

Process and interim outcomes evaluation of the
Drought Stimulus Package

Department of Regional NSW

Final Report

December 2021

Contents

- Executive summary 4**
- Findings and Conclusions 4
- Recommendations 6

- 1. Introduction 8**

- 2. Methodology 10**

- 3. Findings against KEQs 12**
- 3.1 Were program planning processes appropriate? 12
- 3.2 Was the program implemented as intended? 18
- 3.3 To what extent could this program be replicated in other circumstances? 28
- 3.4 What evidence is there of the program achieving its intended outcomes? 30
- 3.5 Were there any unintended outcomes? 36

- 4. Conclusions and recommendations 38**
- 4.1 Conclusions 38
- 4.2 Considerations for the DSP 40
- 4.3 Considerations for other programs 41

- 5. Attachments 43**
- 5.1 Stakeholders interviewed 43
- 5.2 Program logic 44
- 5.3 Assessment Rubrics 45

Acronyms

BDM	Business Development Manager – members of the DRNSW Regional Development Network
CDI	Combined Drought Indicator
CSSP	Country Show Support Package
DPC	Department of Premier and Cabinet
DPIE	Department of Planning, Industry and Environment
DRNSW	Department of Regional NSW
ERC	Expenditure Review Committee
FER	Functional Economic Region
GMO	Grants Management Office
KPIs	Key Performance Indicators
LGA	Local Government Area
LSP	Local Support Package
M&E	Monitoring and Evaluation
MCA	Multi-Criteria Analysis (refers to a tool developed by the Department to assess projects)
RDN	Regional Development Network

Executive summary

The \$170 million Drought Stimulus Package (DSP) was announced in June 2019. The objective of the program is to deliver immediate economic stimulus and job creation in drought impacted areas of regional NSW. The DSP funds three types of activity:

- Infrastructure 'shovel-ready' projects, which had already been submitted for other programs within the Regional Growth Fund but have remained unfunded. The DSP funded 32 infrastructure projects for a total of \$109.3 million, plus 4 critical town water projects.
- Local support packages. 16 packages of up to \$1 million were offered to Local Councils who did not have an infrastructure project, to fund a range of community projects.
- Community wellbeing activities, which included 30 School Holiday Projects and 100 Country Show Sponsorship Packages for a total of about \$775,000.

A feature of the DSP is that it aims to deliver economic stimulus rapidly, so that communities receive immediate benefit.

The majority of projects are contracted to be completed by June 2023. As the DSP is halfway through its lifecycle, DRNSW has initiated this process and interim outcomes evaluation to answer the following questions:

1. Were program planning processes appropriate?
2. Was the program implemented as intended?
3. To what extent could this program be replicated in other circumstances?
4. What evidence is there of the program achieving its intended outcomes?
5. Were there any unintended outcomes?

Findings and Conclusions

The DSP planning processes were appropriate for the program intent to provide immediate economic stimulus to regional communities most impacted by drought

Features of the planning processes include:

- Leveraging a pipeline of shovel-ready infrastructure projects, which led to Funding Deeds being finalised within four weeks of the commencement of planning, a significantly shorter time than other programs achieve.
- Employing good planning practices, such as using a program logic, engaging a range of stakeholders, developing a transparent and robust Multi-Criteria Analysis (MCA) tool for project selection, and using a Senior Officers Group for a final review of the selected projects.
- Applying adaptive management practice, which involved reviewing the first Tranche of funding against the program's objective and then pivoting the program to improve its focus. This resulted in a second Tranche that included, in addition to further infrastructure projects, 16 Local Support Packages (LSPs)

for councils that did not have shovel-ready infrastructure projects, plus funding for Country Shows and School Holiday Programs to support community wellbeing.

- Working collaboratively with Local Councils to develop LSP projects, thus ensuring that projects would meet the most important needs.

Future rapid planning processes could benefit from:

- Enhancing the MCA tool to include an assessment of drought impact on local communities in addition to drought condition.
- Using program-level outcome-based KPIs to improve program monitoring.
- Improving transparency of the design and decision process through improved documentation.

The DSP program implementation has experienced delays

Factors that have contributed to delays include:

- The impact of the COVID-19 pandemic. Projects have been directly impacted by restrictions on travel of contractors and delivery of materials.
- Market capacity. Funding infrastructure projects has been used as a stimulus mechanism by a range of Federal and State Government programs. The high volume of construction has created strong competition for contractors and materials, which has led to shortages and project delays.
- Council capacity. Some Local Councils do not have the capacity to effectively access and utilise all the available funding for infrastructure projects and have been overwhelmed by the amount of funding. This has contributed to delays.
- Some projects have not been as shovel-ready as the DSP initially thought, which has contributed to delays.

Delays in DSP projects have been addressed through contract variations; however, the evaluation does not have evidence that delayed outcomes are being adequately reported, that decisions have been made to change the program objective (if it was felt the delays are beyond the control of DRNSW), or that adequate corrective action is being taken to minimise delays.

The program could benefit from a clearer line of responsibility and accountability for program outcomes. The current governance structure consists of a Programs Team, the GMO, and an Evaluation Team. Each team is responsible for an important part of program management however, there does not appear to be a clear locus of overall responsibility for monitoring and reporting on the extent that the DSP is meeting its program objective.

The rapid approach taken by the DSP could be applied in other circumstances that require immediate change or rapid action

For programs that plan to use an infrastructure-based stimulus, replicating the way the DSP leveraged a pipeline of existing projects would shorten the planning and implementation

timeline. The MCA tool could also be used by other programs to ensure an objective and transparent project selection process.

The way the DSP reviewed and then pivoted the program to increase reach across drought impacted communities could be replicated by other programs to ensure the program design is as appropriate as possible.

Working collaboratively with councils to develop community-based infrastructure projects could also be replicated by other programs to ensure that projects are focused on each community's most important needs.

There is evidence that the program is achieving its planned outcomes, however, progress is slower than intended

Overall, there is evidence that the DSP program logic is being realised. All projects have received their initial funding, and most have engaged contractors and procured materials. This evaluation did not explore local expenditure; however, the program logic suggests that if people are employed then there should be increased levels of spending in the community, consistent with the medium-term intended outcomes.

Unintended outcomes

The program has produced several unintended outcomes. A small regional council noted that farmers contracted to provide labour were required to learn how to comply with NSW health and safety regulations in order to work on council projects. These new safety standards are now being implemented on farms.

Another unintended outcome involves contractors. Although the program logic assumes that contractors from within the LGA would be a mechanism for economic stimulus, in practice it has not always been possible to acquire the required skills locally. However, Local Councils reported that external contractors still provided benefits because they have used local accommodation and shopped within the LGA during their projects.

Recommendations

As the DSP is in its delivery phase, recommendations are provided for the remainder of the DSP implementation, as well as for other programs that are considering a rapid approach.

Establish mechanisms to minimise further delays

Although some factors that cause delays are beyond the control of the DRNSW, a more active management approach that includes early detection and action may mediate the impacts of these factors and potentially reduce some delays. Consider:

- Clarifying the line of overall responsibility for the end-to-end management and delivery of DSP, including for program outcomes.
- Implement more frequent project monitoring. It is noted that recent recovery programs are using quarterly reporting in addition to milestone reporting.
- Implement an active management process and provide more appropriate support and expertise to help Local Councils address delays.

Improve the collection of outcome data

Outcome data is currently collected through Statutory Declarations or other documents, the quality of reporting is variable, and it is difficult to access.

Consider cleansing and transferring the data currently held in Statutory Declarations to SmartyGrants. Furthermore, implement a plan to identify and then collect data that will inform the DSP on the progress of the intended outcomes in the program logic. (The DSP Evaluation Team has noted that they have included this approach in the recently published Program Monitoring and Evaluation Plan).

Considerations for other programs

Use a robust and independent evidence base to define need

DRNSW used data and information about drought conditions in regional NSW, coupled with in-field observations of DRNSW regional networks and other departments, as an indicator of need. Future programs could benefit from an independent needs analysis that considers evidence about both drought condition and drought impact, and includes factors such as other funding also available, market impact, and Local Council capacity.

Develop an evidence-based rapid response framework

The NSW Government's Future Ready Regions strategy, released in June 2021, addresses many of the considerations proposed in this evaluation. These include, for example, the need for effective and appropriate program planning, investing in better data, a high level of stakeholder engagement, adaptive program management and reporting, and ongoing evaluation and learning from each program or intervention.

Consistent with the Future Ready Regions strategy, consider:

- Undertake a research project to build on work to date and identify better practice policy responses.
- Develop a rapid response framework. A rapid response framework means a collection of best practices that future program designers could use to guide their thinking when designing a rapid response program. A framework of 'already-researched' best practices would speed up the design process and ensure that all areas of design are considered.
- Actively monitor both the external environment and internal to DRNSW for examples of policy responses in other programs, including evaluation reports of other programs, to refine and update DRNSW's list of options.

Ensure a clear line of responsibility for overall program performance

A clear line of responsibility and accountability for program outcomes improves the likelihood that appropriate corrective action will be taken in the event that program outcomes do not develop as planned, which reduces the risk that the program does not meet its objective.

1. Introduction

1.1 Background

The three years prior to 2019 saw large parts of NSW in severe drought. By mid-2019, 96.3%¹ of NSW was classed as 'in drought', rainfall was the lowest on record, temperatures among the warmest on record, and rural water storages were at their lowest.

