor, the Appraisal-Expert Guidance shall ascertain that all relevant questions are assessed, and if necessary, provide additional information or recommend that more information is secured. Together with a summary of the findings the document shall give specific recommendations of possible amendments to the Programme. The amendments should be reflected in a revised Programme Document from the grant recipient, if possible.

In the Appraisal-Expert Guidance, the emphasis should be on the more specifics of the proposed project/programme – to what extent it responds to the core questions and any additional concerns as described elsewhere in this Manual. Particular attention should be paid to the proposed modes of operation and any security related issue. It is suggested that the Appraisal-Expert Guidance should address the eight core questions below.

Eight core questions:

- » Will the aid intervention strengthen or weaken the *main factors* causing or influencing the violent conflict?
- » Which *actors* (including non-combatants) gain and which ones lose by the aid intervention, and are these actors “connectors” or “dividers” in the conflict?
- » How will the *security situation* affect the project/programme, and in what ways may implementation of the intervention have an impact on the security situation?
- » How will the political actors and the main parties to the conflict *perceive* the intervention?
- » What *resources* are brought into the context by the intervention, and what effects may these have on the conflict? May these resources invite corruption, theft and/or mis-management of resources?
- » Is the *time factor* well adjusted to the context and conflict dynamics, in terms of speed of implementation, process of consultations, sequencing and flexibility?
- » Will the intervention affect the *gender dimensions* of the conflict, and/or position of specific vulnerable groups?
- » How will the *performance* of the intervention, particularly attitudes and transfers of values, affect the actors?

## **Decision Document/Agreement**

*The Decision Document shall make an assessment of the recommendations of the Appraisal-Expert Guidance and subsequent dialogue with the grant recipient. The document should reflect conflict risks that have been identified and measures taken to mitigate or manage the risks, including follow-up mechanisms. Where risk factors are identified, suitable measures for rectification should be reflected in the goal hierarchy or as major risk factors.*

## **Follow-up Phase**

### **Reviews**

*In the follow-up phase formal meetings and reviews are important mechanisms for monitoring the progress of the programme. Among issues to be assessed are problems identified in the Appraisal-Expert Guidance and reflected in the Agreement including assessment of conflict sensitivity.*

Guiding questions on conflict sensitivity when undertaking reviews are:

- » Are there any significant changes in the conflict situation?
- » Has the programme had unforeseen negative impact on the conflict dynamics in the area?
- » Has the programme contributed towards peace-building?
- » Have any of the programme's deliverables been prevented or affected because of lack of security or other conflict-related causes?
- » Is information management and communication with the relevant Partners and actors adequate?

## Completion Phase

*Both the Final Reports and the End Review should include assessment of relevant sustainability elements. The grant manager shall assess the grant recipient's compliance with agreed reporting requirements.*

### **Links to relevant source material**

- Ministry of Foreign Affairs: Peace-building – a Development Perspective. Strategic Framework (2004)  
<http://odin.dep.no/ud/english/topics/dev/032181-120005/dok-bn.html> – Also available in Norwegian.
- Anderson, Mary B. (1999): *Do No Harm. How Aid Can Support Peace – Or War*, Lynne Rienner Publishers Inc., (see also Collaborative for Development Action's own website: [www.cdainc.com](http://www.cdainc.com))
- OECD/DAC (2006): *Preventing Conflict and Building Peace: A Manual of Issues and Entry Points*  
[www.oecd.org/dac/conflict/issuesbriefs](http://www.oecd.org/dac/conflict/issuesbriefs)
- The Norwegian Government's Action Plan for the Implementation of UNSCR 1325 on Women Peace and Security (2006)  
– Also available in Norwegian.

# financial manage- ment and corrup- tion



## Assessment of Financial Management and Corruption



This chapter provides guidance on how to carry out an assessment of the financial sustainability elements of a development programme. That means assessing the financial management and fiduciary risk.

Fiduciary risk is the risk that funds are not used for the intended purpose, do not achieve value for money or are not properly accounted for. It is of particular importance that preventive measures to combat corruption are given priority in the overall risk assessment.

The financial sustainability assessment must ensure that the request for funding is based on a realistic documentation and assessment of all cost elements and sources of financing for the whole programme period.

### Preparatory phase

*When considering the sustainability of a development programme one important issue to be clarified is the financial management and fiduciary risk. To find out if more information and documentation are needed, an initial screening of financial management and the risk for corruption should be carried out in the preparatory phase.*

In the screening the following questions can be considered:

- » Are the level and forms of corruption within the country/sector/institution a risk factor?
- » Are the financial management capacity and competence of the country/sector/institution a risk factor?
- » Are the grant recipient's financial management systems and capabilities satisfactory?
- » Are the sources of finance and conditionalities for funding properly reflected in the Programme Document/documentation?

