

Cardno *Connect*



the global magazine of Cardno's Emerging Markets Region



- Commitment in Africa
- Stabilisation in Darfur
- Water Program in Malawi
- Slum Upgrading Facility

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Cardno Agrisystems Africa Limited (CAAL)

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Millennium Challenge Corporation

EMG believes in the objectives of the MCC to reduce poverty through sustainable economic growth focussed on building and reforming infrastructure.

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Strengthening Law and Justice in PNG

Cardno Acil continues work with the Law and Justice Sector in PNG with the launch of the Papua New Guinea-Australia Law and Justice Partnership (PALJP).



Charles Tapp
General Manager,
Emerging Markets
Region



Andy Dijkerman
Division Manager,
North America/
Europe

Looking back, this edition of Cardno Connect celebrates our profound corporate commitment to development in Africa. If there is one thing our companies have learned during the 25 plus years we have been working on the continent, it is that Africa enjoys such diversity that it is difficult to speak of it in summary terms. So...we don't. We go right to the coal-face of project interventions where we produce impact. In this issue we describe a wide array of initiatives, from "Putting Aside the Gun: Stabilisation in Darfur," to agriculture and water sector projects in Zambia, Malawi and Somalia and area development programmes like the Financial Education Fund for Sub-Saharan Africa, Support for East Africa Integration and the EU's Agricultural Commodities Programme. Though we are realists and know Africa to be a continent of vast extremes and tough contradictions, we implement our programmes with confidence and optimism.

We know that we can make a difference if we aim to leave something behind — whether social or physical infrastructure, human capital or progress towards peace. This philosophy is embedded in our corporate values and is echoed in other articles in this edition. We invite you to sit back, browse and acquaint yourself with the work of your colleagues.

Looking to the future, Cardno Acil, Emerging Markets Group and Cardno Agrisystems will unveil even greater unity in the new year. Watch this space for more details. We wish you a safe and peaceful festive season, thank you for all your outstanding efforts in 2009 and look forward to working with you in 2010.

Charles and Andy

Front cover and right: Tanzanian farmers living and working to make ends meet through local markets. See article pg 8

Photographer: Image courtesy of Tanzania Coffee Research Institute (TACRI) and with thanks to Jean Yves Hansart, Commodity Chain and Economics Expert, Coordination Unit, Agricultural Commodities Programme and Cos-Coton Secretariat, Emerging Markets Group

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Message from the Managing Director

Welcome to the fourth edition of Cardno Connect and the final issue for 2009. Interestingly I note the theme for this edition is Africa, which is an exciting and interesting continent but also a place of great need in terms of Cardno's services.

Each year Cardno recognises the achievements of its Divisions and their teams through the Pinnacle Awards, which were recently awarded at Cardno's annual Division Managers' conference. I would like to congratulate the Emerging Markets Region, which was the standout Region for the year and received a number of awards. This included the Regional Award for the best overall Region of the company. Well done to the whole team from the Emerging Markets Region.

The Emerging Markets Region's great result at the Pinnacle Awards is evidence of the benefits of bringing all our international development assistance businesses together. We're already feeling progress with greater cooperation and coordination, the development of collaborative tools as well as better outcomes for the company.

Recently Cardno has been awarded several major programs in communities around the world. In Australia, the Asia Pacific Division has been named the preferred tenderer for the Technical and Financial Audit Consultant component for the Eastern Indonesia National Roads Improvement Project. The Emerging Markets Group in Washington won the Bosnia Fostering Interventions for Rapid Market Advancement (FIRMA) project, which aims to improve the competitiveness of the tourism, wood and light manufacturing industries in Bosnia. Also, Cardno's Oxford-based team will manage the Agriculture and Rural Sector Information Systems program which will support the development of Bosnia's and

Herzegovina's capacity to collect and analyse agricultural statistics.

Cardno's dual goals of contributing to developing countries through the work we do, while also seeking to create value for our shareholders, has positioned the company well to help shape the future. Our aim is to deliver efficiencies for clients and improve the communities we work and live in. The projects covered in this edition of Cardno Connect, as well as the program wins I mentioned earlier, will ensure we can continue to achieve positive outcomes and make a real difference.

Also, congratulations to Richard (Dick) Kell who celebrated 50 years with Cardno on 24 November. Dick was one of the founders of MBK, a Sydney-based engineering firm which merged with Cardno in 1999. In 2003 he was elected President of FIDIC (International Federation of Consulting Engineers). Dick was formerly a Director of Cardno and was Cardno Limited's first Chairman, coinciding with our listing on the Australian Securities Exchange in 2004. Since his 'retirement' in 2003, Dick has been working extensively with the Divisions within the Emerging Markets Region to provide advice, experience and leadership to the teams.

As we approach the end of the year, I would like to take this opportunity to thank staff for their hard work and commitment throughout the year and, very importantly, thank our clients for their ongoing support.

I hope you enjoy our final edition of Cardno Connect for 2009.

Andrew Buckley





Image: Deepwell handpump at Nathernje Market Centre

AusAID Support to the National Water Development Program in Malawi

By Ross Kearton, Water Sector Specialist, Manager – Physical Infrastructure, Cardno Acil

In September, Cardno Acil Water Sector Specialist, Ross Kearton, participated in a joint AusAID/African Development Bank mission to identify a water and sanitation project in Malawi to be supported under AusAID's African Water and Sanitation Programme.

Australia's AU300M Water and Sanitation Initiative (WSI) will be implemented from July 2009 to June 2011. The Africa Water and Sanitation Program (AWSP) will be the largest regional/country program supported by the WSI. It will focus on Sub Saharan Africa, in particular Mozambique, Malawi and Zimbabwe. The AWSP will be a key part of Australia's expanded support to Africa.

AusAID has proposed support for the Government of Malawi's efforts to increase access to water supply and sanitation services in towns and market centres. This will be achieved through co-financing the African Development Bank's investment plan in support for National Water Development Program.

Malawi's National Water Development Program (NWDP) is a sector program of approximately US\$300M that covers all of Malawi and aims at 80% coverage of improved water supply and sanitation by 2015. Available financing for the rural water supply and sanitation component, which will benefit 4.45 million rural and district people, is approx. US\$142M, and the water resources component, which will benefit all Malawians, is US\$16M.

Malawi has made significant progress in increasing access to safe water and sanitation. The rates of access to safe water and improved sanitation are reported by the UNICEF/WHO Joint Monitoring Program as 76% and 60% respectively. While reported by the Government to be on track to meet the MDG targets for sanitation and water supply coverage of 86% and 74% respectively by 2015, one third of community water points are reported to be not operational, approximately 20 to 25 % of schools have no protected water supply, and on average there is only one school latrine for every 140-150 pupils. The Multiple Indicator Cluster Survey undertaken in 2006 reported 75% coverage of improved water supply, but only 20% improved sanitation with 67% of the population having pit latrines with no slab. Sanitation is particularly problematic and there is a pressing need to pay attention to sanitation and improving hygiene practices.

Only 2% of Malawians currently have access to piped water inside the dwelling and 70% of those are located in urban areas.

Only 6% of the households have piped water, either inside or outside the dwelling and 93% of those with piped water inside the dwelling are in the top quintiles. Over 30% of the population in rural areas is dependent on unimproved sources of drinking water, with adverse effects on health, environment and productivity.

The outcome of the mission was the development of an outline for a AU\$17M program in four of the 28 Districts in the country; Lilongwe, Zomba, Machinga and Mulanje. The program will focus on the provision of water and sanitation facilities and hygiene education in rural or market centres with populations ranging from 4,000 to 8,000 people. This accords with the Government's strategy of providing basic services to rural centres to sustain economic growth in rural areas and decrease urban migration. Based on criteria provided by the Ministry of Irrigation and Water Development, seven market centres were selected; Nathernje, Nsalu and Kasiya in the Central Region and Malola, Ntaja, Ulongwe and Mkando in the Southern Region.

The proposed project will have the following components:

- Provision of piped water supplies to each market centre from either groundwater or surface water sources. This component will benefit about 40,000 people
- Provision of sanitation facilities in schools, public markets and health centres and hygiene education programs to the wider community. Provision of assistance for latrine construction for the elderly and disabled. This component will benefit about 80,000 people
- Catchment protection programs including consultative workshops with district personnel and communities, participatory appraisals with communities, training of extension workers, establishment of nurseries and revegetation and reforestation activities
- Capacity building for districts in and water user associations in the management, operation and maintenance of water and sanitation facilities.

The Districts are mandated with responsibility for operating and maintaining rural and market centre water supply and sanitation systems through Water User Associations and local operators. Technical assistance is provided by the Regional Water Boards and the Ministry of Irrigation and Water Development.

It is likely that Ross will visit Malawi again during November to work with local consultants in providing more details for the program and in the preparation of design summary and implementation document for AusAID appraisal.

Cardno Agrisystems Africa working in Somalia

By Ahmed Jama, Agro-Economic Expert, EC IDP study, Cardno Agrisystems Africa Limited

Cardno Agrisystems Africa was recently contracted by the Somalia Unit of the European Commission (EC) (based in Nairobi) to undertake three agricultural sector studies in Somalia:

1. An Integrated Development Programme for Agricultural and Water Development in south and central Somalia (IDP).
2. A Review and Identification of Agriculture Programme for Somalia.
3. A Review and Identification of a Livestock Sector Strategy and Programme to Address Food Insecurity and Economic Development in Somalia.



The IDP study area covered the Lower Shabelle, Middle Shabelle, Lower Juba, and Hiran regions. This study area contains the whole flood plain and associated irrigated lands along the Shabelle river, but only a small portion of the Juba river, that being the part previously developed for commercial banana production. Since the Central government in Somalia collapsed in 1991, the most productive area of the country in terms of crop production has suffered from insecurity and the absence of effective governance. Under these conditions, most supporting services (agricultural, social, humanitarian) have collapsed. Somalia has to a large extent been sustained by external support from remittances from the Somalis living abroad supported by development aid especially from the EC. EC support is encapsulated within the Joint Strategy Paper (JSP) which emphasises good governance and security, investment in people, and poverty reduction and economic growth through harnessing the power of the private sector. Within the agricultural sector, the EC is the main donor and has mainly supported irrigation

rehabilitation, especially in the Lower Shabelle and Juba as well as seed testing and multiplication, pest management, capacity building of farmers, creation and/or strengthening of community water users associations, and rehabilitation of the rural road infrastructure.

In Somalia, irrigation offers the only opportunity for enhanced and improved food security at the household and national level. Historically a complex of irrigation system was developed and this still exists but at a reduced capacity. The system is supported by a reasonably secure water supply, good soils, and an experienced farming population. Market potential exists both domestically and internationally, and realisation of this potential will depend on the state of the infrastructure in support of crop production, primarily access to markets. Irrigation has also been the focus of previous EC support, especially in the Lower Shabelle, Middle Shabelle and Lower Juba areas where the major infrastructure to support enhanced production exists.

The main objective of the proposed integrated development programme (2009-2013) is to improve the livelihoods of the farming community and the people of Somalia at large through increased production and access to both domestic and international markets. Within this framework, the focus of the proposed study was improving smallholder production capacities, consolidating previous EC financial and technical assistance through supporting production and marketing systems.

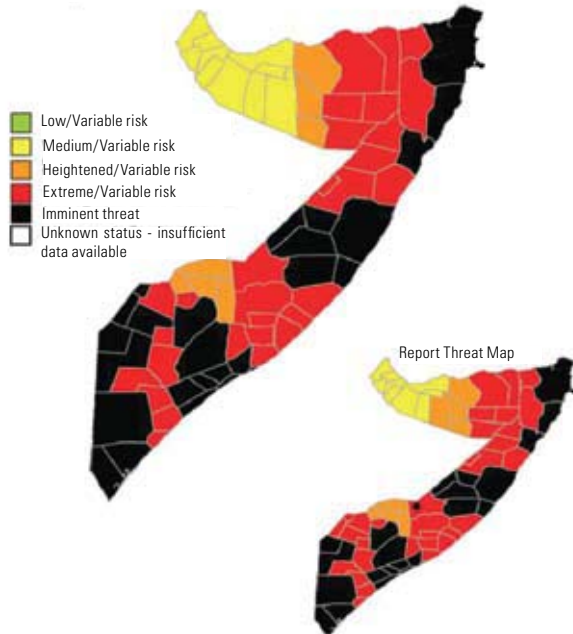
Six groups of proposed interventions were identified:

- River Basin Management, entailing expansion and continuation of SWALIM programme to include capacity and institutional building.
- Support to Market Access, through rehabilitation of selected roads in the productive areas in Lower and Middle Shabelle.
- Improved understanding through studies:
 - to complete the description of the irrigation system
 - socio-economic study on irrigation to identify constraints on cereal production
 - a market opportunities study to look for opportunities beyond the conventional cereal- sesame-bananas approach
 - a study on land tenure in irrigated areas.
- Consolidation of prior EC support, by addressing other constraints on production and farm management. Detailing of this support should await better information on farmer constraints on production.
- Expanding the area of EC support. This may not be possible given the currently projected budget for EDF 10. However, should funds become available; a rational approach to targeting such support is provided in the report.
- Support to crop production. Under this component support and assistance will be provided to improve and enhance current production systems through the provision of inputs and tractor services to selected farmers. This will include setting up and provision of rudimentary extension services to selected farmers and areas.