Drought assistance was available from the Federal and NSW governments, however, much of this assistance was for on-farm support. In 2019 the NSW government announced the \$170 million Drought Stimulus Package (DSP) to support off-farm rural communities.

The aim of the DSP is to deliver immediate economic stimulus, job creation and retention in drought impacted areas of regional NSW. It delivers this stimulus by funding three types of activity:

Infrastructure 'shovel-ready' projects which had been submitted for other programs within the Regional Growth Fund but remained unfunded. The DSP funded 32 infrastructure projects for a total of \$109.3 million, plus 4 critical town water projects.

Local support packages. 16 packages of up to \$1 million were provided to Local Councils to fund a range of community projects (for example, local amenity improvement, local business development).

Community wellbeing activities which included 30 School Holiday Projects for a total of \$275,272 and 100 Country Show Sponsorship Packages for a total of \$499,820.

Overall, 46 local Government Areas (LGAs) were awarded infrastructure and/or Local Support Packages. The majority of projects are scheduled for completion by June 2023.

1.2 Program logic

The DSP program logic is included as Attachment 5.2. Its features are:

The **long-term goal** is to improve the resilience of off-farm communities to drought.

The end-of-program outcomes are:

- **Local economic activity is sustained** as funds circulate through the local economy, driven by DSP projects which employ local labour and source materials locally
- **Community wellbeing is enhanced** as community members connect at country shows and school holiday activities, and as community amenity is improved as a result of the DSP projects

¹ Source: DPI Combined Drought Index, <https://www.dpi.nsw.gov.au/climate-landing/ssu/july-2019>

1.3 Evaluation objective and scope

The purpose of the evaluation is to deliver findings that can be used to inform the NSW Government and the DRNSW about the performance of the DSP, and to identify improvements or adjustments to ensure it is positioned to meet its objectives and inform future program design.

The scope of the evaluation includes:

- The period from the launch of the DSP in 2019 to June 2021.
- The three project streams of Fast-tracked Infrastructure projects, Local Support Packages (LSPs), Country Shows and School Holiday Projects. Broadly, critical town water projects and Government priority projects are not in scope, however, the monitoring and reporting elements of the Government priority projects are included.
- Program-level processes, including elements such as the assessment of projects, stakeholder collaboration, utility of guidelines, the grants administration process, program and project level monitoring and reporting.
- Interim outcomes (Noting that longer-term outcomes are out of scope).

1.4 Key Evaluation Questions

The evaluation is required to answer the following Key Evaluation Questions (KEQs):

KEQ 1: Were program planning processes appropriate?

KEQ 2: Was the program implemented as intended?

KEQ 3: To what extent could this program be replicated in other circumstances?

KEQ 4: What evidence is there of the program achieving its intended outcomes?

KEQ 5: Were there any unintended outcomes?

1.5 Structure of the report

The report consists of the following sections:

Section 2 provides an overview of the methodology.

Section 3 discusses the findings against each of the KEQs.

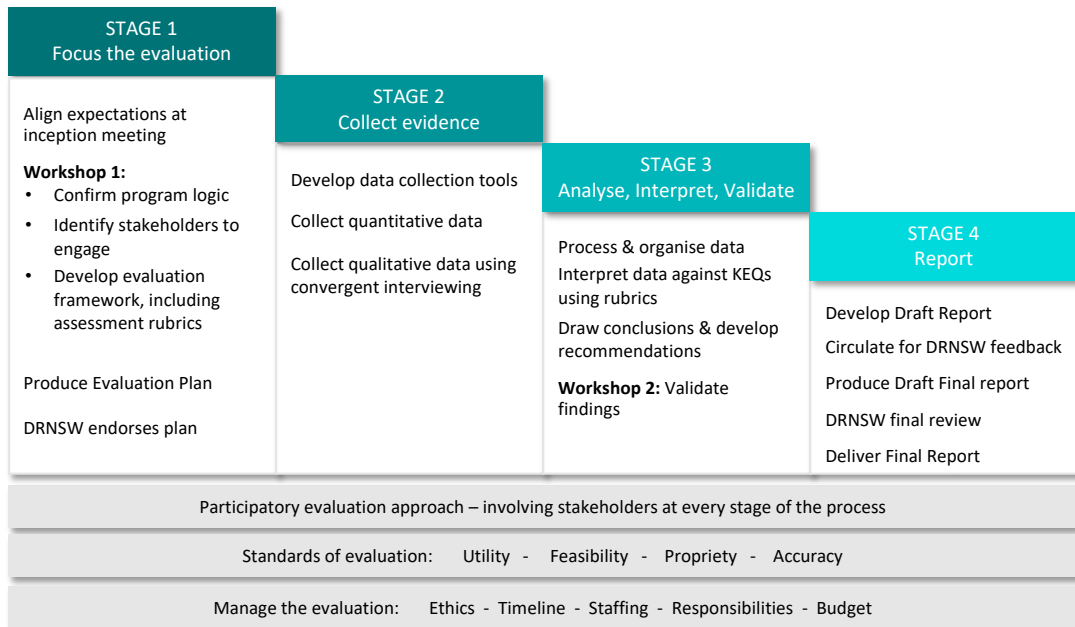
Section 4 presents conclusions and recommendations for improvement.

Section 5 includes attachments.

2. Methodology

The evaluation used a four-stage mixed-methods approach.

Figure 1 – ACIG's four-stage methodology



Features of the approach include:

- A collaborative approach, involving ACIG and representatives from DRNSW Regional Programs Unit, including the Program Team, the Grants Management Office (GMO) and the Evaluation Team to confirm the program logic, indicators to answer the KEQs and assessment rubric criteria.
- Thirty-five interviews with DRNSW Business Development Managers (BDMs), the GMO, the Programs Team, the Evaluation Team, and Local Council representatives.
- Analysis of several data extracts from the DRNSW SmartyGrants contract management database.
- Examination of a sample of project documents from each activity stream.
- A validation workshop to provide feedback on initial findings. Members from the Programs Team, GMO and Evaluation Team participated.
- Where possible, multiple data sources were used to triangulate findings.

Assessment rubrics

The evaluation used rubrics to guide the evaluative reasoning process. The rubrics contain three levels of practice:

- Rating 3 – Good practice
- Rating 2 – Average practice
- Rating 1 - Opportunity for improvement or change

The rubrics contain a description of what is expected at each level of practice. The descriptors were developed collaboratively with DRNSW during the 'Focus the Evaluation' workshop.

The evaluators compared the evidence against the descriptions and assigned a level of practice for each indicator. An overall level of practice was then assigned to the KEQ based on the collective performance of its indicators.

The rubrics, the levels of performance and the reasoning behind the ratings are included at Attachment 5.3.

Limitations

This Evaluation Report reflects on the process and emerging outcomes of the DSP. It is based on available information and data.

The evaluation was limited by:

- Access to program documentation. Documents that defined the DSP were not easily accessible. DRNSW indicated that this was due to Machinery of Government changes and changes in the Records Management System since the inception of the program.
- Current staff were not present during the planning phase of the DSP and have limited knowledge about why it proceeded in the way it did. The evaluators did have access to one of the key early planners who, although working in another role, accommodated our requests for meetings.
- Limited evidence to triangulate findings, largely due to the lack of access to documentation.

3. Findings against KEQs

3.1 Were program planning processes appropriate?

Overall assessment for this KEQ

Overall, the DSP planning processes were appropriate for DRNSW's intent to provide immediate economic stimulus to regional communities most impacted by drought.

The urgency of the situation led DRNSW staff to adopt a rapid planning approach to program planning, project selection and funding. To shorten the usual planning time DRNSW selected projects from a pre-existing pipeline of shovel-ready but unfunded infrastructure projects that would employ local labour and use local materials and services.

'Shovel-ready' means projects that have been through the required planning and approval processes and can initiate construction upon securing investment². Shovel-ready was defined in the initial program logic as '*Shovel-ready projects can rapidly begin construction following approval of funding, ideally within three months*'.

The program was later broadened to offer LSPs to Local Councils that did not have shovel-ready infrastructure projects, and to address community wellbeing by supporting Country Shows and School Holiday Programs.

Using the assessment rubric as a guide (Attachment 5.3), program planning processes (KEQ 1) are rated as 'Good practice'. Despite the short time frame (the planning process took 4-weeks), DRNSW undertook a significant range of activities which are considered 'good planning practice' and which normally could take up to 12 months to complete. These practices include using a program logic based planning approach, engaging a range of stakeholders and experts in the planning process, and developing a Multi-Criteria Analysis (MCA) tool to select projects based on drought condition and estimated impact of potential projects.

Strengths

Strengths of the DSP planning processes include:

- Rapid design and deployment of the DSP, which meant that projects could be initiated quickly.
- First ever use of an existing pipeline of projects. This was a feature of the DSP, used to significantly shorten the time to project initiation.
- Use of the MCA, which ensured that projects were selected on their potential contribution to communities most impacted by drought.

² <https://www.governmentnews.com.au/shovel-ready-announced-as-word-of-the-year/>

- Focusing on off-farm communities, rather than wait for the flow-on effect of support to farmers, which means the whole community should benefit sooner.
- Using an equity-based approach. Many Local Councils did not qualify for a Tranche 1 project, so DRNSW worked collaboratively with the most drought-affected Local Councils to identify a package of smaller-scale projects that could be implemented quickly.
- Addressing community wellbeing in addition to economic stimulus.