*If the initial screening shows that the information on the financial management systems, including risk for corruption is insufficient, there is a need to discuss with the grant recipient how this may be included in the Programme Document and whether a full or limited study should be undertaken.*

### **Appraisal-Expert Guidance**

*The Appraisal-Expert Guidance assesses the relevance, feasibility and potential risks and sustainability of a development programme. If weak financial management systems are identified as a critical sustainability element and a possible risk factor, the Appraisal-Expert Guidance shall ascertain that all relevant questions are assessed, and if necessary, provide additional information or recommend that more information is secured. Together with a summary of the findings the document shall give specific recommendations of possible amendments to the programme. The amendments should be reflected in a revised Programme Document from the grant recipient, if possible.*

Guiding questions for The Appraisal-Expert Guidance are:

- » Does the management of the programme lead to high transaction costs?
- » Are budgets and programme goals transparent and available for public monitoring?
- » Does the budget include all foreseeable cost elements, and is the planned funding sufficient?
- » Assess the other planned sources of financing.
  - › Government and other donors: commitment and political will to pay?
  - › User fees: willingness/ability to pay/collect?
  - › Programmes own income generation: realistic projections?
- » Are the required inputs justifiable in terms of the expected outputs (cost efficiency)?
- » Does the risk assessment and risk management include all fiduciary risks, and are anti-corruption measures assessed satisfactory?
- » Are sound routines for financial reporting, accounting and auditing in place?

### **Decision Document/Agreement**

*The Decision Document shall make an assessment of the recommendations of the Appraisal-Expert Guidance and the subsequent dialogue with the grant recipient. The document should reflect fiduciary risks that have been identified and measures taken to mitigate or manage the risks, including follow-up mechanisms. All identified risk factors and suitable measures for rectification should be reflected in the goal hierarchy or as major risk factors.*

## Follow-up phase

### Reviews

*In the follow-up phase formal meetings and review reports are important mechanisms for monitoring the progress of the programme. Among issues to be assessed are risk factors identified in the Appraisal-Expert Guidance and reflected in the Agreement including information on financial management and fiduciary risk.*

Late or unsatisfactory reporting might be a warning sign that management is weak and irregularities might occur. Where irregularities are suspected or being reported on, these must be acted on according to the procedures set in the Agreement. In accordance with Norad's Advisory notes on corruption, suspicion should be reported to the MFA and handled in a co-ordinated manner with the MFA.

Relevant questions to be raised may be:

- » Do the grant recipient's financial management systems and capabilities prove themselves sufficient in practice?
- » Are the transaction costs for programme management satisfactory for all parties involved?
- » Is the funding and/or income generation according to plan and sufficient?
- » Is the expenditure so far justifiable when compared to the plans, progress and output of the programme?
- » Are the measures implemented to avoid and detect corruption functioning satisfactory?
- » Has there been any change that gives reason to alter the fiduciary risk assessment and mitigating measures?

## Completion phase

*Both the Final Reports and End Review should include assessment of relevant sustainability elements. The grant manager shall assess the grant recipient's compliance with agreed reporting requirements.*

### Links to relevant source material

- For public financial management assessments, please be referred to the PEFA system.

- For country level assessments, particularly relevant for e.g. sector programmes and budget support, the latest PEFA report should be referred to.
- For budget support, please see the *Guidelines for Norway's provision of budget support for developing countries*.
- For a more complete overview on economic and financial analysis please see Norad "Handbook in Economic and Financial Assessment".
- See Norwegian Centre for Public Financial Management (Senter for statlig økonomistyring) home page on cost-benefit analysis [http://www.sfso.no/templates/Page\\_139.aspx](http://www.sfso.no/templates/Page_139.aspx)

human  
rights  
and  
equality



## Assessment of Human Rights and Equality



Assessing a development programme implies making efforts to secure the promotion of social, economic and cultural rights as well as civil and political rights. Important causes and characteristics of poverty lie in discriminatory practices and exclusion of poor and marginalised people. Poverty includes the lack of power to control and influence one's own life. There are therefore close links between poverty reduction and fulfilment of key human rights obligations. Such principles specify criteria for an acceptable process that will ensure focus on poor people's participation in development processes. Actual or effective participation from affected groups presupposes an analysis of the norm-holding institutions in the programme area (i.e. power structures, socio-cultural differences). The international human rights treaties give a common global framework and clarify the rights and responsibilities of individuals as well as the obligations of states to respect, promote and fulfil the realisation of human rights for all citizens.

Development co-operation should, where appropriate, assist States in fulfilling their international human rights obligations. Recommendations from UN treaty bodies and special procedures on specific countries and themes can provide valuable guidance in this work.

Human rights principles should especially be applied in policies and programmes with impact at local level, for instance related to service delivery (water, food, health and education), in local infrastructure programmes and programmes implicating use of local natural resources or land and/or aiming at providing economic opportunities. Programmes involving excluded or marginalised people, for instance indigenous people, and programmes affecting people in conflict and crisis, shall always be assessed from a human rights perspective.