Livestock Sector Review and Preparation of a Livestock Development Programme for funding by the EU

By Ian Talks, Team Leader, Cardno Agrisystems Africa Limited

Security status/threat map as at January 2009



I was contacted by David Hopkins, Former Chairman of Cardno Agrisystems Africa Limited (CAAL) and my old pal from University days at Reading some years ago, to see whether I was interested and available to undertake a consultancy to prepare a livestock project for the EU in Somalia. I immediately looked up the country on the British Foreign Office's (FO) Internet travel advice, which said don't go there. The FO site has a map with a dark red colour for the category of most unsafe country to visit, and there was only one country there - Somalia! I replied that he can't be serious. I have no desire to be hostage fodder and how can the EU implement a project there anyway? No problem, you stay in Nairobi, Kenya and write the report there, replied David. Oh yes, but how do I find out about the country if I can't visit it at all?

His persuasive tongue resulted in my fronting up in Kenya a few weeks later to a country that was full of surprises. I met the rest of the consultancy team who would collect data for me – two Kenyan livestock specialists/ veterinarians who had been travelling in and out of Somalia with relative ease. In fact, there was only one part of the country, Somaliland, in the North West, that was considered safe even for them using an EU emergency programme plane to fly there and back from Nairobi. Another surprise was that most of the people

working in Somalia live in Nairobi, as do many of its politicians. So I could meet everyone involved with livestock in Nairobi. The EU are still funding a whole series of livestock development projects throughout the country using a band of dedicated NGOs such as Terra Nuova, COOPI, Veterinaires Sans Frontiers etc, many Italian in origin, as well as a major input by FAO, all based in Nairobi too, and which employed Somalis to do the actual project work in Somalia.

The biggest surprise of all was that the livestock sector was alive and thriving based on traditional livestock movements from all over the Horn of Africa, namely camels and shoats (a cross between sheep and goats). The stock is trekked across the desert and some very arid areas to the ports in Northern Somalia by nomad pastoralists for sale to the lucrative Middle East markets in Saudi Arabia and the Gulf States – a multi million pound business run entirely by the private sector, despite the lack of a central government (there were three regional governments in place) and the civil unrest/fighting going on in most of the country. The Somalis are incredibly resourceful people and operate, as they have to, despite the broken down infrastructure and collapsed government. The livestock industry is the main functioning livelihood for a large number of people from nomads to middlemen, slaughter house owners, exporters and shippers, as well as government through taxes levied at many points.

EU funded efforts, implemented through NGOs rather than government, are mainly directed at improving marketing. Due to the increasing international veterinary and hygiene regulations on exports of both meat and especially live animals, assistance focuses on veterinary controls and disease prevention and associated infrastructures.

We were quickly pointed in the direction of the new projects needed to further support the livestock industry and rebuild the damaged infrastructure. We held a "stakeholder workshop" in Nairobi attended by most of the people involved (except, of course, the target group of Somali nomads) but including some Somali Ministry Officials to discuss our findings and project recommendations. The Ministries would have preferred the EU funds to go through them rather than NGOs, but the EU could not channel funds through government as the country did not comply politically with the Cotonou Agreement. The net result was a large report detailing future projects for funding by the EU and implemented by NGOs. Somalia is a very difficult country in which to operate but the real benefits are felt all the more by the poor of Somalia.

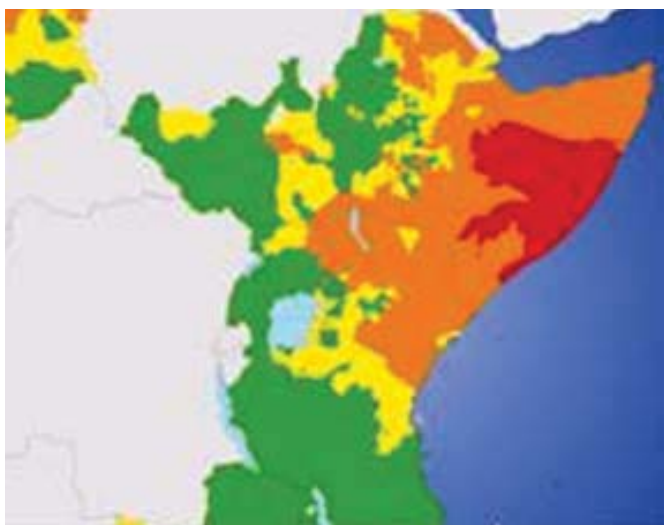


Supporting the East African Integration Process

By Dr. H.B. Lunogelo – Executive Director, ESRF

True to Cardno Agrisystems Africa Limited (CAAL) aspiration of effectively contributing to building an economically prosperous East Africa, the company collaborated with the Economic and Social Research Foundation of Dar es Salaam, Tanzania, to provide technical support to the East African Community (EAC) in establishing a trade-based food security framework. The study, funded by Kilimo Trust (based in Kampala and largely supported by the Gatsby Foundation of UK), was undertaken in response to a special request by the EAC legislative assembly's Committee dealing with Natural Resources and Agriculture in Arusha, Tanzania. The Committee saw the need for a framework to encourage the active participation of private traders and millers to buy and transport grain from areas of surplus to sell in areas with deficit. The most recent experience in Kenya where thousands of people in the north and northern districts of the country were threatened with starvation, while parts of Tanzania and Uganda were enjoying surpluses served as a lesson on the need to treat the whole of East Africa, currently consisting of 5 countries (Kenya, Uganda, Rwanda, Burundi and Tanzania) with a combined population of over 130 million, as a single market block. Taken as a whole, the region has an average surplus of 50,000 to 100,000 tonnes, but movement of food stocks is restricted by non-tariff barriers on one hand, and infrastructural constraints in the form of roads, railways and warehouses on the other.

Chart 1- Map of Eastern Africa and Incidence of Hunger and Starvation



Red: Hunger and starvation; Orange: Food insecure. Yellow Moderately secure Green: Food secure (Source: FEWSNET, 2009)

Of course there exists some inherent supply-side constraints that will have to be solved for the framework to be useful. All the EAC Partner States allocate less than 6% of the government budgets to agriculture, despite repeated acknowledgement that the sector contributes about 30-50% of gross domestic product and that about 60-80% of the population derive their livelihoods from the sector. There is little investment in irrigated farming, whereas less than 10% of potential land is irrigated. The study will therefore make informed arguments confirming that it is possible to attain food security in the region through

CAAL Sports Day



Cardno Agrisystems Africa Limited (CAAL) Staff at a recent team building sports afternoon in Nairobi

Team includes: Jayne Kabue (Head of Office), Martin Akuku (Business Development Consultant), Juliah Macharia (Business Development Coordinator), Catherine Mwangi (Projects Coordinator), Agnes Njeru (Finance Coordinator) and Lydia Macharia (Office Coordinator)

free movement of food-stuff which will stimulate commercial production and trading in the region. There will be proposed interventions to (i) establish rules and regulations to promote cross-border trade and eliminating non-tariff barriers (NTBs) (ii) introduce common approaches in infrastructure investments in roads, irrigation systems and research & development; and (iii) establish an institutional framework for strategic grain reserves for both market stabilisation and to cater for the vulnerable sections of the population.



Coordinating technical assistance for commodity development in Africa

By Pierre Berthelot, Team Leader, All ACP Agricultural Commodities Programme, EMG



Above: The poverty in rural Tanzania is apparent in the daily struggle to make ends meet. Men on their way to market to sell pineapples

Left: Women on the march to improve family livelihoods. These women are on their way to a local market to sell their bananas

Launched in September 2007, the €45M EU-funded All ACP Agricultural Commodities Programme (3ACP) has an innovative approach to agricultural development. It brings together five international organizations (CFC, FAO, ITC, UNCTAD and World Bank) with a proven track record in the area as implementing agencies and ensures, through an EMG-managed "Coordination Unit" (CU), that technical assistance (TA) is delivered in line with the principles of the Paris Declaration on Aid Effectiveness. In other words, assistance responds to needs identified in a participatory manner, is aligned on national/regional priorities and strategies of recipients, and is delivered in a coordinated, efficient and accountable way.

To ensure participation of beneficiaries in the identification of TA needs and the formulation of appropriate support, the EMG CU organized three consultative workshops in different African regions in early 2008. A typical support programme that results from such consultations involves a two-stage approach; the first consists in developing or updating a sectoral strategy with the stakeholders, while the second stage involves implementing specific aspects of that strategy with the objective of strengthening market mechanisms in the sector



Above: Sadick Muyanyizi, Tanzanian coffee farmer

Images courtesy of Tanzania Coffee Research Institute (TACRI) and with thanks to Jean Yves Hansart, Commodity Chain and Economics Expert, Coordination Unit, CP Agricultural Commodities Programme & Cos-Coton Secretariat

(e.g. by consolidating producer organizations, enhancing market information and linkages across the value chain, and by promoting value-addition through product and market development). A third possible stage or component is the introduction of market-based risk management instruments to the sector.

This approach can be illustrated through support being extended to the cotton sector in eastern and southern Africa, and to the coffee sector in central Africa. In eastern and southern Africa, programme support (through ITC and FAO) facilitated the finalization of the "Cotton to Clothing" strategy and is now focusing on strengthening ginners and farmers associations, promoting linkages with cotton importing countries, while also addressing quality issues. Support is also provided to improve production efficiency through the adaptation of integrated crop management approaches (CFC). Work is progressing (through the World Bank) to gather data on farm performance to assist policy making in the sector. The World Bank is also introducing market-based risk management in the region, notably through pilots in Malawi and Mozambique. This package of complementary assistance is geared to enhance the competitiveness of African cotton following a dramatic fall in its market share.

Coffee production in Central Africa has plummeted due to a long decline in world prices, discouraging growers who turned to other commodities instead. A strategy document has been developed by coffee stakeholders in Cameroun under the guidance of the programme. Interventions are now programmed jointly by ITC and WB to implement training activities in support of productivity and quality enhancement and to improve marketing. UNCTAD is complementing these efforts through a Market Information System, while also looking into the possibilities offered by a Commodity Exchange.

The EMG CU plays a key role in facilitating inter-agency coordination and in harnessing the competencies and complementarities of the five partner organizations to build synergies that maximise benefits to African stakeholders. Pierre Berthelot, EMG CU TL says: "This programme is about reducing poverty through support to African commodity sectors, but it is also a test of the operational feasibility of the Paris Declaration". Indeed, the objective of the 3ACP is to reduce poverty by increasing the revenue of commodity producers, and by increasing the resilience of countries and producers to the volatility of commodity prices. EMG is proud to contribute to that endeavour.

Developing financial literacy in sub-Saharan Africa

By Claude Lambshead, Practice Manager, Finance and Private Sector Development, Cardno Oxford



The Private Sector and Development

The use of private sector development as an approach to stimulating growth and employment first took off in the 1980s as international donor organisations became aware of the economic importance of small and medium size enterprises (SME) and the potential the sector had for creating jobs. SME support as a development mechanism quickly emerged through donor support for micro finance and SME business development organisations. Private sector development has seen much change since the 1980s, influenced by the perception that when markets do not work effectively, unemployment and poverty result. Making markets work (or making markets work for the poor) has become central to private sector development. An example of this approach is the Financial Education Fund (FEF) offered across sub Saharan Africa on behalf of the UK's Department for International Development (DFID) and managed by Cardno Oxford and its partner GENESIS Analytics.

The Financial Literacy and Development

In much of sub Saharan Africa, poor households have no access to basic financial services. Without such access, economic growth is restricted, incomes rise slowly, and poor people have fewer options to expand their life chances. Policy makers have usually approached financial exclusion through encouraging the development of new products aimed at lower income households

and by encouraging the mainstreaming of micro-finance. They have also increasingly realised that addressing the "supply side" of financial markets for the poor is not enough, and that the "demand side" of financial access by improving financial literacy also requires attention. Financial literacy programmes such as those supported by FEF are designed to provide people with the knowledge and skills to make appropriate judgments and decisions about financial issues. Skills in this area are important for low-income individuals and households where small financial miscalculations or poor financial choices have a disproportionate impact on the quality of life. The attainment of financial literacy is increasingly seen as a necessary step needed to help people emerge out of poverty.

What is FEF?