Opportunities

Although this KEQ is rated as 'Good practice', there are still opportunities for improvement. These include:

- Enhancing the MCA tool to include an assessment of local drought impact. The MCA tool used the Department of Primary Industry Combined Drought Indicator (CDI) to assess local drought conditions. The CDI measures seasonal drought conditions, however, the problem DSP was addressing was drought impact on local communities and economies, and while the two are related they are not the same. Including a more appropriate assessment of impact would fine-tune a future program's response to the need it aims to address.
- Using program-level outcome-based KPIs to monitor the program. The DSP's initial program logic identified program outcomes; however, no data collection measures, or mechanisms were developed to support the measurement of these. As a result, the program is not monitoring or reporting on the development of program outcomes associated with its objective.
- Improved document management would make the design and decision process more transparent and support program design and improvement of other programs.

Detailed findings

The DSP supports State Government policy

The DSP contributes towards the State Outcome - Stronger and cohesive regional communities and economies:

'Focusing on community wellbeing and economic growth in regional New South Wales. Regions have endured unprecedented destruction and disruption through the compounding impacts of drought, bushfires, floods and COVID-19'³

The DSP supports community wellbeing and economic growth by using economic stimulus to mitigate the impacts of drought. It is part of a suite of programs within the *Regional Growth Fund* that collectively aim to improve amenity, activate economic growth, and

³ NSW Outcomes Statement 2020-21, Budget Paper No. 2, accessed at <https://www.treasury.nsw.gov.au/sites/default/files/2020-11/Budget%20Paper%20No.%202%20-%20Outcomes%20Statement%20Budget%202020-21.pdf>

respond to emerging regional needs. The DSP complements the suite of support⁴ available to farmers by focusing its impact on off-farm communities.

DRNSW developed the DSP in response to a perceived urgent need

The DSP was initiated by DRNSW as a result of their growing concern about the impact of drought in NSW regional communities. This aligned with the Government's broader budget considerations which, at the time, were focused on disaster recovery relating to the drought, given the worsening conditions. Although there was no formal Government policy to contextualise this initiative, there was an awareness of the need for action and a commitment to allocate funds to support relevant programs put forward by departments to address the situation.

The design and parameters of existing regional programs did not align with the objectives of DSP. The design of the Regional Growth Fund and eligibility requirements for Restart NSW Fund were restrictive and too slow given the urgency of the situation. Projects funded under Restart NSW Fund required a full benefit cost ratio assessment, an extensive assessment process which, interviewees claimed, took up to 12-months in most cases, and many of the Regional Growth Fund programs were designed to support regional centres, and not areas most impacted by drought at the time.

In response, DRNSW established the DSP to provide immediate economic stimulus to off-farm communities impacted by drought using, for the first time, unfunded infrastructure project applications already in the pipeline for Regional Growth Fund programs.

The Multi-Criteria Analysis is a robust planning tool

Consistent with the intention to direct funds to communities most impacted by drought, DRNSW developed an MCA tool for project selection. The MCA tool used three criteria that reflect the DSP's objective:

- Level of drought. Level of drought was rated using a combined indicator consisting of 1) Drought condition experienced in each LGA using the NSW Government's Combined Drought Indicator⁵ and 2) NSW Water's assessment of the availability of water (including dam storage levels, river flows, catchment conditions) in each LGA.
- Immediacy of benefit. This was rated as the percentage of capital expenditure identified in a business case that would be spent in year 1 of a project.
- Local economic contribution. This was rated using an equal combination of 1) anticipated level of employment generated from construction expenditure and 2) the total value of capital expenditure.

Other factors were also considered in the selection process, including:

- The geographic distribution of projects
- Whether partial or staged funding could still deliver economic stimulus

⁴ Drought support measures, accessed at <https://www.service.nsw.gov.au/guide/drought-support>

⁵ <https://edis.dpi.nsw.gov.au>

- Whether rescoping a project with less funding could still deliver economic stimulus
- Strategic consideration where two or more projects are recommended for funding in one drought-affected LGA or Functional Economic Region (FER)⁶.
- The funding that an LGA or FER has already received under the Regional Growth Fund

The MCA is a transparent and rational approach to project selection that combines technical rigour with a consideration of moderating factors and is consistent with the DSP's objective.

While the tool offers a sound approach for project selection, it could be improved by:

- Considering drought impact as a complement to drought condition. The MCA tool uses an assessment of drought 'condition' as a proxy for drought 'impact'. The impact of drought can vary with mitigating factors such as the resilience of communities, leadership and strategic foresight within the Local Council or the predominant industry (for example, mining versus agriculture).

The January 2020 report to Government: *'Supporting households and businesses in drought-affected areas - Options for off-farm drought support'* also makes the distinction between the physical impact of drought and the economic vulnerability to drought.

As it is the impact of drought that the DSP aims to reduce, the MCA could be refined by using impact related data such as changes in income, movement of people into or out of areas, changes in employment, or business health. All of these impact related data are available from the Australian Bureau of Statistics.

- The MCA tool considers some contextual factors; however, further refinement could include a consideration of other funding that Local Councils are accessing (for example, State Government funding, Federal Government funding, or Private Sector funding), the capacity of the market to meet demand, and the capacity of Local Councils to manage projects.

Appropriate expertise informed the design of the DSP

DRNSW used various experts in the design of the DSP, including the DPIE for assessing drought conditions, external probity advisers regarding program documentation, and the DPC Evaluation Unit and Investment and Appraisal Unit on the development of a program logic, program guidelines, assessment methodology and evaluation planning. The GMO and Regional Development Deputy Directors were also involved in the design process. This was a significant level of consultation given the short timeframe involved.

The rapid implementation of the DSP had some collateral impacts

The development of the DSP, including the development of the MCA tool and the selection of projects took place in approximately four weeks, considerably less time than

⁶ FERs are made up of one or more local Government Areas in regional NSW that work together to create smaller economies with strong economic links.

for similar programs. The short timeframe was an intentional decision given the increasing reach and negative impact of drought in regional NSW.

A number of the DSP planning activities could be considered 'Good practice', however, the rapid development process also meant that some other 'good practices' were diminished. For example:

- A DRNSW July 2019 submission to NSW Government noted that approval was sought '*without undertaking cost-benefit analysis in accordance with Treasury guidelines given the urgency of response required*'. This was an intentional move to ensure funding was able to be rapidly deployed, however, it potentially increased the risk that some projects would be selected that may not deliver the economic benefits expected.
- Program-level outcome-based KPIs were not developed. The original program logic included evidence sources which suggests that program designers considered how to monitor the DSP's outcomes, however, indicators and data collection mechanisms were not established. This means that the DSP is not able to effectively monitor how well it is meeting its objective of immediate economic stimulus.
- There is no overarching program plan that describes the important elements of the program and guide its implementation. There are pieces of information in various documents, but an overall plan would help DRNSW staff share a common understanding of how the DSP was intended to be implemented and what its intended outcomes were expected to be.

The scope of the DSP was broadened to ensure equity and support community wellbeing

The initial DSP design aimed to provide economic stimulus through various scales of infrastructure projects. This aim is clearly articulated in a July 2019 DRNSW submission to NSW Government:

- The DSP Guidelines, attached to the submission, state the objective as:
To deliver economic stimulus to mitigate the employment and income effects of the current drought on regional NSW by leveraging the existing infrastructure project pipeline.
- The submission also states that the projects were sourced from an existing pipeline of unfunded infrastructure projects submitted to the Growing Local Economies program, Round Six of the Resources for Regions and Regional Growth Environment Tourism Fund.

A comparison of the July and a December 2019 submission indicates that the design of the DSP had changed from a single focus of stimulating local economies through infrastructure projects to a broader focus that included community wellbeing projects.

Program staff reported that, following a review of the DSP post-Tranche 1, program design elements were revised to address issues relating to reach and impact:

- A number of LGAs that were severely impacted by drought did not have shovel-ready projects in the pipeline used in Tranche 1, and hence were missing out on stimulus funding. In order to ensure equity across the most

drought impacted LGAs, the DSP established 16 local Support Packages for these councils to fund a range of community projects.

- The narrative and context for the drought had changed with the worsening drought conditions, and community wellbeing was now also a concern. In response the DSP made available \$0.5 million for Country Show Sponsorship Packages and approximately \$275,000 for School Holiday Programs.

Resourcing of the DSP is similar to other programs

The program governance structure used by DRNSW is based on specialisation. It includes:

- The Programs Team, responsible for activities from design to the selection of projects, including development of guidelines and related materials
- The GMO, responsible for delivery activities such as contract management (including variation management), project implementation monitoring, and financial management
- The Evaluation Team, responsible for monitoring and evaluation

DRNSW interviewees considered that resourcing is appropriate and similar to the level of resourcing used in other programs.

Documentation about planning of the DSP has been difficult to access

Better practice program planning⁷ involves a number of activities, including:

- Using an evidence base and theory of change/program logic to guide the design of the program. The 'evidence base' refers to both evidence of need and evidence-based policy solutions.
- Stakeholder engagement/ communications.
- Program governance, including risk management.
- Program management, including financial, information, procurement, and resource management.
- Program monitoring and evaluation.
- Adaptive management and program improvement.
- Program roadmap/ timeline with milestones.

