



Note

1.234.32-272/02

Date: 25 January 2013
To: WCL
Copy to: LEM, MAYMI, KSE

Management Response to the "External Evaluation of the Swiss Core Contribution to the Centre for Policy Alternatives"

K.234.32-272 / SFD

1. General Assessment

The findings of the evaluation are interesting, useful and actionable. The results will serve as a good basis for guiding the cooperation with the Centre for Policy Alternatives (CPA) during the implementation of the current Cooperation Strategy for Sri Lanka 2013-2015.

The evaluation team acknowledges the relevance of the work CPA did during the evaluation period, in particular with regard to the policy objectives of the HSD in Sri Lanka. CPA holds a particular position as a think tank in various fields of activities that are of interest for HSD. The difficulty in measuring impact in peacebuilding is also acknowledged, yet significant contributions are identified, e.g. in the field of supporting political dialogue, public interest litigation and advocacy. CPA is credited with being the only remaining NGO in Sri Lanka capable of taking up highly controversial and delicate political issues and engaging in a constructive controversy with the government. As such, CPA holds a position of strategic interest in a political landscape, in which separation of powers, democratic principles and the rule of law in general is totally undermined.

2. Comments to specific conclusions and recommendations of the evaluators

Conclusion 6: The evaluation identifies a number of minor weaknesses and challenges concerning CPA. Both staff at the Swiss FDFA and other donor agencies expressed concern of the organisation's ability to effectively manage projects and assure timely and high quality reporting. The evaluation agrees that the narrative reporting could be more analytical and better tailored to substantive donor needs. With regard to financial transparency and cost accountability, there could be clearer insight in the usage, relevance and added value of core funding. We have not found any indication that Swiss funds have been spent inappropriately or inefficiently.

Response: The steering committee acknowledges the results of the evaluation, yet expresses more serious concerns about financial transparency and cost accountability. A coordinated approach by all donors is required to address this problem.

Recommendation 1: On the basis of the relevance of CPA's activities to HSD's policies and the positive assessment of CPA's work, we recommend HSD continue its support to CPA.

Response: The steering committee concurs with this recommendation.

Recommendation 2: In terms of the funding modality (core funding or project funding), we suggest both parties consider the in-between option of core funding with benchmarks, thus preserving the flexibility that CPA's work requires, but enhancing the accountability and substantive profile that HSD needs.

Response: The steering committee is of the opinion that no new funding modalities should be created and that future support to CPA should have the form of project funding. However, the flexibility needed to operate in a difficult environment shall be accommodated by project designs that can be adapted to the circumstances and that cover all indispensable institutional expenses.

Recommendation 3: We recommend CPA addresses the administrative and reporting issues observed above (assigning a senior office manager responsible for these issues and donor relations is one possibility). CPA needs to develop explicit strategies in relation to threats identified to its longer-term sustainability. There is scope for the board to adopt a more pro-active role with regard to CPA's future. It would be helpful if HSD would take a supportive attitude towards the risks associated with and investments needed for CPA's longer-term strategies.

Response: HSD will consult with other donors and establish a coordination mechanism among like minded donors to secure longer-term support to CPA and reorganization of the structures. The reorganization should focus on increasing cost efficiency and transparency (limiting cross-funding), enhance donor relations and secure risks related to the top management structure (CEO and Board).

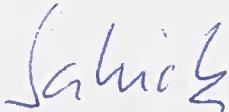
3. Proposed way forward with regard to the funding of the CPA (2013-2015)

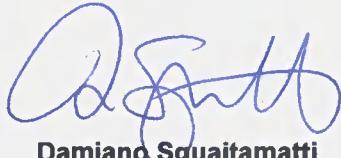
The steering committee recommends a phased exit of HSD from core funding, based on the following principles:

1. The transition for core funding to project funding should not disrupt CPA's activities
2. The phasing out needs to be coordinated with other important donors of CPA
3. By 2015, funding to CPA will be entirely project based

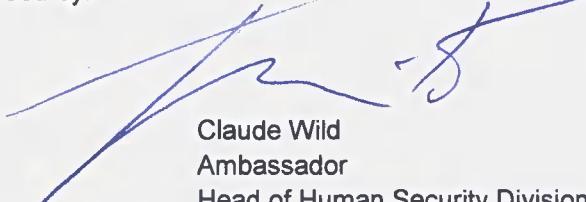
Pending the result of consultations with other donors, the transition should plan for a reduction of core funding and an increase of project funding over the period 2013 to 2014, with a net reduction of the total contribution per year.

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