FEF is a challenge fund supporting innovative projects in sub Saharan Africa that lead to financial capability. Challenge funds have two benefits over conventional processes of allocating donor funds: aid use is determined by grass roots organisations rather than by donors or consultants, while the competitive element of the fund ensures that only the best ideas are funded. FEF provides grants in response to proposals aimed at improving financial literacy. Proposals are welcome from NGO's, Government departments or private businesses. Grants are awarded on a competitive basis with assessments made by an independent panel on the quality of the application made. FEF



Left: Camfed Zambia: Financial education for young women in rural Zambia



Left: Teba Bank: Teba Bank: Nakekela Imali! (Take Care of Your Money!) This intervention targets about 10 000 mineworkers in highly interactive workshops on a course in personal financial management at two South African mining houses, Goldfields and AngloGold Ashanti



Left: SA Insurance Association: Financial education radio programme (Money on Air)

has been capitalised by DFID to the extent of £4M, but demand made on the fund far outstrips its current capacity to support more than a small percentage of applications, and the fund managers are exploring ways to recapitalise.

For more information visit: www.financialeducationfund.org

FEF Supported Initiatives

FEF has allocated its first round of funding. Projects supported to date include the following:

The Campaign for Female Education (Camfed) is dedicated to fighting poverty and HIV/AIDS in rural Africa by educating girls and investing in their economic independence and leadership once they complete school. Since 1993, Camfed has been working in partnership with rural communities in Africa to set in motion a virtuous cycle of change. Its work with FEF aims to deliver financial education to young women in the rural areas of Zambia. It will reach more than 8 800 people in eight districts over the two years of the project, and builds on the work that Camfed is doing in the country using education to empower young women.

Mediae is an organisation dedicated to improving the livelihoods of large audiences throughout Africa, through the development and provision of educative, entertaining and effective media. Mediae produces Makutano Junction. This is a weekly drama series set in a typical peri-urban East African town. The drama follows the lives of a small African community living in a context and a manner familiar to tens of millions of people on the continent. Makutano Junction has a regular audience of over 6.5 million viewers in Kenya alone. FEF will fund a financial education strand in series 9 and 10 of this programme.

Teba Bank has a history of work in with rural communities in southern Africa, especially those which have traditionally supplied migrant labour to South Africa's mines. With the support of FEF, TEBA is to offer a programme called Nakekela Imali! (Take Care of Your Money!). This is an intervention that targets about 10,000 mineworkers through highly interactive workshops on a course

in personal financial management at two South African mining houses, Goldfields and AngloGold Ashanti. With retrenchments in the mining industry, over-indebtedness is becoming a major concern. Take Care of Your Money will provide financial literacy training over two days for miners and help to address this issue.

The South African Insurance Association Financial (SAFA) education radio programme (Money on Air) is also supported by FEF. The project will create four radio dramas, which will be broadcast on four different public radio stations and will investigate whether radio is a cost-effective way of reaching many people in a way that leads to increased understanding of the use and value of short-term insurance. Before producing the dramas, surveys will be conducted in selected areas to determine the level of financial literacy. Listener groups in each area will provide information to the producers to enable them to contextualise the radio dramas for the local communities.

Evaluating FEF

Cardno Oxford and its partner have not lost sight of the fact that the intention of FEF is to find out what works to improve financial literacy. A significant part of the programme is to ensure the quality of feedback on the way funded interventions work. FEF goes to considerable length to ensure that appropriate monitoring and evaluation is in place. For example, in respect of Teba Bank's Nakekela Imali programme a randomised control trial is being used. This specifically tests changes that result from the training programme itself and are not created by other factors. Before producing the dramas that are central to the SAFA programme, surveys will be conducted in the selected areas to determine the level of financial literacy. Listener groups in each area will provide information to the producers to enable them to contextualise the radio dramas for the local communities. While the programmes are being aired, levels of financial literacy in the community will be measured quarterly to determine any change in financial capability before starting a new theme in the storyline. The attention paid to monitoring and evaluation will help give FEF credibility in communicating to the donor community what works well in the spread of financial literacy.

Reflective consulting - Slum Upgrading Facility project

Sharing best practices and lessons learned from pilot initiatives in Ghana, Indonesia, Sri Lanka and Tanzania

By Russ Webster, Managing Director, Governance and Public Sector Development and Greg Polk, Senior Adviser, EMG

The Slum Upgrading Facility (SUF) is a special global trust fund of the United Nations Habitat and Human Settlements Foundation designed to assist low income groups to improve their living environment. The central objective of SUF is to assist developing countries to mobilize domestic capital for their own slum and urban upgrading activities, by facilitating links between local actors and by packaging the financial, technical and political elements of development projects to attract commercial finance and donor investment.

The Slum Upgrading Facility operated under the premise that slums can be upgraded successfully when the existing slum dwellers are involved in the planning and design of upgrading projects as "clients" – since they are the ones taking the financial risk of repayment when they take loans for upgrading. The Slum Upgrading Facility worked with local actors to make slum upgrading projects "bankable" – that is, attractive to retail banks, property developers, housing finance institutions, service providers, micro-finance institutions and utility companies.

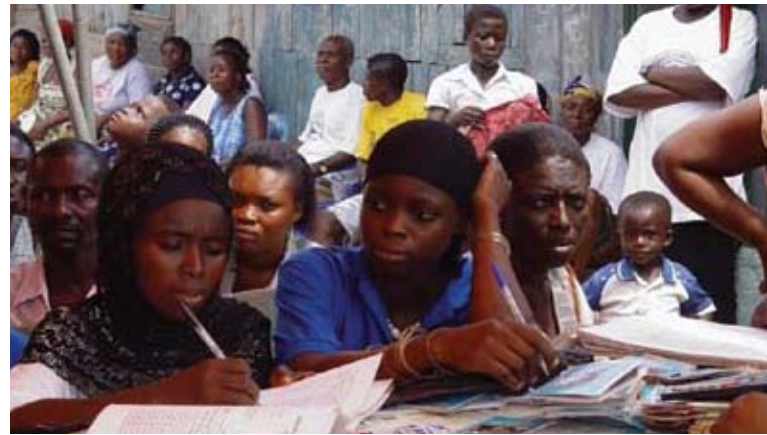
To help implement this approach, a Pilot Team – comprised of experts from EMG and others – was contracted to:

1. Prepare country implementation plans for developing financially sustainable projects in each of the pilot countries;
2. Build equitable and productive working relationships between the communities, the non-government organisations (NGOs), professional groups, Habitat Programme Managers (HPMs), commercial banks and their local governments to implement these upgrading projects;
3. Provide technical assistance at a global level involving the development of special purpose financing instruments and the creation of tools and knowledge products;
4. Identify and contract local experts at the local level to build capacity, provide advice and contribute to the development of and delivery of the Country Project Implementation Plans (CPIPs).

The work of this team contributed to a new approach to addressing this widely recognized problem of slum proliferation associated with rapid urbanization.

The SUF Pilot phase is part of an on-going programme that is experimental by nature and offers an opportunity for slum dwellers, governments and the private sector jointly to design, develop and field-test methodologies. Just as the outputs and achievements of the Pilot Team have reflected and been developed in response to local context, so too the lessons learned have emerged as a result of the challenges and constraints experienced.

The single most important lesson to emerge from the Pilot Programme has been the notion of establishing a "local finance facility" to provide an on-going process for supporting local slum and settlement upgrading. These Local Finance Facilities (LFFs) are institutions set up to help communities access credit from local commercial banks.



Local Finance Facilities are a good vehicle to provide "Finance Plus"

As LFFs gain strength and continue to implement projects, they will build their capacity and reputation as serious players in national and city level slum upgrading strategies. LFFs need to integrate much further into local and national slum upgrading policy frameworks, and build upon what is already being done. Managing and supporting these new institutions will be a priority for UN-HABITAT and the Slum Upgrading Facility over the next few years.

Slum upgrading needs a continuum of financial services

Although almost all slum upgrading efforts will include community borrowing, it must build on a basic savings and loan system within the community, there is no one financial service that fits all for slum and settlement upgrading. Each project will have its own requirements, and a range of interconnected services, such as:

- Basic savings and loan systems
- Grants for capacity building, and initial experimentation
- Wholesale loans for on-lending
- Loans that include bridge financing for collective land purchases
- Loan guarantees to secure commercial bank lending
- Grants to cover specialized technical assistance.

The Slum Upgrading Facility is about process as much as output and it takes TIME

Ultimately, the success of the Slum Upgrading Facility can only be measured in years – perhaps 10 years or more. There is a need to temper expectations. Short term expectations will mean too much focus on outputs.

Land is a hugely complex and time consuming issue

Land tenure issues must be resolved to some level of satisfaction before slum upgrading projects can go forward. Local Finance Facilities are well placed to deal with this issue, and it is one of the



Left: pilot initiatives will reach Sri Lanka
Opposite page: and Ghana

non-financial technical inputs they will need time and capacity to address.

Demand driven development requires capacity at the community level

Truly involving the community means responding to local rather than externally imposed priorities. This requires basic organisational capacity within settlements and communities (for example savings and loan systems). Without such capacity at the grassroots level, the extension of loan finance for upgrading is may be counter-productive and likely to result in non-performing loans. It is very important to be sure a community is ready to take on a loan so they do not face considerable personal financial risk.

Development should be based on what people can actually pay

As projects develop and costs are known, together with any forms of grant, subsidy or cross-subsidy, projects should be developed around what people should actually pay, and not more. Allow for incremental building if necessary.

Affordability cannot be determined using simple formulas

People need to be able to explore design, technology, and financing options in an iterative process. This can be greatly

facilitated by using tools and methods that help people to access the implications of different scenarios and approaches. These tools enable the challenges involved in each project to be quantified, a process that is advisable for good practice but that is particularly necessary if commercial finance is to be used.

Full cost recovery from low-income households is often unrealistic

Where land, building and financing costs are extremely high, integrating specific subsidies into project design is an important way of ensuring affordability and buy-in for the full range of stakeholders involved. In some cases it will be necessary to design commercial components that can generate future revenue flows into the project to cover a proportion of initial and on-going costs, and for that, analytical tools are very important. In all cases, projects will be more sustainable and more replicable where subsidies are limited, but they may be necessary in part.

Infrastructure provision is a basic requirement for successful upgrading

Off site infrastructure really must be cost of government but there is a lot that can be done by the community in terms of on-site provision, from payment to community contracting and community control. It is important to identify who is responsible for which component of infrastructure at the beginning of the project.

Loan guarantees are useful but not sufficient in themselves

Loan guarantees are just one tool for facilitating access to commercial finance. Each has to be negotiated differently and is one part of a package of support and capacity building that is needed when combining slum upgrading with commercial finance.

The greatest risks are political

Policies change and governments change, and there is little that can be done other than to adapt. The Local Finance Facilities have been set up to withstand various kinds of political risk.

For additional information contact Russ Webster, Managing Director, Governance and Public Sector Development, EMG, rwebster@emergingmarketsgroup.com



Putting aside the gun: stabilisation in Darfur

By Steve Archibald, Principal Consultant, Practice Leader - Conflict and Transitional Governance, Cardno Oxford

The last fifty years of Sudan's history have been plagued by civil war. Protracted armed conflicts in many parts of the country have blighted the lives of successive generations, killing, wounding and displacing millions of civilians. Education, health services and livelihoods have been disrupted, and much of the country's physical, social and human capital has been destroyed.

The war in Darfur, which began in early 2003, has had a severe impact on the population, not only in terms of human suffering and destruction to infrastructure, but also the damage caused to the region's fragile social and economic ecologies.

Darfur's environment is difficult; sand, rock and a short annual rainy season (June – September) present perennial challenges to a multi-ethnic population of 6 million people that depends on farming and livestock herding (cattle and camels) for its main source of livelihood (see aerial views of landscape opposite page).

Over the centuries these challenges have been managed, but never wholly overcome. Farmers and livestock herders have developed a complex weave of inter-dependencies and agreements that have enabled them to survive and co-exist. However, the droughts of the 1970s and 1980s led to increased competition for scarce land and water resources, placing considerable pressure on the networks of relationships.

The trend has continued in recent years; desertification and environmental stress have seen the divisions between farmers and pastoralists deepen, and become increasingly vulnerable to manipulation by parties to the current conflict. Communities have been turned against each other, and militias have been armed and exhorted to violence (the Government of Sudan is widely accused of arming the notorious Janjawiid Arab militias responsible for mass 'ethnic cleansing' of so-called 'African' populations across Darfur).

The human costs of the Darfur conflict have featured in headlines across the world, but less attention is focused on the damage to the region's social fabric – the network of relationships that, until recently, maintained a degree of equilibrium amongst Darfur's peoples. Rebuilding

inter-communal trust, and facilitating the emergence of new social and economic relationships, will be core elements of the peace building effort.