Documents viewed suggest that some of these activities were practised, such as the DSP Guidelines (attached to a June 2019 submission), a Tranche 2 Program Framework and a Country Show fact sheet (attached to a December 2019 submission). But evidence of other good practices was not available, or difficult to find.

It is reasonable to expect, in the context of a rapid development environment, that planning, and documentation practices may not be addressed as thoroughly as they would be in a less urgent environment. However, this evaluation has not been able to access documents that address some or all of these better practice elements.

⁷ Project Management Institute. 2017. The Standard for Program Management, Fourth Edition.

3.2 Was the program implemented as intended?

Overall assessment for this KEQ

Overall, it is challenging to answer the question '*was the program implemented as intended*' because there is limited program-level documentation available that describes what was intended. In lieu of a plan with program-level outputs or milestones, the evaluation focused on project level performance to answer the KEQ.

The evidence indicates, that at the point of this evaluation, infrastructure projects and LSP projects are not being delivered as intended. That is, they are not meeting the milestones they committed to in their Funding Deeds and, therefore, they are not expending their funds as rapidly as intended.

A number of factors, outside the control of the program or recipient, have led to delays in project implementation. The COVID-19 pandemic has been a major cause of delays. Another factor is the high volume of construction projects which have led to a strong demand for contractors, which in turn has led to project delays.

A factor embedded into the program design that has hampered infrastructure projects has been the extent to which the selected projects were shovel-ready. The initial program logic defined shovel-ready as '*projects that could rapidly begin construction following approval of funding, ideally within three months*'. In practice some of the projects have not been shovel-ready, and have required design and scope changes, approval from the Local Council or Government agencies, preworks, or acquisition of land, all of which have delayed their start.

Using the rubric, the evaluation rated this KEQ as 'Average' because it has both positive elements and areas for improvement, recognising that some of the issues which have delayed projects, such as COVID-19 impacts, are beyond the ability of the DSP to control.

Strengths

Strengths of the DSP implementation include:

- Stakeholders were very positive about the overall grants process, including their relationships with the GMO and with the BDMs
- Good coordination within DRNSW, which contributed to the rapid deployment of the DSP

Opportunities

While some external causes of delay, such as the COVID-19 pandemic, are beyond DRNSW's ability to control, there are still opportunities for improvement to consider:

- Consider market and Local Council capacity when selecting projects. This would help ensure that contractors and supplies are available and do not contribute to project delays.
- Introduce a more robust assessment of 'shovel-ready'. This would help to ensure that selected projects have considered all of the factors required to start quickly.

- Establish a clear line of responsibility for achievement of program outcomes. This would help to ensure that the program is effectively managed end-to-end. It would also help to ensure that responsibility for outcomes doesn't fall between team responsibility boundaries.

Detailed findings

An overall program plan was not developed

There is no overall program plan, or program-level milestones, that describe how the program was intended to be implemented, so answering this KEQ is challenging.

There are various documents that suggest a plan, such as:

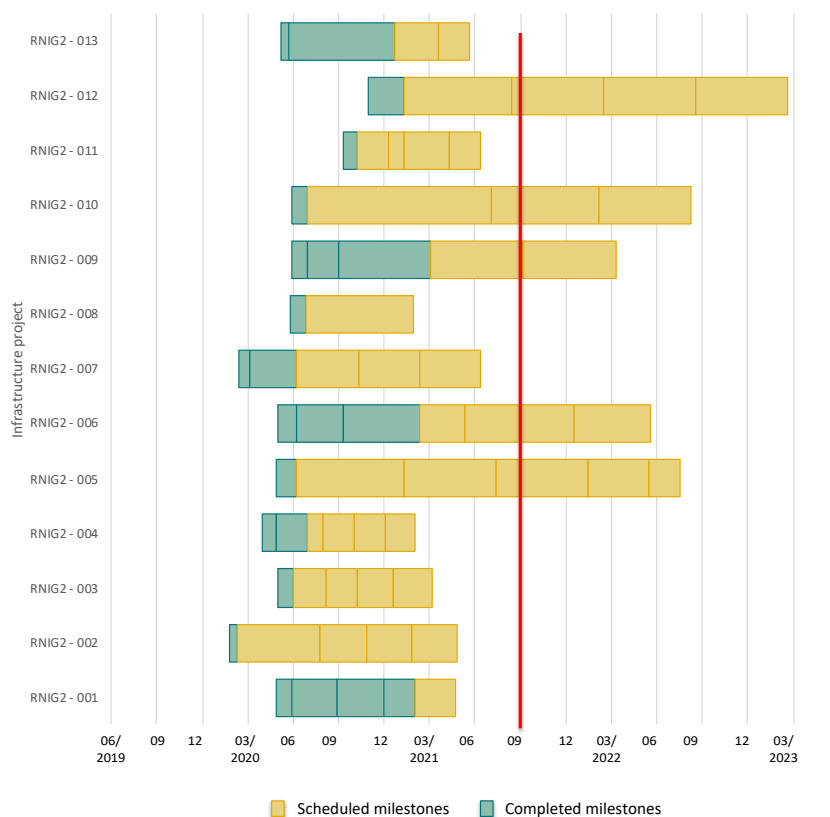
- A basic timeline that was attached to a June 2019 briefing note. However, it only covered Tranche 1 infrastructure projects to the milestone that '*funding agreements were in place*'. That is, it did not extend out to the delivery phase.
- The DSP Program Framework attached to a December 2019 briefing note includes a milestone that the Country Show Sponsorship Packages funds should be expended by June 2020.
- A spreadsheet attached to a December 2019 briefing note includes the level of funds expected to be expended in each of the three financial years 2019/20, 2020/21, and 2021/22. Since the objective of the DSP is to get funds into communities quickly, one basis for program-level milestones could be the funds expended in each financial year and the associated KPIs could be measured against the targets in this spreadsheet.

A program plan, with program-level milestones and program-level outcome-based KPIs would inform the DRNSW and program managers about what is required to meet the program's objectives. It ensures that all stakeholders involved in the program implementation have a shared understanding about what is expected. A program plan helps to answer the question: "How do we know we are meeting the objective?" It enables performance to be monitored against intended milestones and outcomes and informs whether corrective action is necessary to ensure the program is on track to meet its objectives.

Infrastructure milestones are not being met

The delivery performance of Tranche 2 infrastructure projects is shown in the Gantt chart (Figure 3). Orange bars represent project milestones as set out in Funding Deeds, green bars represent milestones achieved, and the red line marks the date the data was extracted from SmartyGrants. If projects were on target the green bars would extend to the red line.

Figure 3 – Gantt chart showing milestone achievement of infrastructure projects



Note: The bars represent the planned timeline for each project, as documented in their Deeds of Execution. Each segment represents a milestone. The orange shaded segments represent milestones yet to be achieved, the green segments represent milestones that have been met.

Data source: SmartyGrants, October 2021.

Almost all projects have requested contract variations. Figure 4 shows that shovel-ready factors and contractor/material availability were the most frequent causes of variations.

Shovel-ready is usually taken to mean projects that have been through the required planning and approval processes and can initiate construction upon securing investment⁸. Shovel-ready was defined in the initial program logic as 'Shovel-ready projects can rapidly begin construction following approval of funding, ideally within three months'.

Shovel-ready factors (in figure 4) are causes of delay that reasonably could be addressed before claiming to be ready for implementation. They include design and scope changes, approval from the Local Council or Government agencies, preworks that must be completed and acquisition of land.

Although Figure 4 shows that COVID-19 is not as significant as other factors, it should be acknowledged that COVID-19 had both direct and indirect impacts on activities, and overall, it may have a greater impact than the data suggests. For example, shortages in contractors and materials may have been due to excessive demand caused by a large

⁸ <https://www.governmentnews.com.au/shovel-ready-announced-as-word-of-the-year/>

number of active construction projects, but contractor and material availability may also have been indirectly caused by COVID-19 restrictions on travel.

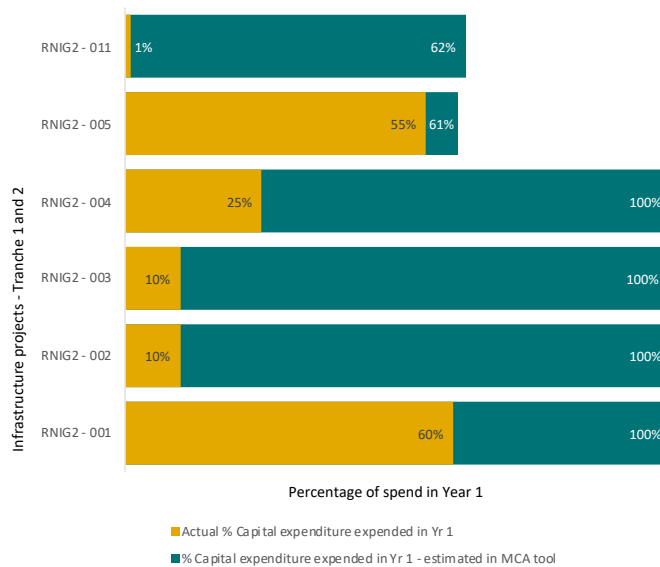
Figure 4 – Reasons for variation requests of infrastructure projects (Tranche 1 and 2)



Data source: SmartyGrants, October 2021

The delays in project implementation are a cause for concern. One of the aims of the DSP, reflected in the third MCA criteria, was to deliver a high proportion of funding into the community within the first year. Figure 5 shows that a sample of projects have not achieved the MCA estimates of funds expended in year one. The green bars show the proportion of funds expected to be expended in year 1, according to the MCA tool. The orange bars show the actual proportion expended.