### Preparatory Phase

*When considering the sustainability of a development programme one important issue to be clarified is the human rights principles. To find out if more information and documentation are needed, an initial screening on human rights should be carried out in the preparatory phase.*

In the screening, the following questions might be considered:

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» Are there any rights at risk for the people affected by the programme?  
*The nature of the rights can be individual or collective. When rights are at risk, it will often concern vulnerable and excluded groups such as children, women, ethnic minorities and indigenous people. It is therefore always important to define who are the people, individuals or groups that are affected by a policy or programme, that is the rights holders, and assess if there could be any assumed impact on their rights by the programme.*

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» Does the programme secure key human rights principles for the people affected?

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» Does the programme include feasible plans for participation, and measures that will ensure empowerment, non-discrimination, and accountability?

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*If the initial screening shows that the information on human rights is insufficient there is a need to discuss with the grant recipient how this may be included in the Programme Document and whether a full or limited study should be undertaken.*

#### **Appraisal-Expert Guidance**

*The Appraisal-Expert Guidance assesses the relevance, feasibility and potential risks and sustainability of a development programme. If human rights principles are identified as a critical sustainability element and a possible risk factor the Appraisal-Expert Guidance shall ascertain that all relevant questions are assessed, and if necessary, provide additional information or recommend that more information is secured. Together with a summary of the findings the document shall give specific recommendations of possible amendments to the programme. The amendments should be reflected in a revised Programme Document from the grant recipient, if possible.*

It is suggested that Terms of Reference for Appraisal-Expert Guidance should include assessment of the following issues:

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» The definition in the programme proposal of who are the people affected by the programme, the rights holders, and the impact the programme might have on their rights.

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» How human rights principles are secured in:

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the preparation of the programme?

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the implementation of the programme?

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» Participation: Does the programme include activities and mechanisms to promote rights holder's participation, and does the programme identify cultural or other barriers to their participation?

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- 
- › Empowerment: Have the right holders been informed and consulted about the programme and have measures been taken/activities been included in the programme to enable rights holders to claim and realise their rights and to participate as equals?

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  - › Non-discrimination: Does the programme secure equality and non-discrimination for the involved parties?

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  - › Accountability: Does the programme include plans/activities aimed at strengthening the capacity of states and other responsible institutions to promote and fulfil their human rights obligations? Are monitoring mechanisms included so that they can be held accountable?

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The Appraisal-Expert Guidance should provide overall recommendations on the human rights aspects of the programme, and what amendments of the programme could be done in order to comply with the above key human rights principles. If possible, mechanisms should be included in the programme to be able to monitor and report on how these principles are followed up in the implementation.

### **Decision Document/Agreement**

*The Decision Document shall make an assessment of the recommendations of the Appraisal-Expert Guidance and the subsequent dialogue with the grant recipient. The document should reflect human rights risks that have been identified and measures taken to mitigate or manage the risks, including follow-up mechanisms. The Document should assess how human rights can be secured and possible negative effects avoided. Where risk factors are identified, suitable measures for rectification should be reflected in the goal hierarchy or as major risk factors.*

## **Follow-up phase**

### **Reviews**

*In the follow-up phase formal meetings and review reports are important mechanisms for monitoring the progress of the programme. Among issues to be assessed are risk factors identified in the Appraisal-Expert Guidance and reflected in the Agreement including information on human rights.*

Guiding questions for reports and reviews are included in the following assessments:

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- ›› Has there been any change in the definition of people affected by the programme, the rights holders?

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  - ›› How have the key human rights principles been followed up?:

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  - › Participation: How have the participation of rights holders been followed up and secured?

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- 
- › Empowerment: Have the rights holders been informed and consulted about their rights and about the programme?

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  - › If relevant, how did initial analysis fail?

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  - › Non-discrimination: How have equality and non-discrimination of involved parties been secured?

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  - › Accountability: Have planned actions for increased accountability been implemented? Do the monitoring mechanisms include reports with relevant information at disaggregated levels, to be able to analyse results and possible impacts for various affected groups? Has relevant information of the programme and its results been communicated to the community?
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## Completion phase

*Both the Final Reports and the End Review should include assessment of relevant sustainability elements. The grant manager shall assess the grant recipient's compliance with agreed reporting requirements.*

### **Links to relevant source material**

- Handbook in Human Rights Assessment (Norad 2001)
- Integrating Human Rights into Development. Donor approaches, experiences and challenges (OECD 2006, The development Dimension)  
<http://www.oecdbookshop.org/oecd/display.asp?sf1=identifiers&lang=EN&st1=432006091p1>
- The Office of the United Nations High Commissioner for Human Rights (OHCHR) has published a useful document with "Frequently Asked Questions on a Human Rights Based Approach to Development Cooperation"  
<http://www.ohchr.org/english/about/publications/docs/FAQen.pdf>
- The OHCHR has also published very useful "Principles and Guidelines for a Human Rights Approach to Poverty Reduction Strategy"  
<http://www.ohchr.org/english/issues/poverty/guidelines.htm>
- The OHCHR has furthermore developed web pages for each country, containing information about the states' human rights obligations and relevant UN recommendations and reports  
<http://www.ohchr.org/english/countries/>



For inquiries about  
*Assessment of Sustainability  
Elements/Key Risk Factors  
Practical Guide*  
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