The Darfur Peace Agreement (the DPA¹) acknowledges the importance of repairing the region's fractured social fabric. The establishment of the Darfur – Darfur Dialogue and Consultation process (the DDDC, founded under the DPA) provides an autonomous and non-politicized platform for Darfurians to voice their opinions on how a durable peace might be achieved.

Supported by a range of international institutions², the DDDC facilitates inter-community discussions of the underlying causes of the Darfur conflict, and provides suggestions for measures to remedy the primary issues. Since its inception in 2007 the DDDC has arranged and facilitated a series of consultation processes (typically 2-days in length) with key stakeholder groups³ in each region of Darfur. Discussion is framed by pre-agreed 'Common Ground Issues':

1. Land and natural resources
2. Security
3. Identity
4. Recovery and development
5. Administration and democracy
6. Reconciliation

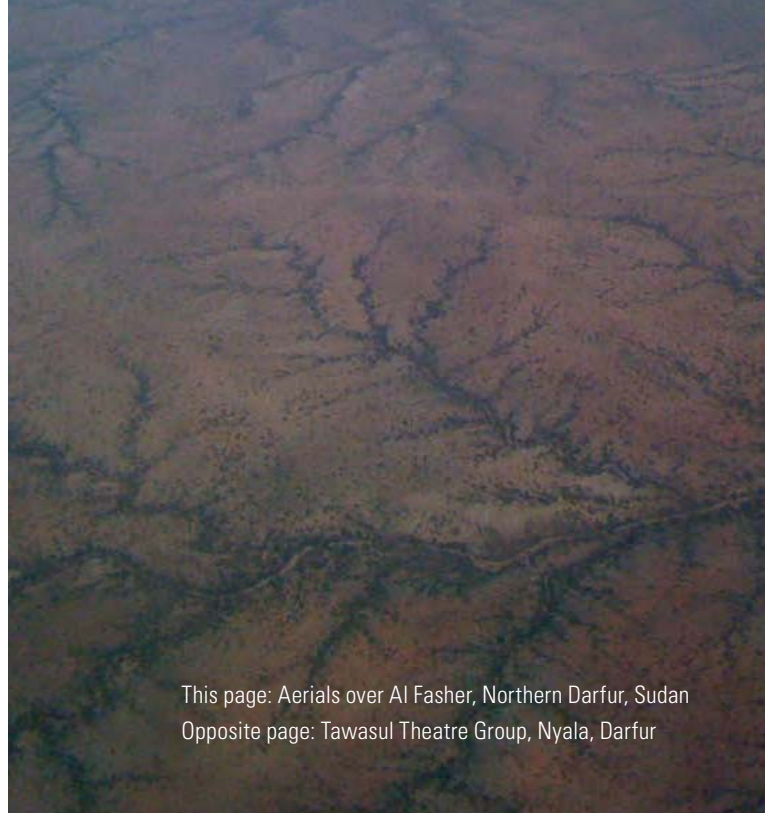
The recommendations from the consultation sessions are collated, and then fed in to the various ongoing talks aimed at finally ending the conflict.

The value of the process does not lie entirely with the consultation

¹The agreement, signed in 2006, has delivered a fragile cease-fire but, as it failed to secure consensus among all parties to the conflict, has not ended the war.

²Including UNAMID (The United Nations – African Mission in Darfur, a hybrid United Nations/ African Union mission); The UK department for International Development; The World Bank; The Government of Japan; The European Union

³Including Tribal Elders, women, youth, religious leaders, civil society organizations and militia groups



This page: Aerials over Al Fasher, Northern Darfur, Sudan
Opposite page: Tawasul Theatre Group, Nyala, Darfur

recommendations, it is broader, and more significant, that that. Reconciliation through dialogue and mediation is a deeply rooted tradition in Darfur. By engaging conflicting groups, facilitating dialogue, enhancing trust and restoring confidence, the DDDC is contributing to the restoration of that tradition – a critical intervention in a context where warring parties have specifically sought to undermine it.

Beyond the consultation processes, the DDDC also supports numerous community-level reconciliation and peace building initiatives, ranging from local development projects that engage communities divided by the conflict, to support for local artistic, theatre and religious groups committed to promoting reconciliation and peaceful co-existence.

During July and August 2009 Cardno Emerging Markets Region's, Steve Archibald was in Darfur to conduct an evaluation of the DDDC, and provide programme and policy recommendations for the UK Government's Stabilisation Unit⁴ (which has been supporting the DDDC since its inception in 2007). In addition to government and donor-level meetings in Khartoum, the evaluation involved travel to each of Darfur's regions for meetings with key stakeholders across the spectrum, including local government, traditional authorities, tribal elders and representatives, UNAMID, local educational institutes, local and international NGOs, consultation participants, and groups not yet included in the process.

Conducting the evaluation was both frustrating and invigorating; the frustrations of arranging travel within Darfur (often requiring 'close-protection') being vastly outweighed by the opportunity to engage with a broad range of policy and programmatic challenges in a fairly extreme environment.

Stabilisation is a complex, multi-faceted process, encompassing diverse activities such as infrastructure rehabilitation, security sector reform, and local government strengthening and livelihoods initiatives. At the 'software' end of the spectrum, where the type of

⁴ A cross-government Unit comprising The Department for International Development, The Foreign & Commonwealth Office and The Ministry of Defence.

reconciliation and peace building activities supported by the DDDC are located, donors are increasingly asking for greater rigour in recording and demonstrating impact.

Whilst 'bricks and mortar' interventions (schools, wells, clinics, roads etc.) are tangible activities with definable outcomes, measuring the impact of a group such as Tawasul (pictured) is less straightforward. Based in Nyala (south Darfur), Tawasul is a collective of singers, musicians, poets, writers, actors and dancers of all ages and genders. The group is committed to promoting peaceful dialogue between Darfurians.

The girls pictured, many of whom were orphaned during the conflict, perform a brief play (accompanied by drums and an ancient accordion) entitled "Put Aside The Gun". It's an emotive, powerful piece of work, which has been performed to national politicians and militia leaders, as well as local communities divided by the war. The troupe leader says they have seen "big men, men of guns, reduced to silence and tears".

Stabilisation in Darfur requires support for local initiatives that aim to remake the region's fractured social fabric. Support is available, but a critical challenge lies in assisting development agencies and their implementing partners to develop monitoring and evaluation indicators that record and convey progress. This has become an important focus of the DDDC evaluation, and the subsequent work we will undertake on re-designing the process.

The challenge is not confined to Darfur; in south Sudan, northern Uganda, Liberia and elsewhere, development agencies are less inclined to fund 'peace building' activities which have outcomes they may regard as being 'intangible'. There is an increasing demand for assistance in the development of more rigorous approaches to the design, monitoring and evaluation of the peace-building components of stabilisation programmes. The paradigm is shifting, the challenge is to ensure we are at the forefront of the process of defining the new parameters.

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EMG, A Trusted Partner of the Millennium Challenge Corporation

By Parag Ashwin Shishwawala, Senior Manager, Governance and Public Sector Development, Emerging Markets Group



Since the inception of the Millennium Challenge Corporation (MCC) in 2004, EMG has been consistently driving its efforts to assist MCC in achieving its developmental objectives. EMG strongly believes in the objectives of the MCC to reduce poverty in poor countries committed to good governance, through sustainable economic growth focused towards building and reforming infrastructure. To date, EMG has made significant contributions by providing valuable services either to MCC or to the Accountable Entity of a recipient country responsible for implementing MCC-funded projects.

There are two types of grants provided by MCC – Compact and Threshold. Compacts are large, five-year grants for countries that pass MCC’s eligibility criteria, whereas the Threshold programs are smaller grants awarded to countries that come close to passing eligibility criteria but are firmly committed to reform. Over the past 5 years, MCC has signed Compact agreements with 19 countries for a total amount of US\$6.9B, and Threshold programs of US\$470M with 19 countries. The different activities supported by the above Compact and Threshold programs falls under any of the following sectors:

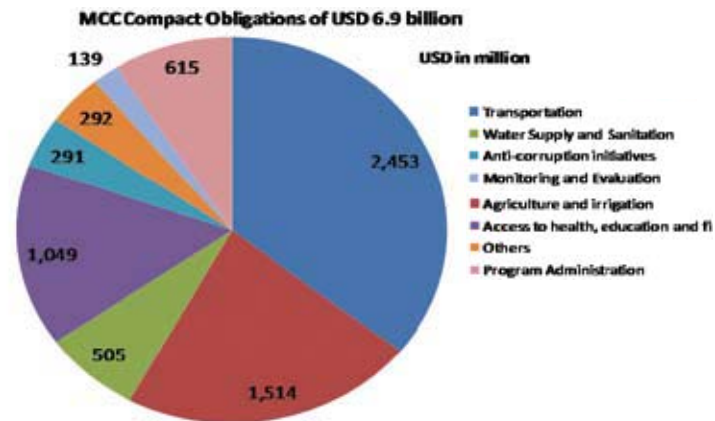
1. Transportation (roads, airports, seaports)
2. Agriculture and irrigation
3. Water supply and sanitation
4. Land rights and access
5. Access to health, education and finance
6. Anti-corruption initiatives

Almost 36% (US\$2.45B) of the total funds obligated under the Compact programs, so far, are for the transportation sector, whereas the agriculture sector received 22% (US\$1.51B) of the Compact funds. The infrastructure projects included in the Compact are for construction/rehabilitation of roads network, water supply and sanitation infrastructure, schools and health centers. Due to the aggressive implementation schedule of the program, MCC has made a tangible difference to the lives of the poor:

- 12,000 hectares of land are under production
- 87,000 framers have been trained
- 3,200 kilometers of roads are either under design or construction
- Over US\$29M disbursed in agricultural loans.

The MCC approach to delivering development assistance to poor countries committed to change is not just a revolutionary concept, but actually stimulating growth and reducing poverty.

EMG holds three MCC Indefinite Delivery/Indefinite Quantity contracts (IDIQs) as a prime and three IDIQs as a sub-consultant. EMG’s role includes carrying out procurement assessments and providing standby



fiscal and procurement support. As the IDIQ holder of Financial and Private Sector Development Projects, EMG assists MCC in the evaluation of financial and private sector development Compact proposals. EMG as a sub-consultant to two MCC Infrastructure IDIQs assisted in carrying out a pre-feasibility study of various water, energy and transport sector projects seeking MCC funding. Recently, EMG through its prime also became a part of one of the MCC IDIQs focusing on building capacity of Accountable Entities of recipient countries and host country governments. EMG’s successful track record of serving in Tanzania, Ghana, Mozambique, Namibia, Senegal, Benin, Vanuatu and El Salvador under these IDIQs demonstrate our commitment to associate with MCC and Accountable Entities on this important initiative of reducing poverty through infrastructure projects.

EMG is currently the Fiscal Agent in Mali and the Procurement Agent in Lesotho, Mali and Mozambique for the MCC-funded Compacts. As a Fiscal or Procurement Agent, EMG has been providing comprehensive financial or procurement management support for the total MCC obligations of US\$1.33B (20% of the total Compact portfolio). The Procurement Agent team manages procurement of a broad range of goods works and services to implement Compact activities. The team organizes the entire tender process: invitation for bids, tender evaluation, contract award and administration - in accordance with the principles, rules and procedures set out in the MCC guidelines. Throughout the procurement process, EMG employs international best practices in procurement including independence, transparency, and fair and open competition. Likewise, the Fiscal Agent team provides a wide range of financial management services from budgeting and controls to accounting and reporting to ensuring transparency, accountability and compliance with MCC regulations.

Compact programs are a real challenge in terms of completing various infrastructure development and rehabilitation projects of large value within the Compact period of five years. In Lesotho, Mozambique and Mali, EMG works closely with Accountable Entities to provide timely, pro-active and collaborative services for successful execution of the Compact. We understand the operational structure of the Compact and implementation needs due to our early experiences on MCC-funded projects. We applied procurement and financial management tools and systems from the Pilot Mali and Lesotho projects to Mozambique and Namibia. We are proud that in Mozambique, Lesotho and Mali, MCA entities have successfully awarded contracts of approximately US\$300M for construction of roads and irrigation infrastructure, and for design, build and supervision of works related to roads network, airport facilities, health centers, and water and sanitation systems.



Aid Effectiveness and HIV and AIDS awareness in Ethiopia

By Elizabeth Cole, Project Coordinator, Productive Safety Net Programme, South Central Asia and Africa Region, Cardno Acil

In September 2008 a four person team converged in Addis Ababa to answer a question: after four years in operation, is the Productive Safety Net Programme (PSNP) helping or hindering the spread and prevalence rate of HIV and AIDS in Ethiopia? The answer, they found, was both.