Figure 5 – Comparison of spend in Year 1 – MCA estimated vs Actual



Data source: SmartyGrants, October 2021.

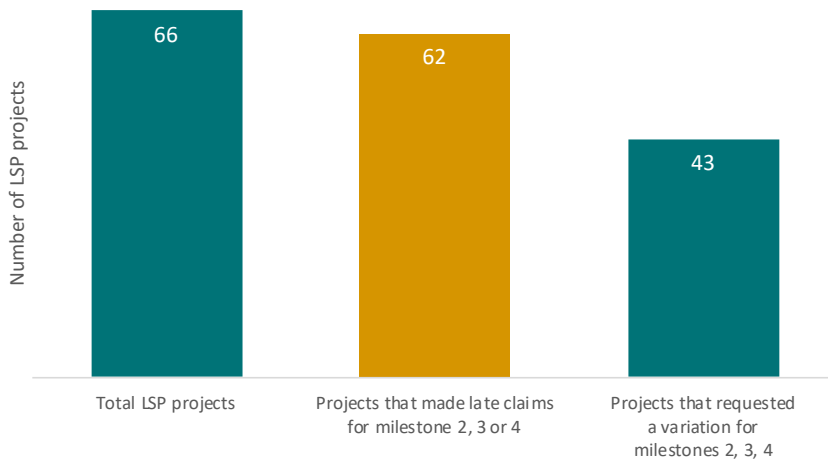
Graph is for Tranche 2 projects, however, Tranche 1 projects showed a similar result.

LSP milestones are not being met

The majority of LSP projects have been late in meeting their milestones. Grant recipients suggested that the main cause was that demand for contractors and materials had exceeded the market's capacity, largely because of a high volume of infrastructure projects which competed for similar resources. The COVID-19 pandemic also had an impact on milestone achievement, by directly restricting the amount of work Local Councils could undertake, as well as impacting the contractor and material supply chains.

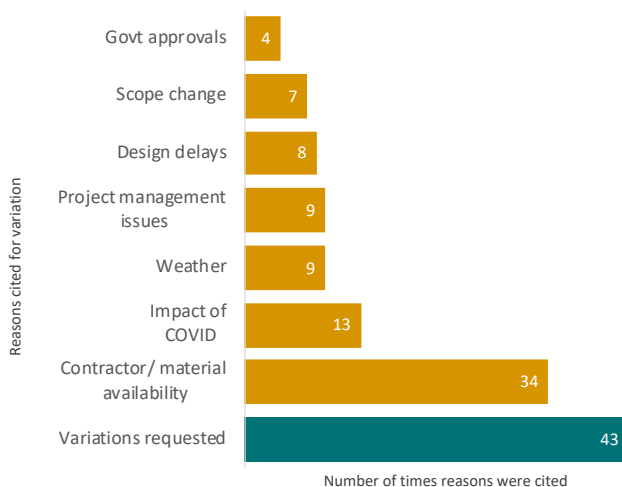
Figure 6 shows that 63 out of 66 LSP projects claimed one or more milestone payments later than expected. It also shows that only 43 of the 63 projects had requested a variation at the time of this report. Of the projects that made late claims, 79% had not claimed their milestone 2 payment within 60 working days of their scheduled claim date and 75% had not claimed their milestone 3 payment within 60 working days of the scheduled date.

Figure 6 – LSP Projects – Missed milestones and Requests for contract variation



Note: definition of 'made a late claim' is when date of request for payment exceeds the Deed of Execution date by 20 working days. Data source: SmartyGrants, October 2021

Figure 7 –Reasons for variation requests of LSP projects



Data source: SmartyGrants, October 2021

The Country Show Sponsorship Package was effective in supporting regional communities

The Country Show Sponsorship Packages (CSSP) were effective because they are a simple mechanism to deliver funds into a community, they weren't impacted by market or Local Council capacity issues, and they contributed to both economic and community wellbeing outcomes.

The CSSP was offered using an open grants process between January and April 2020. Most show committees learned of the grants through the Agricultural Societies Council of NSW or through their Local Council grants officer.

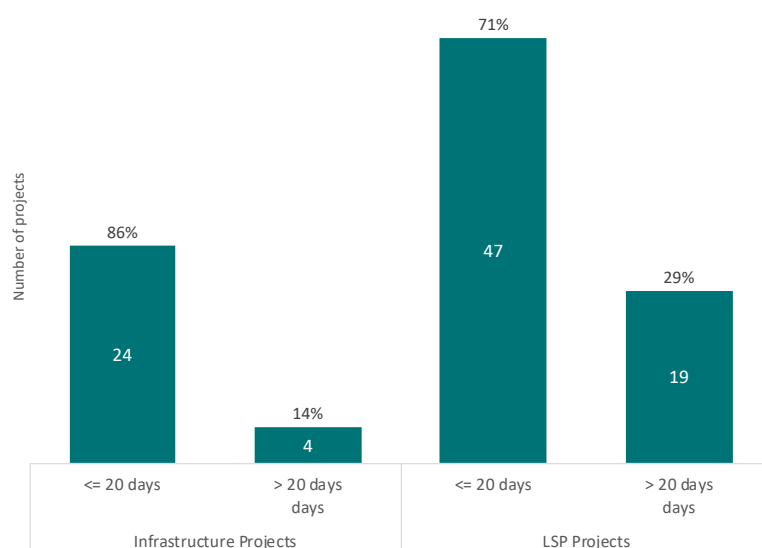
The CSSP experienced strong demand when it opened, providing funding of up to \$5,000 to 100 eligible country shows for a total allocation of \$499,820. Of the 120 applications received, 106 were successful. Unfortunately, a number of shows were postponed due to the COVID-19 restrictions, however, forty-seven requested a time variation in order to use their funding at a later date.

The DSP has performed well at distributing initial funding

One of the immediate outcomes in the program logic is that grant recipients receive the funding required to initiate their projects. Figure 8 shows that the majority of infrastructure and LSP projects received their initial funding within one working month, which is standard corporate practice.

Some projects took longer to initiate however, according to DRNSW, most of these delays were not within the control of the Programs Team, they were caused by factors such as missing documentation, and waiting for additional approvals before actioning the first payment (a requirement of the first milestone).

Figure 8 –Project initiation performance



Note: Project initiation is defined as the number of days between signing of the Funding Deed and payment of the first instalment.

Data source: SmartyGrants, October 2021

The project selection process was appropriate

Infrastructure projects

Infrastructure projects were selected using the process shown in figure 9.

Figure 9 –Infrastructure project assessment process



Source: A3041605 - Drought Stimulus Package Program Guidelines.DOCX

Projects were identified from an existing pipeline of unfunded projects previously submitted through the Growing Local Economies (GLE) Fund, the Regional Growth Environment and Tourism Fund (RGETF), and the Resources for Regions Round Six (R4R Round 6).

The MCA tool was used to rank projects using three criteria – level of drought, immediacy of benefit, and local economic contribution. Step 4.5 – other criteria - includes deliverability and affordability of each project, other known information about the project, and the distribution of projects across drought-affected LGAs.

The Senior Officer Group (SOG) included representatives from DRNSW, DPIE (including the Water Division), with advice from Transport NSW, Public Works Advisory, and the DPC Investment and Appraisal Unit. The SOG's role was to consider the broader economic benefits, distribution of funds across regional NSW, capacity to commence quickly, shovel-readiness, and interrelationships with other programs.

Overall, the process for selection of infrastructure projects appears robust and appropriate.

Country Shows and School Holiday Programs

Country Show and School Holiday Program grants ranged between \$5,000 and \$10,000 and were awarded using an open grants process. The standard application documentation was simplified, commensurate with the level of funding and risk involved.

Local Support Packages

LGAs identified for LSP funding were those that were severely impacted by drought but did not have a suitable infrastructure project within the Regional Growth Fund pipeline. The DSP planners worked collaboratively with Local Councils to identify a package of suitable projects that could be funded with up to \$1 million. Features of the selection process included:

- Projects had to have a primary focus of delivering economic stimulus
- Projects to be delivered in smaller towns were favoured
- Projects were to align with and leverage the Federal Government's Drought Communities Program funding and other NSW Government funding

- Projects had to commit to spend funding as quickly as possible
- Funding was not to replace already existing funding
- Projects that leveraged existing and proven initiatives were favoured
- Projects were favoured that generated the highest amount of work for local trades, services, and other businesses in the LGA

This set of principles is a sound approach, however, in practice it experienced several issues:

- Although the third criterion includes alignment with the Federal Government's Drought Communities Program funding, in practice DRNSW was unaware of the Federal Government's plan to fund Local Councils with \$1 million for projects similar to the DSP projects until the Federal Government publicly announced its funding, meaning that DRNSW was unable to consider or leverage the Drought Communities Program funding during the LSP selection process.
- The LSP selection process did not consider enough the ability of the market to meet demand. Almost all of the LSP projects required the same resources – contractors and materials – as those required by the many construction projects being funded by the Federal Government and other NSW Government programs. The high level of competition for the same resources constrained the market which contributed to project delays.
- DRNSW considered alternate economic stimulus levers, however, with access to a pipeline of planned infrastructure projects that aligned to community need, the use of infrastructure was identified as an appropriate mechanism to provide rapid stimulus for local economies. However, NSW Government analysis indicates there are a range of off-farm drought support options that provide reasonably fast relief and are practical to implement. Construction projects still rate highly in this list, however, if the market is likely to be constrained because of many infrastructure projects, then a future selection process could benefit from exploring other forms of stimulus in addition to infrastructure.
- The selection process didn't consider enough the capacity of Local Councils to manage the volume and size of projects for which they were funded. For many Local Councils the combined funding from the Federal Government, other State Government programs, and the DSP was a significant increase in the level of funds they were used to managing. Many regional Local Councils have limited capacity to manage projects and the significant increase in demand for project management stretched their capacity. This may have contributed to delays.