The PSNP began in 2005 as the Ethiopian Government's response to chronic food insecurity in woredas (middle-sized districts composed of several smaller sized districts, or kebeles) in eight regions. The program works to stabilize rural communities which have been depleted by years of food shortages, droughts, instability, natural disaster and disease, by increasing household and community assets; thereby placing households and communities in a better position to break the cycle of food-insecurity and face future problems.

The PSNP has two elements:

- It distributes cash and food to rural households that have received food aid for three years or more. They are considered the chronically food-insecure
- It implements sub-projects; often public works, built by PSNP community labour.

In collaboration with NGOs and other implementing partners, the majority of the food and cash is distributed by the Government of Ethiopia, with monitoring and evaluation activities provided by the implementing partners. As part of this, the World Bank awarded Cardno Acil, in association with the AIDS Project Management Group, a contract to investigate mainstreaming HIV and AIDS into the PSNP.

The project design was unusual but ultimately worked well thanks to the outstanding efforts of all involved. Achieving effective aid through collaboration between teams and donors is widely spoken of but not often easily achieved and in this

case the study team was split into two groups and separately funded. The World Bank contract funded the international half of the team: Dr. Arlette Campbell White, Team Leader and Public Health Specialist and Dr. Roy Love, Development Economist. The other half of the team was funded by CIDA: Dr. Beyene Tadesse, Agricultural Economist and Mr. Ambaye Degefa, HIV and AIDS Expert. Despite this divergence of funding, reporting and logistics, on the back of ten week's field work, including survey, community and government consultation, the team produced a study encompassing the five regions of Afar, Amhara, Oromia, Southern Nations, Nationalities, and People's Region (SNNPR) and Tigray.

The study found that although the Programme increases the opportunities for risky sexual contact that could increase the spread of HIV and AIDS, the traditional social customs and controls within each community and region effectively countermanded these risks. For example, the Programme often requires travel to receive food or cash but because people travel in groups, social constraints combined with a "preoccupation with their parlous financial situation" sufficiently restrict extramarital interests.

However, the study found that the PSNP is an important player in the links between urban and rural populations in two major respects. It has extensive links within the regions through communities and households which could enable critical distribution of HIV and AIDS information. Conversely, the movement of PSNP "implementers, kebele and woreda officials, visiting relatives, traders, and students, form a critical bridging population for the transfer of the virus to rural communities."

The PSNP is entering its next phase and the study has highlighted ways the Programme may use its extensive networks and linkages between government and NGOs to work against, and mitigate its potential to increase opportunities for, the spread of HIV and AIDS in Ethiopia.

PROFIT: EMG makes markets work for the poor in Zambia

By Joe Dougherty, Senior Manager, Emerging Markets Group (and PROFIT Financial Sector Advisor)

The famous missionary Dr. Livingstone may be buried at Westminster Abbey, but his heart remains in Africa – literally. It was removed from his body upon his death in 1873 and interred near the spot where he passed away, in what is now Zambia. And western donors have been pouring their hearts into Zambia ever since. Today, the country receives more foreign assistance per capita than almost any other country in Africa – more than twice as much as Uganda, for example. Stand outside any of Lusaka’s big hotels on a weekday morning and you will see a parade of Land Rovers bearing the logos of World Vision, Care, and Save the Children picking up foreign consultants or dropping off local staff to attend yet another workshop on AIDS, irrigation, or education.

The problem isn’t that Zambia doesn’t need help – it does. Two-thirds of the country’s people live below the poverty line and life expectancy is shockingly low, at 42 years. The problem is that much of the assistance Zambia receives simply doesn’t work. Money and goods are given away with little regard to the incentives they create, perpetuating a culture of dependency that ensures employment for aid workers, but does little to help Zambia escape from poverty.

The PROFIT project takes a different approach. It is based on the idea that Zambia’s poor don’t need more handouts, nor do they need to be protected from market forces, as some believe. On the contrary, markets must be made freer – more resilient, transparent, and equitable – so that the poor will benefit from participating in them. Accordingly, PROFIT works through market facilitation, rather than direct intervention. Developing a sustainable market requires buyers and sellers – not outside agents – to take the lead in making changes. Working in the cotton, maize, cattle, dairy, and financial sectors, PROFIT supports, trains, pushes, prods and pleads, but it makes sure that Zambian stakeholders ‘own’ the process of market development.

So far, the approach is working. When EMG, in partnership with the Co-operative League of the USA, launched the US\$18M, USAID-funded project in 2005, total sales in PROFIT’s target sectors were US\$5.4M. By the end of 2008, they exceeded US\$30M. Small cotton growers increased their yields by 20% over the same period, with help from PROFIT advisors. Most impressively, in 2005 only 3,200 small farmers in Zambia were using sustainable, high-yield farming methods. By the end of last year, that number had risen tenfold – to 32,924. PROFIT played a leading role in introducing farmers to greener and more productive techniques.

EMG’s clients are taking notice. PROFIT has been the subject of high-profile presentations at USAID in Washington over the past year, and other donor agencies in Zambia have contributed to the project. Rob Munro, EMG’s man in Lusaka, has been leading the charge, with support from Project Manager Cinar Akcin. EMG’s Mary Beggs will join the team this month, traveling to Zambia to explore innovations in small business finance. With this strong team, EMG is confident that PROFIT will continue to make a real difference in the lives of Zambia’s poor. Dr. Livingstone, we presume, would be pleased.



Top: A Zambian woman watches a demonstration of new farming techniques, while her son seems less interested

Middle: EMG staff meeting with farmers and their families in eastern Zambia

Bottom: Farmers and their families pose for the camera after discussing conservation farming techniques with EMG

A remarkable Cardno success in Vietnam

By Oliver Bennett, Emerging Markets Group Senior Advisor, Tourism Development

On the 27th March 2003 I found myself, for the very first time, in Vietnam. This was, sadly, no holiday. I was using a Pacific Asia Travel Association Conference on tourism in the Mekong to flesh out the proposal for the 'Vietnam Human Resources Development in Tourism' project, a proposal prepared with EMG's partner, the Hague Hotel School. Under European Union tender regulations one is not permitted to contact the beneficiary agency – in this case the Vietnam National Tourism Administration (VNAT). Informal contact during the conference, though, could hardly be avoided.

Six and a half years later, I found myself in exactly the same hotel. This time for the final conference of the very same project. When one is involved in putting a proposal together, it is difficult to know how things will turn out. In this case, I am extraordinarily impressed by what the team has managed to achieve - achievements that came across loud and clear during the 2009 event.

The European Commission says the project has achieved "very good results mainly through the introduction of a modern national skills standards system for low-skilled workers in the entire country". Speaking at the conference, Johann Farnhammer from the Commission's Delegation in Hanoi was fulsome in his praise of what has been achieved. A sure sign of success is that the Commission is now preparing a substantial follow-on programme.

How has this success been achieved? One could say that it has been a result of the implementing team having a clear sense of direction and well-defined targets. At the core of the project has been the establishment of skill standards for thirteen different occupations and the training of train-the-trainers to teach these disciplines to defined standards. The target for the number of train-the-trainers under the project has been well surpassed – over 3,000 as against an original target of 2,500.

At the start of the project the institutions necessary to support it - the Vietnam Tourism Industry Association to represent the operators and the Vietnam Certification Board to carry out assessments of skills competence – were in a fledgling state. The Team had to nurture these bodies to achieve its results.

My assessment is that the success of the project has been down to the people involved, to the high level of collaboration achieved between the external consultants and the home project staff and within the team itself. Credit for this most go above all to Joseph van Doorn, the European Co-Director, and his Vietnamese counterpart, Tri Quoc Vu. Joseph has maintained good donor relations while Tri has kept VNAT on side.

"The whole team has worked very hard, especially during the set-up period. When the going got tough, Joseph organized some kind of event to help take the pressure off", says Larry Bowman, one of the two long-term HRD experts on the project. Watching the send-off for his colleague, Mary Wrixon, the affection and bond that has developed between the expatriate and Vietnamese members of the team was only too evident. This was collaboration of which the EU and Vietnam can be proud.



Above Foreign experts honoured with Joseph van Doorn, Tri Quoc Vu and the author

“...the success of the project has been down to the people involved...” Oliver Bennett



Above Office camaraderie, Hanoi



Above Happy send-off for Mary Wrixon (second right)

Most Significant Change: A story about evaluation activities in LAPIS-ELOIS

By Dr. Jan Edwards, LAPIS International Gender Adviser, Cardno Acil

ELOIS is a sub-activity of the Learning Assistance Program for Islamic Schools (LAPIS). The purpose of the LAPIS Equality of Learning Outcomes in Islamic Schools (LAPIS-ELOIS) is to address the inequalities that presently exist in the private Islamic sub-sector. These inequalities exist within madrasah and outside of madrasah. Problems within the madrasah themselves include unequal treatment of female and male students by teachers. As well, curriculum is gender blind and stereotyped, reinforcing traditional roles.

It is not only the inequalities that exist within the sub sector that LAPIS-ELOIS aims to address. The quality of education received by students in the private Islamic education sub-sector is often regarded as being of inferior status to that received by students attending state funded secular schools and state funded Islamic schools. The gap in quality is largely as a result of lower levels of funding allocated to the sector; lower qualifications of teachers; lower pay of teachers; and their location in poor rural and remote areas which means that the madrasah have limited opportunities to raise funds from parents and the community.

LAPIS-ELOIS decided to plan and implement an MSC approach because traditional monitoring and evaluation activities were failing to capture the changes occurring at the school and community levels. The main changes as a result of ELOIS were thought to be changes in awareness and changes in relations between female and male staff, female and male students, principals and their staff and between teachers and their students. Students are far removed from the capacity development of their teachers, but as 'end users' their insights were important to see if desired changes were impacting on what was happening at classroom level.

Rick Davies who developed the MSC approach, suggested that people should adapt and use the approach in ways that are suited to local circumstances. Given this, ELOIS developed an approach that sought to generate stories from its diverse stakeholders (madrasah committee members, madrasah principals, teachers, students and staff from the Ministry of Religious Affairs at district level). There were a number of steps in the process described in the sections below:

Gaining commitment

LAPIS-ELOIS operates through a number of PSW (Pusat Studi Wanita – Gender Studies Centres) located in Islamic universities across Indonesia. LAPIS-ELOIS works with seven PSW with the PSW at Yogyakarta being the centre of the LAPIS-ELOIS network and the key partner institution. Staff at this PSW have a role in monitoring LAPIS-ELOIS outcomes and coordinating activities across partner PSW in other locations. A workshop was held over two half days for staff at PSW Yogyakarta to introduce the MSC approach. In this workshop, PSW staff had an opportunity to write their own stories about changes they had experienced since becoming involved in LAPIS-ELOIS.

This is where the main departure from Davies' approach occurred. Davies suggests that the themes or domains of change emerge from the participants themselves, rather than being imposed. Since the main purpose of engaging in MSC for LAPIS-ELOIS was to generate stories for Monitoring and Evaluation purposes, the domains were identified in advance. The domains used were the 5 LAPIS-ELOIS outcomes as

identified by stakeholders in the LAPIS Evaluability Assessment that took place from October 2008 to February 2009. The LAPIS outcomes aim to measure improved performance of students, teachers, principals, and improved performance and involvement of support agencies and community members

LAPIS-ELOIS works with stakeholders in all of the above groups and the PSW members are within the group of 'support agency' personnel. Therefore, the process used to support PSW members to learn how they might implement the approach with other stakeholders also provided them with an opportunity to tell their own stories of change.

Preparation of tools

Some simple tools were prepared including a 'story' cover sheet to ensure that names, dates, sex, location and roles of the individuals were collected to support checking back and clarification of content as well as to support other data collection. Pin up sheets for each of the domains above were prepared and these were used in to workshop as an organisational mechanism. The Power Point presentation used with PSW members was shortened with material thought to be irrelevant to stakeholders being removed.

Invitations to participants

At the above workshop with PSW Yogyakarta staff it was agreed to implement the approach in three locations: Yogyakarta (Central Java); Surabaya (East Java), and Mataram (NTB). These locations are only a few hours apart by air and therefore supported economical use of time and resources. It was agreed to invite up to 50 participants at each location and it was thought to be important to include students and this turned out to be a very valuable decision. Each of the PSW in Yogyakarta, Surabaya and Mataram were asked to invite a mix of representatives from the groups of stakeholders above.

Implementing the workshops

Each workshop was scheduled to take one day. After each workshop, the process was reviewed and changes made for the following workshop. There were a number of valuable lessons learned and mostly, these related to organisational issues.

Too many stories under one domain

In all locations, the majority of stories were relevant to the domains about improved performance of students and improved performance of teachers. Participants met in domain groups to read the stories and select finalists from each domain. It was important that everyone had a chance to read their story to others, and this meant that groups discussing stories in the above domains were much larger than other groups and ran short of time. In subsequent workshops a strategy was developed to resolve the tension around time.

Difficulty selecting the 'best' from each domain

Some groups had difficulty selecting the one best story from the domain and this meant that instead of having one finalist from each domain totalling 5 stories, there were up to 14 selected for the final round. Each of these finalists read their story to the whole group and this impacted on the amount of time available. Regardless of the number

of stories that participants listened to, they appeared to maintain their interest in hearing the stories written and read by others. The time pressure appears to have been an issue for the organisers rather than the participants.

Reluctance to comment negatively

Representatives from the Department of Religious Affairs participated as stakeholders and stories about improved performance and involvement of support agency personnel (i.e. department staff) were also sought. Stories under this domain could have been about the department personnel providing a support service; changes observed by staff outside of the department; department staff themselves reflecting on changes in their own work. There appeared to be a general reluctance on the part of stakeholders to comment on any changes – indeed – perhaps there were none. The lack of stories under this domain may be a cultural issue with participants reluctant to comment negatively, especially in front of those whom they may be criticising. Department representatives themselves did not identify any changes, either positive or negative in their operations. This was an important and timely finding across all locations because it indicated the need to:

- Strengthen efforts with this group of stakeholders in order to meet activity goals in the remaining 12 months of operation.
- Devise another method to gather information on any changes that had occurred in the department.

LAPIS-ELOIS has a full 12 months before the next MSC process to address the above gaps in knowledge. As well, they have time to address the apparent gaps that are not contributing to improvements in performance and involvement of support agency personnel.

Reflections - Lessons learned

The two initial workshops in Jogjakarta and Surabaya were led by Elis Anisah (LAPIS Program Officer) and myself. Staff from PSW Jogjakarta took on greater responsibility for subsequent workshops, resulting in them managing the third workshop in Mataram. Not only was the MSC activity an important tool to gather information, it was also a capacity development opportunity for PSW staff. In addition it provided opportunities for PSW staff working with the stakeholders to hear about impacts first hand. This provided valuable affirmation to staff in these locations. The MSC approach was so successful the PSW Jogjakarta are using the approach to monitor their gender awareness raising activity with a group of Islamic judges. This workshop will also be observed by staff from DANIDA, the Danish Aid Agency.

There were a number of lessons learned that were applied at each subsequent workshop. They included:

1. When there are large groups in one domain, split the group and allow them to choose one story each for the final.
2. Students can be active participants in the process with support from their teachers.
3. The support of PSW staff at each location is important in working with small groups to help participants to discuss their stories and to add greater detail.
4. Energisers are an important part of the process.
5. One participant (madrasah principal) described how he was encountering resistance from staff. The principal could best be described as a 'gender champion' and he provided a lot of information about actions that he has taken in his school. This was timely and will allow PSW Surabaya an opportunity to engage more closely with this location and work on staff resistance.

6. MSC is a worthwhile process and can provide program managers and staff with information about their activities prior to program completion.
7. Program managers and staff can re-prioritise activities on the basis of information provided by stakeholders.
8. The process took three days (5 including travel for Jakarta based staff to visit 3 locations) and involved 120 stakeholders.
9. The process was enjoyed by stakeholders and provided staff and program implementers with an opportunity to gain some valuable and timely feedback on progress.

And the winner is?

Perhaps the most important decision made in the implementation of the MSC approach was to include students. In Surabaya, two student stories were voted by all participants as the winners. In other locations, a number of student stories were voted as finalists.

The PSW Jogjakarta met in June 2009 to review stories from all locations and to attempt to select a 'winner'. The story from Putri, a female student from a Madrasah Tsanawiyah (junior secondary school) in Surabaya who was winner in that location was voted as the best overall. Putri's story, translated from Bahasa Indonesia appears below.

Improving student leadership system and interaction by Putri, Surabaya, March 2009

Before ELOIS was implemented in our school, there was a gap between the rights and positions of male and female students which were very distinguished. For example, in doing group tasks, students will usually group themselves based on gender. Male students will be grouped on their own and so are female students. Male students feel superior and believe they should be granted respect. Men consider they are superior and more appropriate as leaders than women. Sometimes women feel disrespected and the gender gap occurs which results in conflict among students male and female students.

After ELOIS came to our school, students realise that their positions are equal and male students no longer show disrespect to female students and female students are free to express their opinion since they feel their rights are recognised.

Other example is in organising class and student council. Before ELOIS, there was male student domination in the organisation, from the President or head to males dominating decision making processes. However, after ELOIS came to our school, female students are eager to run for organising class, student council and class president. Female students have been nominated twice for President of organising class and student council in 2007 and 2008. There is more participation by females in school decision making, although they do not ignore male students. When female students are elected for president, all students can accept the decision peacefully and take the candidates' capabilities, intellectual capacity organisational and competitive skills into account, rather than gender.

The day our Security Plan was tested

By Rodney Tiller, General Manager, Managing Contractor Program Management (MCPM) for Australia-Indonesia Basic Education Program (AIBEP)



Above: In 2006 Cardno Acil began work on Australia's single largest international aid program – the Australia Indonesia Basic Education Program. Worth more than AU\$360M it has an ambitious target of support for building 2,000 junior secondary schools. These schools will create an additional 330,000 new schools places. Cardno Acil has supported the Ministry of Religious Affairs in Indonesia by assisting in the construction of 500 Madrasah mainly for private foundations, but also including 20 state owned Madrasah, thereby creating more than 60,000 new school places for students in junior secondary. Madrasah are an important part of education in Indonesia and have often been the only educational option for poor families.

For Cardno Acil's Managing Contractor Program Management - Australian Indonesia Basic Education Program (MCPM-AIBEP) staff, Friday morning July 17th 2009 started out like most other mornings in Jakarta...

Some staff were already at their offices, some were just about to leave home and some were on the road. At 8:14am an SMS message was received from our security company AGI. The message reported that two bombs had exploded in the Marriott and Ritz-Carlton hotels in Kuningan and there were many casualties. And so the day started.

Mid last year Cardno Acil had contracted the services of AGI to provide security alerts. They send daily emails and as necessary in emergencies and they also send real time SMS alerts which give information about unfolding security issues. The mobile number given to the security company is a computer server which receives the message and then runs a routine to distribute the SMS message to all Cardno Acil staff in the program. There are 200 plus Cardno Acil staff located in 10 offices across Jakarta and information like this is critical to assisting staff avoid the routine demonstrations and other interruptions people face in Jakarta on a daily basis. The system is also set up to allow the General Manager to send SMS messages for distribution to all staff enabling direct communication with everyone no matter where they are.

On that Friday morning at 8:24am just 10 minutes after receiving the SMS alerts from AGI the MCPM-AIBEP emergency team ordered a lockdown of all staff. The SMS was sent to everyone notifying them to stay where they were and to report their status. Simultaneously staff in the Ravindo office, our headquarters in Jakarta, were telephoning each of our offices throughout the city to get a staff head count. Who was there? Who was missing? Where are people? Calls were coming in from staff from Kalimantan and elsewhere advising their status. We had people

in places from one end of the country to the other. But we knew where they were and we were communicating with them.

Within 30 minutes all but two of our staff had been located and accounted for. One of the missing had a driver who was in traffic and on his way to the residence. We spoke with the driver and advised him to check the residence. For the other missing person we spoke with the housekeeper who advised that the Cardno Acil staffer was out at a class. We continued to try to establish direct communication. At the residence of the first missing person security at the housing compound joined the search and assisted us in making contact. It was 9:30am and it had taken almost an hour to establish contact with the person whose phone had been turned off. This is a security issue we are working on. Then just before 10am we located the final missing Cardno Acil staff member.

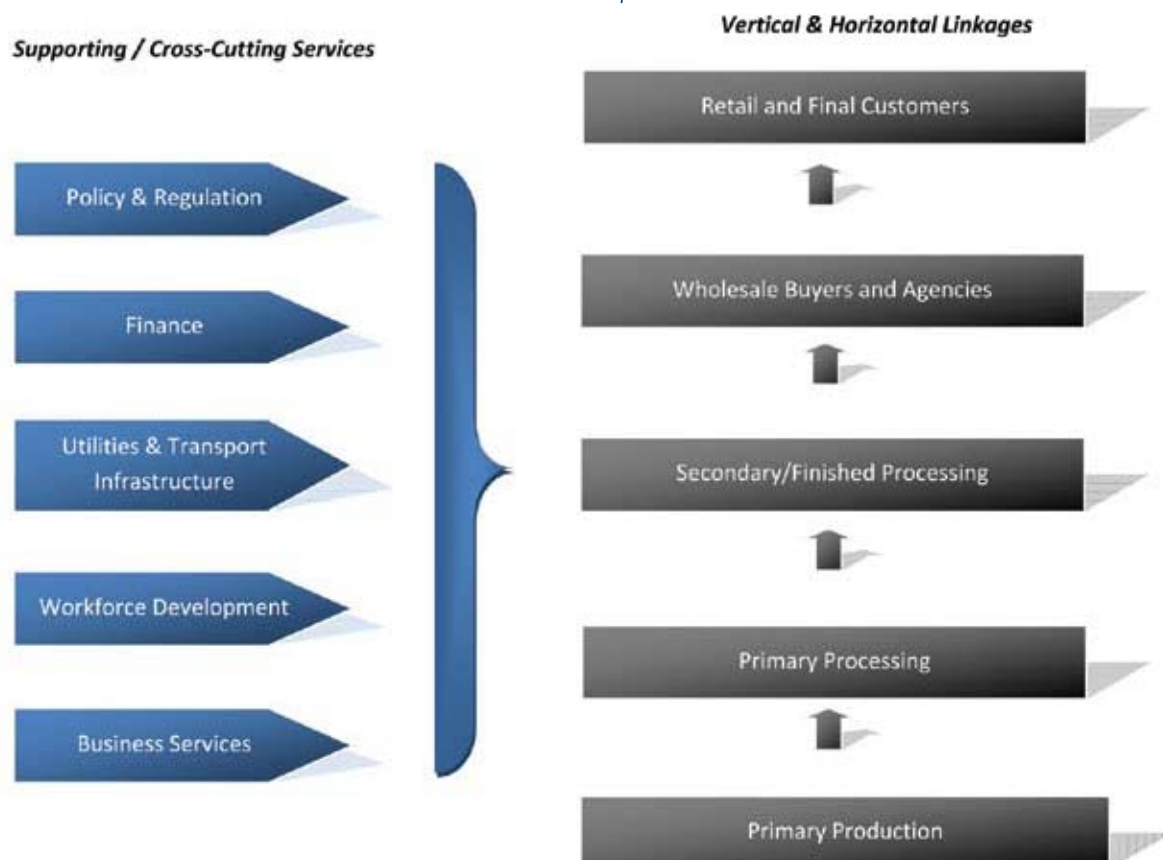
More than 200 people located in 10 offices and numerous residences throughout a city of 20 million and travelling across a massive country had been located and confirmed safe. As we were able to feel relieved that all our staff was safe, we were sad for those at Kuningan that morning.

Our offices remained locked down as we continued to communicate with AusAID and monitor our security advices. We ordered lunch to be brought in for our staff so they wouldn't have to leave the offices. At 1:19pm in a final communication with AusAID they concurred with advice we'd received to lift the security lockdown and send staff home early. At 1:21pm in simultaneous SMS and email messages the security incident was ended for Cardno Acil staff in Jakarta. Sadly it did not end for many in Kuningan.

The Value Chain Approach to Pro-Poor Growth

By David T. King Ph.D., Chief of Party on USAID Bosnia FIRMA Project, Emerging Markets Group

Value Chain Structure Graphic



Enterprise development, product sector strengthening, and country competitiveness are approached from a variety of technical angles in economic growth support programs. The most general and practical framework, in our view, is the value chain. A value chain (VC) encompasses the entire range of activities required to bring a product or service from its conception to its delivery to the final end market buyer. The starting point for VC analysis is the end market, even though most enterprise development projects begin with some concept of a country's existing comparative advantages.

The great analytic benefit of the approach is that by carefully examining the entire value chain, the key constraints to producing and delivering the product or service that the end market wants are clearly identified. A country may have high-quality hardwood forests, but lack capability in furniture design. It might have capable farmers, but lack irrigation and processing. Its firms might have quality certifications, but little knowledge of trends in market demand. By mapping and assessing the position of a particular product through the entire value chain, the obstacles to a country's global competitiveness can be comprehensively identified and prioritized. Assistance can then be targeted to achieve the strongest results.

We find it most useful to break the value chain into five major "vertical" elements, and five "cross-cutting" elements, as illustrated in the graphic. For an agricultural value chain, for

example, primary production would be the cultivated farm product, primary processing would encompass cleaning/grading/sorting, and secondary processing could consist of milling/ooking/canning. Wholesale buyers would be distributors or large supermarkets, and above them are smaller retailers and final consumers. Some value chains would have additional significant vertical elements, and others fewer.