Overall, the collaborative approach to identify LSP projects is an example of good planning practice. Future programs that use a similar approach could benefit from an assessment of market demand, Local Council capacity, and other forms of stimulus to complement infrastructure-based stimulus.

Monitoring of the DSP outcomes is limited

The DSP is not monitoring program-level outcomes well. The program tracks milestones, which are a measure of implementation progress, but it does not monitor the development of outcomes associated with the program objective.

Some project level outcome data is collected, such as jobs created by projects, however, the data is captured in Statutory Declarations and is not easily accessible for reporting.

The Evaluation Team is responsible for monitoring and has very recently developed an evaluation plan for the DSP, however, data to inform program outcomes will be limited as indicators were not in place at the beginning of the program, which means recipients have not collected the data required to monitor outcomes. Data collection will be largely reliant on post completion research.

The DSP does not have a clear line of responsibility for achievement of program outcomes

The DRNSW program governance structure consists of three teams – the Programs Team, the GMO, and the Evaluation Team. DRNSW staff described the scope of responsibility as:

- The Programs Team is responsible for program design, project selection, deed finalisation, and program management, however, it is not responsible for monitoring program outcomes or for progress against the program objective.
- The GMO is responsible for managing the contractual relationship, including contract variations and financial disbursements, however, it is not responsible for monitoring program outcomes or progress against the program objective.
- The Evaluation Team is responsible for monitoring and evaluation however, it is not responsible for monitoring progress against the program objective.

Each area appears to be responsible for an important part of program management however, there does not appear to be a clear locus of overall responsibility for monitoring and reporting on the extent that the DSP is meeting its program objective.

The objective of the DSP is that it delivers immediate economic stimulus, so if outcomes are delayed or not developing as intended, then there is an increased risk that the DSP will not meet its objective, and this should prompt urgent action. Delays in DSP projects have been managed with contract variations; however, the evaluation does not have any evidence that project delays are being considered in terms of impact on achieving the overall program objectives and the need to reconsider the projected program outcomes or program elements (if it was felt the delays are beyond the control of DRNSW), or that corrective action is being undertaken to minimise the delays.

A clear line of responsibility, and accountability, for achievement of program outcomes reduces the risk that corrective action is not prioritised when program outcomes don't develop as planned, which in turn reduces the risk of a program's objective not being met.

DRNSW staff collaborate in the delivery of the DSP

Feedback from all interviewees suggests there is a high level of coordination between different areas of DRNSW that contribute to delivery of the DSP.

Communication about the DSP was appropriate for a rapid program

The evaluation has not been able to access a stakeholder communication plan, however, an attachment to a December 2019 briefing note shows a very basic table of communications activities for Tranche 2. The evaluation also viewed a template letter from the Deputy Premier to mayors.

Although the evaluation hasn't sighted a communications plan, the evidence suggests that the DSP program team did consider stakeholder communication.

Stakeholders were very positive about the overall grants process

All external stakeholders were positive about the DSP. Several grant recipients commented that the non-competitive nature of the funding allocation took significant pressure off them and allowed them to focus on developing appropriate projects. They were particularly positive about their experience with the SmartyGrants system for administering the DSP, and DRNSW staff they dealt with. They were very positive about the on the ground support provided by the Business Development Manager in the region. Few interviewees identified any delivery barriers.

3.3 To what extent could this program be replicated in other circumstances?

Many aspects of the DSP's rapid implementation could be, and already are being, applied to other programs. In addition, the DSP has provided several lessons which, if addressed, could also aid other programs wishing to adopt a rapid program implementation approach.

The planning phase of the DSP was rapidly facilitated by the availability of a pipeline of infrastructure projects that had already been designed and business cases developed. This saved considerable time in not having to design projects or develop business cases for the DSP. There continues to be a pipeline of fundamentally sound projects that other programs could use to fast-track the project identification phase.

Using a transparent and robust selection tool like the MCA could also be used by other programs, although criteria would have to be developed for the particular context.

Future programs wanting a rapid implementation could also benefit from the lessons the DSP has provided, including:

- An enhanced scan of the operating environment conducted early in the program planning phase. In addition to the planning the DSP program did, an enhanced scan might include factors such as market capacity, other sources of funding targeting the same communities and the risk that funding could overwhelm recipients, and measures of drought impact in addition to drought condition.
- Expanding the project assessment methodology to include a greater focus and clarity on shovel-readiness and on the capacity of Local Councils to deliver projects.
- Considering other forms of stimulus that might complement infrastructure funding. This would be particularly important if the scan identified risks with market capacity.
- Introducing an assurance and delivery support role for DRNSW which would focus on the program delivery phase to ensure that barriers are addressed quickly. Anticipating and addressing issues early may help to mitigate their impact and contribute to the rapid fulfilment of the program's objective.

A key lesson from the DSP experience is that, if the objective is to effect change quickly, then the focus of 'rapid' must apply to the whole end-to-end program, not just to getting funding to grant recipients. The real measure of success should be the extent that the program's outcomes are meeting the program's objective.

Detailed findings

The DSP's strengths could be replicated in other programs

The focus of the DSP was on rapid deployment of stimulus to local communities. One of the features of the DSP which contributed to it being 'rapid' was the first ever use of a pipeline of unfunded 'shovel-ready' projects. The DSP planners were able to quickly identify projects from this pipeline that were ready to be implemented as soon as they

received funding. This approach of using a pipeline of existing projects has already been used by DRNSW in other programs.

A future program could benefit from strengthening this feature. One of the issues with using a pipeline of projects designed for other programs is that the objectives of the pipeline projects may not align with the new program. This could be addressed through a simple addition to the program design that recast the objectives and outcomes of the pipeline projects to better reflect the new program's objectives. The 'recasting' could include a set of outcome KPIs that the new program could monitor against its objective.

One of the risks in using a pipeline of projects is that some of them are not really shovel-ready. That is, they are not ready to be implemented as soon as they receive funding, some require further approvals or preconditions to be met, which could hold up the projects. Future programs would benefit from a more clearly defined assessment of shovel-ready, using the lessons from the DSP implementation.

The DSP planning phase was rapid however, implementation is not

For most stakeholders consulted, the metric used to gauge the DSP's 'rapid' performance has been the time from program design through to project selection and deed finalisation.

The DSP program team were highly successful in applying a rapid approach to this phase of the program, achieving Tranche 1 in four weeks, a very short period for the amount of work involved. They also moved quickly to design and implement Tranche 2 in the following five months.

While the program planning phase was rapid, many projects have experienced implementation delays. While project delivery for projects funded under DSP is the responsibility of the grant recipients, there are implications for program outcomes if there are delays in the delivery phase and the objective of the DSP program will not be met as rapidly as intended. Program success is directly dependent on successful implementation of projects and as such there is an imperative for DRNSW to ensure project completion is achieved as intended where possible.

A key driver of success for future programs will be an ability to ensure that projects are implemented as planned, subject to external environmental issues which are beyond the control of DRNSW. There are two dimensions to this driver – a planning assurance dimension and a delivery assurance dimension.

The planning assurance dimension refers to refining the project selection process to accommodate factors that may impact delivery, such as market capacity, capacity of Local Councils to deliver, and shovel-readiness. While the DRNSW may not be able to eliminate these issues, considering them during the project selection process may enable early corrective action to mitigate their impact on implementation.

The delivery assurance element refers to a proactive approach to monitoring projects during their implementation and identifying appropriate support mechanisms where required. This approach, of complementing Local Councils' project management capability, is already being used in other programs. In practice this assurance role may involve an assessment, at the project selection stage, of each applicant's project management capability. DRNSW could then monitor and support the particular projects to a greater or lesser degree depending on the assessed risk.

3.4 What evidence is there of the program achieving its intended outcomes?

Overall assessment for this KEQ

The DSP's intended outcomes occur across several timeframes: the immediate-term outcome is that projects have received funding so that they are enabled to commence; the short-term outcome is that people are employed, and materials bought, which means community members have more money to spend; and the medium-term outcome is that there is increased levels of spending flowing through the local economy.

Overall, there is evidence that the program logic is being realised. All projects have received their initial funding, enabling them to commence. Most projects have employed contractors and bought materials, so the short-term outcomes are developing. As this evaluation is focussed on process, the evaluation did not explore local expenditure, however, program logic suggests that if people are employed then spending in the community should increase, which is consistent with the medium-term outcomes.

A key issue, however, is that most projects have been delayed, which means they haven't employed contractors and bought materials as quickly as they had planned (in the Funding Deeds). As the objective of the DSP was to deliver immediate economic stimulus, in practice, and for a variety of reasons, often outside the control of the program or recipient, outcomes are not developing as intended.