While the value chain model is the most useful for analyzing firm- and sector-level competitiveness challenges, the cluster approach remains the most useful methodology for enterprise development support projects to address them. Facilitation of joint action – through cooperatives, business associations, and public-private dialog mechanisms – provides the greatest development dollar leverage in terms of numbers of micro, small, and medium-sized enterprises benefited.

Cardno Emerging Markets has extensive experience in selecting and enhancing value chains that have the greatest potential to "marry livelihood systems to market systems"TM. Applications include the wood processing and tourism sectors in Bosnia & Herzegovina, a range of agricultural products in Uganda, and information technology and pharmaceuticals in Armenia. The VC approach can bring large numbers of microentrepreneurs and SMEs into viable markets, widening productive employment, raising household incomes, and achieving transformational development.

EMG's Expertise in Health Systems Strengthening and Reform: A Case Study of the Armenia PHCR Project

A Buzz Word or Global Consensus?

By Yulia Johansen, Senior Manager, Healthcare and Human Capacity, Emerging Markets Group

In recent years, the world of development assistance in healthcare has seen increased interest in strengthening and reforming health systems, as evidenced by the ever growing number of programs dedicated to it. In fact, 'Health Systems Strengthening' (HSS) is talked about so much these days in donor communities that it has become almost a buzz word. However, despite the multiplicity of definitions, frameworks and contexts they all share common objectives and common principles. Strengthening health system means increasing its effectiveness (to reduce national burden of disease), efficiency (at lowest cost), and equity (so vulnerable not excluded), to lead to better health outcomes, higher labor productivity and GDP, and higher economic growth. At the core of many health systems reforms is a call for strong primary healthcare (PHC) system since it reduces the need for expensive secondary and tertiary care.

Primary Healthcare Reform Project

Since 2005, Emerging Markets Group has been implementing a USAID-funded Primary HealthCare Reform (PHCR) project in Armenia designed to increase utilization of sustainable, high-quality primary healthcare services leading to the improved health of Armenian families. Through this project EMG has deepened its expertise in reforming policies, processes and structures of health systems and acquired valuable lessons for successful implementation of HSS initiatives.

PHCR project is a case study of how to link service delivery and policy reform in one program. This approach is unusual since most projects focus on either one or the other. However, working at the two levels simultaneously produces synergistic effects. The Project's strategy is to support the Government of Armenia and its Ministry of Health through implementation of six systemic interventions, which address healthcare reforms and policy support; open enrollment; family medicine; quality of care; healthcare finance; public education and health promotion.

Innovation through Synergy

The PHCR Project has four distinctly innovative aspects. First is the package of mutually reinforcing initiatives on policy reform and service delivery implemented concurrently at central, regional and community levels. To support Government's reforms the project is rehabilitating PHC physical infrastructure, and so far 165 facilities have been renovated and essential equipment provided to 240 facilities and institutions. Building human capital is another focus of project's efforts: more than 450 nurses and 150 physicians have been trained in improved clinical skills and in support of a policy shift from a "narrow specialist" model to a Family Medicine model much like GPs (general practitioners) in the U.S. and Europe.

Since primary healthcare system calls for increased levels of autonomy, the Project also trained PHC managers and accountants in strategic planning and financial management. Decentralization of healthcare that the PHC reform entails makes



civil society an important actor in the national health system. The Project supported the process of 'democratization' of healthcare through public education media initiatives, capacity building for 25 NGOs, and creation of 160 Community Health Committees to promote health ownership and healthy behavior through peer education.

One of the key undertakings of the PHCR project is a nationwide Quality Assurance Program, which is the basis for the innovative Pay for Performance program being introduced nationwide. It includes "Quality Assurance Toolkit Package", "Implementation Plan" and establishment of Quality Improvement Boards in all 138 relevant PHC facilities. Another crucial aspect of PHC reform is improvements in resource allocation. The PHCR project strengthens the capacity of the MOH through National Health Accounts that traces flow of funds through health system. In addition "unit costing" models are developed to support appropriate pricing of services. In support of increased





levels of autonomy of facilities, the Project improves financial management capacity by developing software and providing training in financial and cost accounting in 300 PHC facilities.

The second major innovative aspect of the PHCR project is support for development of a new health system model in Armenia – from a model based on “catchment areas” to a “population enrollment” model which allows every resident to register with a PHC provider of their choice and where facilities are paid on the basis of the number of people enrolled. By now nearly 90 percent of the resident population have enrolled and are tracked in computerized database. Why is this model important? It puts the patient as the center of the healthcare system, provides the foundation for better quality of care, increases transparency and reduces corruption, and introduces performance-based payment incentives.

The third innovation supported by the PHCR project is a ‘pay for performance’ incentive system where providers are paid a salary bonus for meeting predefined health outcome targets. This approach deals with a fundamental problem of many civil service systems where, whether you work or not, you still get paid and promoted. Undertaking a reform such as this is an act of courage of the Government of Armenia. Typically, such an incentive system means additional costs at the front-end because of the bonus payments, but lower costs at back-end through less illness and higher labor productivity.

A fourth innovation is tying together enrollment-based financing, quality assurance indicators, and pay for performance with a computerized health information system – called MIDAS-3 in Armenia. This not only reduces paper work and other transaction costs, but also provides more accurate and reliable information.

Challenges and Lessons

Shifting to an enrollment-based model, initiating a quality assurance program, and introducing a performance based payment incentive system each by themselves are major

systemic reforms. What lessons have been learned? First of all, system wide policy reforms are among the most complex of interventions, but also have the potential for having the greatest impact – in this case, on health system outcomes. Secondly, and unlike many vertical or service delivery interventions in the health sector, reforms take a long time to bear fruit and we must look to the long term of, perhaps, ten years or more. Reforming systems is not just a technical or logistical issue. It is also a political and human personality issue in which power structures change, complex policy decisions need to be made, and associated regulatory mechanisms introduced.

As is often the case with donor-funded project, sustainability of reforms introduced in the system is a challenge. For the reform content and processes to be long lasting, they should be ‘institutionalized’, i.e. embedded in official policy and government decrees, as it is already the case with, for example, open enrollment, quality assurance, and performance based payment. Sustainability can be further assured by finding a balance between projects supporting versus leading on MOH reforms. It is often easier for a project “just to do it themselves”, but this is generally a short sighted strategy.

A final lesson learned is that introducing one reform often creates opportunities to simultaneously introduce related reforms so that synergies are generated. Thus, shifting to an enrollment-based health system model created opportunities to also introduce performance based payment incentives that are linked to improved quality and health outcome indicators – the combination which can lead to a more effective and efficient primary health care system.

Policy and system reform is clearly a challenge. But, as EMG experiences shows, the benefits can be significant if the reform initiatives are designed and implemented carefully and thoughtfully.

Strengthening PNG's Law and Justice Sector

By Trudy Loban, Senior Communications Advisor, Cardno



Above: Secretary for Justice and Attorney General, Ms Hitelai Polome Kiele being interviewed by EMTV



Above: Correctional Services Commissioner, Richard Sikani (left) and Colin Adams at the PALJP launch

Cardno Acil will continue to help strengthen and build Papua New Guinea's law and justice sector after being appointed the Implementation Services Provider (ISP) for the Papua New Guinea-Australia Law and Justice Partnership (PALJP).

The five-year, AusAID-funded PALJP commenced in April and follows on from the Law and Justice Sector Program, which Cardno Acil managed for the previous six years.

Cardno Acil Contractor Representative for PALJP, Colin Adams, said the PALJP represents the next phase in Australia's support of the Papua New Guinea (PNG) law and justice sector and is grounded in the principle of PNG owning and leading the sector's reform.

"We're pleased to be a part of the ongoing goal of building the capacity of both the formal and informal sectors involved in law and justice in PNG," Mr. Adams said.

"Through PALJP, the Government of Australia aims to work in partnership with the Government of PNG to support the sector and where possible also strengthen the Government of PNG's own planning, budgeting and implementation systems," Mr. Adams said.

"In addition, it incorporates a greater focus on overarching policy issues, particularly relating to gender equality, HIV/AIDS prevention, sub-national and community engagement and anticorruption.

"PALJP will see the Government of PNG and Government of Australia working in partnership and both governments sharing responsibilities for the program's outcomes.

"...It is a great challenge for Cardno Acil to be able to facilitate this approach, which is at the leading edge of development practice. Colin Adams"

"It is a great challenge for Cardno Acil to be able to facilitate this approach, which is at the leading edge of development practice" said Mr. Adams.

"As ISP we have two broad areas of responsibility. The first is strategic management services, where we work with the Partnership and the law and justice sector to achieve overall goals for the sector. The second is operational level services, including recruitment of personnel, financial management of AusAID's contribution and performance management of the advisors and program to support the Partnership's strategic approach.

"The Partnership sets aspirational goals in terms of the PNG government's ownership of the reform agenda. In the last six years we have helped build the PNG government's capacity and are committed to partnering with the PNG and Australian governments to achieve the end goals," Mr. Adams said.

As ISP, the Cardno Acil team consists of over 90 staff and contractors, including more than 60 Development Practitioners in Port Moresby and PNG provinces, an operations support team in Port Moresby of almost 20 staff and a Corporate Strategic Team operating between Melbourne and Port Moresby.

The Partnership was officially launched in Port Moresby on 5 June 2009. The launch was attended by senior representatives from the Government of PNG including Secretary for Justice and Attorney General, Ms Hitelai Polome Kiele, Law and Justice Secretariat, Mr. Joe Kanekane and the High Commissioner to PNG, His Excellency Chris Moraitis.



Above: Deloitte's Ernie Gangloff presenting integrity review report to Mr. Jack Pambel, Deputy Public Prosecutor



Above: Presentation to Chief Magistrate John Numapo

Integrity Reviews: A first for PNG's Law and Justice Sector

By Lou Grima, APM Anti-Corruption Development Practitioner Papua New Guinea Australia Law and Justice Partnership, Cardno Acil

Tos Barnett, a retired former PNG judge and the author of a review of corruption in the PNG Law and Justice Sector (LJS) agencies, produced a report titled "Fighting Corruption and Promoting Integrity in Public Life in Papua New Guinea." The report is commonly referred to as the Barnett Report and proposes measures that could promote integrity within the LJS agencies and strengthen those agencies in their task of fighting fraud and corruption. The purpose of the review was to present an overview of the problem of corruption in PNG to improve public administration and corporate governance.

Two major recommendations in the report, sought to give the Ombudsman Commission (OC) jurisdiction to plan, conduct and monitor integrity reviews in government agencies. In particular it sought to have the OC act as the lead agency in the fight against corruption.

The integrity reviews should clearly identify key problem areas and assess all internal procedures. Barnett saw integrity reviews as an essential tool in fighting corruption and promoting integrity.

In 2006, the LJS Working Group established the Fraud and Anti-Corruption Activity Management Team (AMT). It tasked the AMT to implement the forty recommendations found in the Barnett Report and the AMT has acted as a coordinator for reform as agencies take responsibility for implementing their agency specific recommendations. To date, progress has been slow, but the AMT is persisting with these intractable recommendations that impact mainly on the Government of PNG and agencies.

Following discussions with the OC it was deemed appropriate for the AMT to engage a consultant to undertake integrity reviews so in November 2008, the AMT, through the cooperation of the LJS Secretariat, contracted Deloitte for the reviews and to produce fraud control plans. This was a first for the sector.

The purpose of the integrity reviews is to provide each entity's CEO with an independent assessment of their agency's organisational integrity with practical and value added solutions. The focus was on the integrity of the organisational and governance structures, controls, practices and procedures operating within each agency that have the potential to expose the organisation to fraud and corrupt practices, which should increase the level of accountability and transparency in an agency and improve the level of good governance and service delivery to the people.

The first phase was with the Office of Public Solicitor, Office of Public Prosecutor, Magisterial Service and Correctional Services. Over a six month period the consultant developed reviews and made key practical recommendations and fraud control plans.

On completion of integrity reviews, it was interesting that similar issues were identified in the agencies. The following key findings were identified:

- Development of Policy and Procedure Manuals
- Fraud Control - roles and responsibilities
- Change Management - Leadership and Staff buy-in
- Risk Management
- Compliance with legislation - procurement, payroll & expenditure
- Monitoring & Evaluation
- Linkages between Corporate Plan and Annual Activity Plan
- Internal Audit functions

Key recommendations for improvement were detailed in the reports. Following extensive consultation with agency management, individual integrity reports were provided to the CEO's of the four agencies recommending a plan of action.

A key feature is to have the process driven by the CEO's, their management teams and supported by advisers. Staff buy-in is critical to the success of the project. Education and awareness of the contents of the reports has been encouraged and it is pleasing to see that most of the agencies have already set up an implementation team responsible to the CEO with a dedicated agency coordinator. Most agencies will also have a responsible fraud liaison officer to report and investigate complaints of fraud and corruption.

Part of the consultancy was to provide the AMT with advice as to how it can support the agencies implement the key governance recommendations. Meetings have taken place with the agencies to draw up implementation strategies and responsibilities. LJS advisers will support the implementation strategies developed by the agencies.

Phase 1 has now been completed and there is an enormous amount of work ahead. Due to additional funding provided by AusAID, the AMT is in a position to continue to develop integrity reviews and fraud control plans in the Department of Justice and Attorney General, National Judicial Support Services and the Royal Papua New Guinea Constabulary. It is expected that the same level of cooperation will be given to the consultant to complete the task of preparing the reports.

Finally the AMT proposes to provide the OC with copies of the documents and will encourage it to develop sufficient resources to plan and conduct future integrity reviews across government agencies.



Above: New building paid for by AusAID funding



Above: Training for fraud officers

Building capacity within the PNG National Fraud and Anti-Corruption Directorate

By Lou Grima APM, Anti-Corruption Development Practitioner, Papua New Guinea Australia Law and Justice Partnership

Over the past two years, the National Fraud and Anti-Corruption Directorate (NFACD) more commonly known in Papua New Guinea (PNG) as the fraud squad has been supported through both the Law and Justice Sector Program and from April 2009, the Papua New Guinea - Australia Law and Justice Partnership (PALJP). The approach has been to strengthen the organisation to investigate white collar crime in a timely manner through capacity development of staff and organisational systems.

Development budget support

A considerable amount of funding through the PNG Development Budget has been provided to the NFACD to strength its capacity to detect, investigate and prosecute fraud and corruption and to investigate money laundering and the proceeds of crime. Corruption is a major problem in PNG and the country ranks 150 out of 170 countries on Transparency International's 2008 Corruption Perception Index which is disappointing.

In October 2004, the NFACD moved into a modern office building in Konedobu. More recently the office purchased office furniture, personal and lap top computers, copying machines and vehicles. Investigators now have adequate resources to conduct their investigations, although a significant inhibitor is the lack of operational support funding to conduct investigations in the provinces. This is generally a significant issue for policing across the country.

Building capacity through PALJP

The NFACD has one full-time development practitioner assigned to build the capacity of the fraud squad and also to work on anti-corruption initiatives within the Law and Justice Sector. Additionally, the Sector provides other advisory support to police

training in cross-cutting issues of HIV/AIDS, gender equality, family and sexual violence, finance and ethics.

Capacity development works well when there are willing counterpart groups who want to improve work processes and who are committed to seeing positive change. An essential element of developing relationships is to earn the trust and respect of those one works with. This only comes through commitment of all parties involved in the process. Technical experience and expertise are also well regarded by colleagues. A major role assigned to me has been to provide technical advisory support on complex cases to investigators to ensure that police investigations are conducted competently, professionally and in accordance with PNG legal requirements.

Current resources are limited

The NFACD has a staff of 35 officers tasked with investigating fraud, corruption and money laundering crimes. Because of the demanding workload it presents a major challenge for management to ensure limited resources are used appropriately to maximise success. Unfortunately the authorised strength of the unit has not increased for over ten years, although the volume of reported fraud has significantly increased. At any one stage an investigator may have carriage of 6 - 10 ongoing investigations which is not ideal. On average 150 cases are reported every year.

In 2008, over 62 offenders were charged with various offences of misappropriation and false pretence with an at risk amount of Kina 22 million (about AU\$11M). Generally speaking the unit has a 70 - 75% successful prosecution rate, but court trials are often listed 2 - 5 years after an offender has been committed to stand



Above: Police training in Madang for Momase Region



Above: Fraud training

trial and compounds the likelihood of success when witnesses cannot be located to give evidence.

Fraud training course

One of my major inputs has been to develop a training program for fraud investigators. Following extensive consultation in 2008 with management and fraud investigators, a ten module fraud investigator's course was developed, which was tailor-made to the PNG environment. This course was approved by the police Training Advisory Board and is classified as an approved course. It is one of the few formal courses running in police today.

The investigator's course covers a variety of relevant topics including basic accounting, planning and conducting investigations, investigative ethics, interview techniques, the rules of evidence, improving communication skills, company and business structures, banking and investigating money laundering and the proceeds of crime. Outside experts from Treasury, Provincial Affairs, Ombudsman Commission, Australian Federal Police, Magisterial Service, Public Prosecutor, Public Solicitor and financial institutions provide informative presentations on the role and functions of their organisation. The course is geared to better skill investigators and give them confidence.

So far, four training courses have been conducted for investigators in the Highlands, Momase, Southern and New Guinea Islands Regions, where 69 police officers including 7 police women have successfully attended the two week training course. The hallmark of police participation on these courses has been their enthusiasm and willingness to learn and improve their capacity to conduct complex investigations.

At a recent course in East New Britain, ACP Islands Commander,

Mr. Francis Tokura highlighted "the ever increasing occurrences of fraud and corruption within the private and public sector that is crippling the Nation and the need for law enforcement agencies such as police to better equip its manpower to deal with such issues. He challenged the participants to put into practice what they have learnt."

On-the-job technical training is encouraged particular to new officers to the NFACD and supports the more formal class training.

National anti-corruption alliance

Already there has been a noticeable improvement in the number of arrests undertaken by the squad over recent years. Police are also an integral part of the National Anti-Corruption Alliance (NACA) which was formed in July 2004 to combat complex public sector fraud and corruption. NACA does not have any additional or special powers found in corruption commissions.

NACA cooperatively uses the existing legislative powers and resources of member agencies responsible for improving good governance. NACA police investigations have resulted in the arrest of over 60 suspects in the Southern Highlands over the past 3 years and more recently 7 suspects in the Gulf Province, where there has been widespread corruption, misappropriation and misuse of public funds in provincial governments.

The success of these two major investigations will no doubt be measured by the number of successful court prosecutions. Finally it is envisaged that later this year, a comprehensive review will be undertaken to measure how effective both training and technical advisory support has been to the organisation and what impact it has had on operational effectiveness and individuals.

The Sepik River is open for business!

By Judi Cooper. Judi is the community development specialist, contracted to the CWTP by Cardno Acil. She heads a team of nine domestic community development officers



Above: celebration for the MV Siddy on its recent maiden voyage



Above: Michael Somare, PNG Prime Minister visits Timbunke community



Above: Timbunke launch arrival

For the first time in more than 20 years, the remote communities of the Sepik River in East Sepik Province of Papua New Guinea have monthly transportation capable of carrying 100 tonnes of cargo and 100 passengers.

The Community Water Transport Project (CWTP), funded by Government of PNG and the ADB, aims to provide reliable, predictable and affordable water transport for the people, their market goods and commodity crops, as well as to give better access to community service providers especially in health and education.

The Sepik River is breathtakingly beautiful, with strong culture and resourceful people who have lived without communications, power, clean water, banking, financial or effective government services for decades. Fuel for motorised canoe travel is prohibitively expensive, not only for people who struggle to pay K200 a year for primary school fees (about AU\$100) but also for the Provincial Government to visit the communities and deliver services. There are only two reliable roads from the provincial capital Wewak to the river, far apart from each other, leaving trading stores in many communities selling basic goods such as cooking oil, sugar and tea with almost empty shelves.

Cocoa from the increasingly successful cocoa producing communities up the tributaries of the Sepik River build huge rafts and spend weeks floating down the tributary and then the river to Angoram where they can sell their produce to traders who truck it to Wewak and beyond to the export markets. Women, wanting to sell their sago, fish and market produce are cut off from all but the smallest informal markets at home.

It is hardly surprising, then, the excitement in the communities as they welcomed the MV Siddy on its recent maiden voyage.

The project tenders out the route, and contracts a credible

shipping company, in this case Lutheran Shipping, to provide the service. Because they are currently marginal routes to sustain a commercial shipping venture, the CWTP provides a subsidy that should guarantee stability of the service for the first few years, and guarantees of affordable passenger and freight charges.

It is not assumed that people will immediately be able to take advantage of the new services, after years of self-reliance, a degree of cynicism about new government services and with very few 'start-up' resources. The CWTP therefore includes an investment in community development, to assist the communities to recognize the opportunities they would like to take up and to upskill interested individuals in business and other skills that would allow them to take advantage of the new water transport services.

The Community Development Unit began the year with a rapid rural appraisal to inform itself and others of where the greatest needs are and the aspirations of the communities. It also works to develop linkages with multi-sector development programs as well as with the provincial, local and ward level governments as well as national governments to optimise their access to the disadvantaged communities. Already, the provincial hospital is planning the first specialist doctor outreach in memory, a cold chain fridge for immunisation campaigns is installed on the ship and the National Agricultural Research Institute is using the ship to access previously inaccessible communities to research agricultural opportunities.

The CWTP also includes components in building jetties in critical locations and in small craft safety.

Soon to come are further services along the Huon Gulf (Morobe)/ Oro Coast, Southern New Ireland and New Britain and the Ramu River. The CWTP is planned through to 2011, with Phase 2 introducing another five routes starting in mid 2010.

Cardno *Connect*

Implementation of the Cairns Compact

By Louise Morrison, Project Director Pacific Leadership Program, Cardno Acil

Recently the Pacific Islands Forum launched the Cairns Compact on Strengthening Development Coordination in the Pacific. The Cairns Compact is intended to achieve better development outcomes through enhanced coordination and more effective delivery of development assistance.

The Pacific Islands Forum recently held a regional workshop as part of an ongoing process of consultation with stakeholders to progress the implementation of the Cairns Compact. When presenting an overview of the Compact to the workshop participants, Deputy Secretary General of the Pacific Islands Forum Secretariat, Feleti Teo, said to improve development outcomes, the Compact calls for cooperation not only amongst Pacific Island Countries but also with and amongst development partners and regional and international agencies.

"The Compact, successfully implemented, should assist and position the Pacific Island Countries to better direct all available resources from their own national budgets and those from development partners towards achieving national development priorities."

"It would also serve as a mechanism to allow development partners to better coordinate their development assistance and align them to agreed national development priorities prescribed in national development plans. It would give similar direction in the alignment and coordination of resources to regional priorities set by Forum Leaders under the framework of the Pacific Plan."

Simultaneous efforts to develop and consult on a peer review of national development plans process, a model of reporting on development plans, guidelines on the assessment of development partners support to the Compact and tracking development effectiveness and the Millennium Development Goals progress.

Farewell and thank you

I'm taking the opportunity to bid fond farewell to Cardno Connect magazine as I go on maternity leave at the end of 2009.

Being editor over the last eight years, firstly of Bush Telegraph and now co-editor of Cardno Connect, has been a really rewarding professional experience, mainly due to the commitment of personal time and insight offered by our contributors over the years. Thank you to those writers from far a field and closer to home for taking your personal time and stories to create the depth of knowledge sharing Cardno Connect magazine provides. I am very pleased to leave the magazine in the capable and creative stewardship of Bridget McAloon and for the next edition the input of Cardno's Senior Communications Adviser, Trudy Loban and of course Vandana Chinnakotala who continues to co-edit from EMG to bring you the ever-evolving and always valuable, Cardno Connect.

Anna Viola

NoticeBoard

Congratulations

Harold Davies Professional Scholarship 2009

The winner of the 2009 Harold Davies Professional Scholarship is Melissa Wells, a Senior Consultant with Cardno Acil, in Melbourne. Melissa was one of four shortlisted finalists and the judges were impressed with her specific ideas regarding the generation of new profitable business opportunities by offering our clients new services utilising the existing project support skills of our organisation.

The Harold Davies Scholarship is named in honour of Cardno's co-founder, Harold Davies, who had a vision of building a company committed to innovation and high quality operations. Harold passed away this year on Sunday the 12th of July aged 105 years.

The Scholarship aims to recognise and reward a standout performer in a non-engineering role. It also aims to further enhance the Scholarship winner's strengths by providing support for their personal and professional development. To help Melissa achieve this, Cardno will sponsor her attendance at a development program aimed at developing leadership, management and/or technical/professional skills.

Melissa's winning essay "*How can Cardno improve its performance during a period of slower economic activity? Creating or growing greater value for stakeholders,*" explores innovation through an idea for expanding the business of Cardno Acil. It briefly touches on three crucial innovation stages: insight, development and marketing. The idea itself and the innovative process are easily replicable for other Cardno business units. Melissa's work impressed the judges; illuminating the stages of identification of core competencies held by Cardno which could be marketed.



Above: Gavin Wyngaard, Operations Manager, handing Melissa Wells a certificate of her award. Melissa was six months pregnant at the time of her win and has since given birth to daughter, Juliet. Congratulations to Melissa on both counts!



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CardnoConnect is produced by and for consultants and associates of Cardno Acil, Emerging Markets Group and Cardno Agrisystems with the specific purpose of sharing knowledge between our physical, social and economic development activities around the world.

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