Using the rubric, the evaluation rated this KEQ as 'Improvement Opportunity' because of two main issues – the lack of evidence about outcome development to triangulate mainly anecdotal evidence; and the fact that almost all projects are delayed, which means that the program cannot be achieving the program outcomes as intended (that is, immediately).

Strengths

Anecdotal evidence suggests that some economic stimulus has reached drought impacted communities, because projects have commenced, most have employed local labour and contractors, and have sourced materials locally.

Local Council interviewees stressed that LSP projects are improving community assets, and this is perceived to provide long-term benefits to communities.

Opportunities

Although, as discussed in earlier KEQs, some delays have been caused by factors beyond the control of grant recipients or DRNSW, there are opportunities to address some of the other causes. The opportunities include:

- Improve monitoring of outcomes so that DRNSW has the evidence to know when outcomes are not developing as intended, allowing it to take corrective action
- Monitor delayed projects and consider what support DRNSW could offer to improve their performance

Detailed findings

The majority of projects have received their initial funding within one business month

One of the immediate outcomes in the program logic is that grant recipients receive the funding required. Figure 8 shows that the majority of infrastructure and LSP projects received their initial funding within one working month of signing of the contract, which means that funding agreements were processed immediately by DRNSW, and payments were processed within standard Government timeframes.

There is evidence that projects have employed contractors and procured materials

A review of a sample of milestone 2 and 3 documentation reveals that projects have employed contractors and procured materials. This is supported by interviews with Local Councils.

However, the assumption in the program logic model, that employing contractors and procuring materials would stimulate the local economy by being spent in local shops and businesses, was unable to be tested beyond the qualitative information provided in interviews, as no quantitative economic data has been collected.

Some examples of how grant monies were spent include:

- A rural Council used local contractors in all of their LSP projects except one, where Council staff constructed a pathway extension themselves as this is considered Council's core work. Economic benefits included provision of funds to contractors and local purchase of materials. The main reported benefit was the refurbishment of assets.
"Council would be flat out spending \$50-100k on pool renewals so to get \$300k was great. Same for the sports complex, spent \$100k but Council wouldn't normally have that sort of money." Council stakeholder
- A Smart Region Incubator operates from the Business Community Facility in one regional town. The incubator has led to 56 start-ups in 2019-20 which created 151 jobs in the region and generated a fourfold increase in investment from \$3.4m in 2019 to \$13.8m in 2020. One of the Council's LSP projects focused on upgrading the Business Community Facility, thus supporting the ongoing operation of the incubator.
- A rural LGA found it challenging to find contractors to resource its LSP projects, partly because the LGA is a mining area, and most contractors are engaged within the mines. Council therefore had to use Sydney based contractors who were delayed because of their own priorities and COVID travel restrictions. As a consequence, only a small proportion of funds went to local contractors. Even when Council used contractors from an adjacent LGA, the work was subcontracted to Sydney based tradespeople due to skills shortages.
- One LGA used a local drilling company to drill bores in order to improve the drought resilience of several local villages.
- A Rural Infrastructure Project involves building infrastructure to support the Inland Rail Project. The intention was that most of work would be done by the

Local Council as they are experts at road building, while they would outsource power & telecommunications work. The focus of this project has not been to stimulate the local economy through this construction, as the stimulus will happen through the inland rail construction. The inland rail project is expected to employ 1500 people, and Council expects 400 – 600 of them to live in the area during construction, so it is separately building a worker's camp to accommodate them. Economic stimulus is expected via accommodation and living expenses of the road construction crew.

Some councils used creative ways to increase employment

One issue raised by many stakeholders was the difficulty of finding local contractors. Some Local Councils developed creative solutions to deal with the shortage of contractors. These included using local farmers as labourers, employing people through the local disability employment agency and upskilling council employees to develop more project management expertise.

There were mixed views on the impact of the DSP on local contractors

Some Local Council interviewees suggested that some contractors would have left the area if not for the work provided through these grants. They suggested that a multiplier effect had occurred across the community when contractors and their employees spent money there, however, they were unable to provide quantitative evidence to support this contention.

In contrast, other Local Councils reported that local contractors had ample work, due to the large amount of construction funding in these drought-affected areas, which created significant demand on local contractors with limited capacity to supply.

Perception of long-lasting community benefits

Most Local Councils reported significant benefits to their communities from improved amenities. These included increased access to parks and recreation sites, increased tourism to the region, improved community facilities such as improved disability access to community spaces, improved sportsground facilities, improvements to safety of areas where people congregate. These improvements would not have occurred without the DSP funding.

Some examples of community benefits from DSP projects included:

- School Holiday Activities, Moree: In Mungindi, a town of less than 200 people with a high indigenous population, there is one small pool with one lifeguard. Council normally charges a small entry fee, which results in low attendance by indigenous children. The DSP funding allowed Council to offer free entrance, which resulted in indigenous children and their families using the pool rather than swimming in the adjacent river which is considerably more dangerous. Similarly, funding for the Moree aquatic centre allowed Council to work with community partners to offer extended programs, attracting children who would not normally attend.
- School Holiday Activities, Warren: DSP funding allowed Council to provide activities that engaged children who would not normally engage.

- In addition to the improvements in tangible assets, there was strong feedback that the DSP projects improved community morale.

“Made them feel like someone cared.” Council staff member

“Seeing the look on people’s faces” (when they saw someone cared about them) Project Manager, Council

“In 2 years, we have done 10 years of our 10-15 year recreation and open space plan due to all these drought stimulus dollars.” Council GM

Support for Country Shows contributed to improved community wellbeing

The funding of Country Shows was seen as an important element of the DSP. Shows provide an opportunity for people to come together with the community, some from hundreds of kilometres away. Country Shows are broadly accessible to everyone in the community and are a significant contributor to community cohesion and wellbeing. Economic stress on potential sponsors was alleviated by the injection of small grants to support delivery of these shows. The small amount of funding (\$5k – \$10k) was significant for these shows which can have budgets as low as \$50,000.

Stakeholders described how locals prepare for these shows, often weeks ahead, by purchasing and preparing new outfits or developing their stands and displays. Most show organisers did not monitor the benefits except for making an estimate of the number of attendees. An exception was the Glenn Innes Show, which said they had conducted a cost-benefit analysis (not published) which showed that the show delivered \$600k – \$700k to the local community from, for example, people coming to town & spending, buying outfits, food & beverages, accommodation, for a cost of around \$200k. The organisers regard the show as an important mental health initiative.

“Gave communities a shot in the arm.” Council GM

There is limited quality outcomes monitoring

Examination of a random sample of documents from SmartyGrants showed some degree of project planning. Infrastructure projects had detailed plans, as they had been prepared for other funding programs. However, the documents reviewed did not include DSP outcomes because they were not written in response to the DSP funding opportunity. The lack of a DSP application form collecting information relevant to the DSP outcomes limits the ability of DSP to effectively monitor at the project and program levels.

Fourteen completed LSP projects were reviewed. Their Funding Deeds all include milestone and funding levels; however, they do not include project outcomes which contribute towards the DSP's objective. The Funding Deeds do, however, list the evidence required against each milestone:

A Statutory Declaration by the Managing Director of the Grantee confirming the number of FTE employees employed from inside and outside the LGA, who they are employed by and if they are outside of the LGA the reasons why.

The table below shows a selection of results of the LSP projects reviewed. Only two of the 14 LSP projects conformed to the requirement to produce a Statutory Declaration confirming the FTEs employed.

Project number	Title	FTE planned	Actual FTE reported
LSP 017	Wee Waa skate Park – Shade Structure	4 Full-time (FT) for 1 month 2 Part-time (PT) for 0.5 month	Statutory Declaration that confirms planned FTEs were achieved.
LSP 021	Forbes Nelson Park BBQ Area	3 FT for 1 month	No quantitative data reported. Statutory Declaration states: 'During its implementation, this project supported numerous jobs, both inside and outside the Forbes LGA, employed by Cheney's Electrical, Lachlan Readymix, Tygar John Holdings Pty Ltd, AAA Septic Services, GrilleX, and Forbes Shire Council'. 5 other Forbes Council projects reported in a similar way.
LSP 036	Blayney Council Belubula River Heritage Walk Stage 2 - River Rehabilitation	3 FT for 2 months	Final milestone acquittal form submitted in June 2021 but no Statutory Declaration or any other information about employment outcomes.
LSP 037	Blayney Council Orange360 Cooperative Destination Marketing	1 FT for 6 months 1 PT for 6 months	No FTE data supplied. This project was a marketing campaign. Blayney did not submit a Statutory Declaration as required. Instead, they supplied a report outlining qualitative results. It did not contain any estimates of increased business activity.
LSP 058	Uralla Swimming pool – family & disabled changing rooms	4 FT for 5 months	Statutory Declaration provided, confirmed that 1 FTE from inside LGA and 1 from outside of LGA were employed, no duration.
LSP 065	LDSP20 - Uralla Community Centre Upgrades	1 FT for 1 month	A Financial Statutory Declaration was made but no mention of outcomes.

Some completion reports for School Holiday Activities included information on the number of jobs created, however, these were completed inconsistently. There was often no indication of whether these jobs were full-time or part-time, or the length of the employment period, making it impossible to collate the data or draw any overall conclusions against the DSP's objectives.

Intended outcomes are being delayed

Analysis of the variations data (Figure 10) revealed that 65% of LSP projects required at least one variation, while 97% of RNIG projects required some variations.

Where data was available, it indicated that variations delayed 18% of LSP projects by 3 months or less, a further 18% of LSP projects by 4-6 months and 9% by 7-10 months, with only 6% of LSP projects delayed by more than 10 months (Figure 11).

Figure 10 –Variations per project

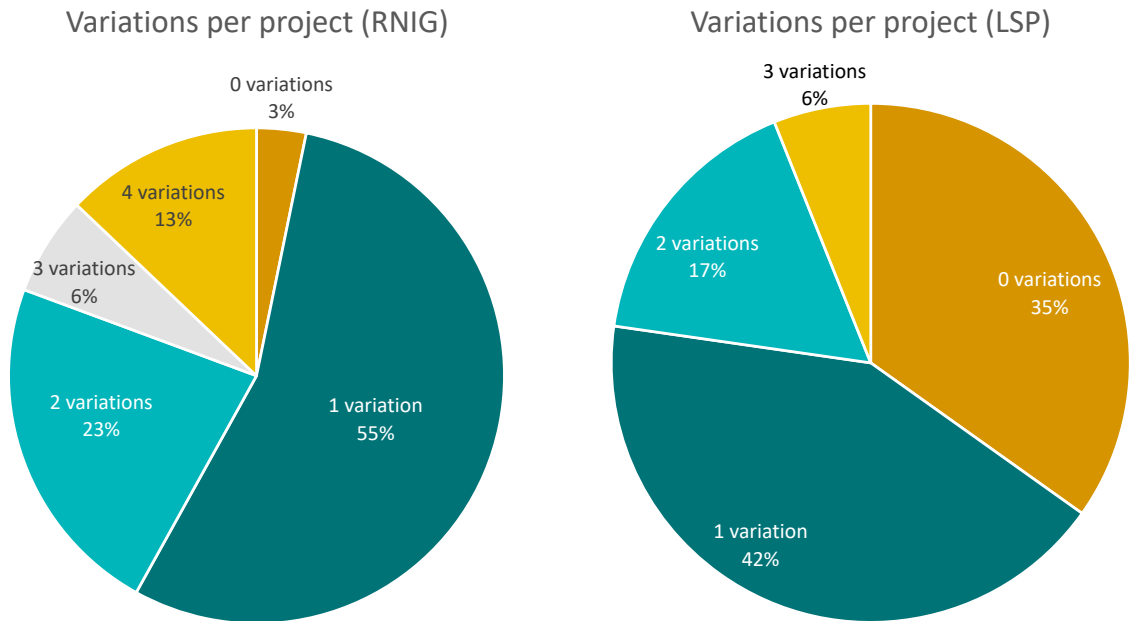
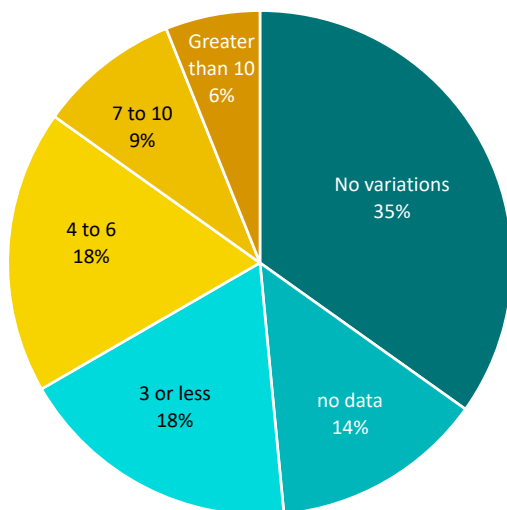


Figure 11 –Delay to final project milestone

Delay to final project milestone
(LSP projects, months)



3.5 Were there any unintended outcomes?

The DSP produced both positive and negative unintended consequences.

Positive unintended consequences

Local employees gained unexpected skills

A small regional Local Council reported that farmers who were contracted to provide labour for council were required to learn how to comply with NSW health and safety regulations in order to work on council projects. These new safety standards are now being implemented on farms.

Economic benefits from external contractors

Although the intention of the DSP was to stimulate local employment, it was often difficult to source local contractors, therefore, external contractors were required for some projects. However, Local Council staff reported that these contractors provided unanticipated benefits by using local accommodation and shopping within the LGA during their projects.

Negative unintended consequences

Councils have limited project management capacity

While Local Councils were grateful for the project funding, they reported being stressed in delivering projects due to lack of project management expertise. Many councils only have one project manager and reported finding it challenging to recruit more project managers in regional areas. Some had to redeploy staff from other council areas to help during peak project management times.

Issues due to understanding of shovel-readiness

A few of the projects examined encountered barriers due to NSW Government regulations or requirements which had not been identified by the council at the time of project planning or by the DSP project selection process.

One Local Council encountered a major issue due to the Biodiversity Offset Scheme (BOS). Under the BOS, applications for development or clearing approvals must set out how impacts on biodiversity will be avoided and minimised. The remaining residual impacts can be offset by the purchase and/or retirement of biodiversity credits or payment to the Biodiversity Conservation Fund. The Local Council intended to clear 50 hectares but the additional cost due to the BOS has reduced this to 12 hectares. Council estimates the BOS has increased the cost of the project by 25%.

Another Local Council encountered an unforeseen Government requirement which stopped the project. The project was intended to sink bore holes in four villages to make these villages more resilient in future droughts. However, during the project, it was discovered that Section 60 of the local Government Act requires that each water or sewage project must have an independent assessment of the proposed works to ensure

they are fit for purpose and meet relevant public health and environmental standards. The NSW Natural Resources Access Regulator allowed the project to drill a bore but not to access water through the Great Artesian Basin, so the project objective could not be achieved as no water was sourced. This requirement was not identified by the Council during its planning or by the DSP project selection process.

Focus on construction exacerbated contractor and material supply issues

Most of the DSP funding has focused on construction projects with the assumption that supporting local contractors would stimulate the economy by increasing employment in construction, and also through flow-on effects when construction workers spent their money in local businesses. However, a number of projects experienced a shortage of contractors.

Interviewees reported that most successful contractors already have 4 to 6 months of work in their pipeline, in normal circumstances, making it challenging to source contractors and still meet the DSP timelines. Furthermore, all interviewees reported that the focus on construction across all drought-affected regions meant that contractors were more heavily booked than usual. This was exacerbated by Federal and other NSW State Government grants which also targeted construction.

Further issues arose due to COVID-19, as supplies of materials became scarce, and external contractors were unable to travel to regional NSW.

4. Conclusions and recommendations

4.1 Conclusions

The DSP was initiated to deliver rapid economic stimulus and job creation and retention in drought impacted areas of regional NSW. The two key design parameters were 1) rapid economic stimulus and 2) addresses greatest need.

Overall, the initial DSP planning process was appropriate:

- It addressed the perceived need for rapid economic stimulus by leveraging a pipeline of existing infrastructure projects. The rationale was that using this pipeline would save the time usually devoted to project scoping, design and costing and development of a business case (which can take up to 6-9 months).
- It addressed areas of greatest need by developing the MCA tool to select projects based on the level of drought, immediacy of benefit, and local economic contribution.

Within 6 months of initiation, the DSP's scope and objective was broadened to include 16 local Support Packages for councils that were not able to access DSP funding for a planned infrastructure project. The DSP also allocated funding to support Country Shows and School Holiday Activities, which contributed towards community wellbeing.

Project delivery has been mixed:

- Contract management and administration is performing well. Response times for variations are good, and feedback from Local Councils about the SmartyGrants process and about GMO support is very positive. BDMs also played an important and valued role in supporting Local Councils with access to funding under the DSP and project delivery.
- Projects are not performing well against milestones. Most of the infrastructure and LSP projects are behind the schedule in their Funding Deed. Delays have been caused by a range of factors, including the impact of COVID-19, however, other factors such as the extent of shovel-readiness or the capacity of the market to accommodate demand are also factors.

Delays in project implementation mean that economic stimulus will not reach its target communities as planned, compromising the achievement of the DSP's objective.

Program outcomes are developing:

- A success of the program is that immediate outcomes have been delivered. One of the immediate outcomes in the program logic is that '*grant recipients have the funding they need to proceed*'. The DSP has performed well with respect to initial funding. Funding Deeds have been developed and most of the first payments have been distributed rapidly, enabling projects to proceed.

- Many Country Shows and School Holiday Activities have been delivered and have led to reports of positive outcomes such as increased social connectedness. Some Country Shows were cancelled due to COVID-19 restrictions, however, they kept their funding to be used for the next show.
- Intermediate outcomes, such as funds spent in local communities, project outcomes realised, and increased jobs/ employment, are emerging, based on qualitative evidence. Most projects are under way and have started to spend funds on contractors or materials in local communities, where they can.

However, almost all infrastructure and LSP projects have been delayed. The impact of the delays is that the outcomes that could have been expected, given the aim of the DSP, will take longer to emerge than originally anticipated, which impacts the DSP's objective. The impact of the COVID-19 pandemic has been a factor in the delays, causing shortage of supply in both contractors and materials, however, other factors such as projects being shovel-ready, market and Local Council capacity, have also contributed.

The DSP program provides some valuable lessons for improvement, including:

- Refining the MCA tool by considering drought impact along with drought condition.
- A greater consideration of the funding environment (that is, what other funding was available), the market's capacity to meet demand, and the Local Council's capacity to manage projects.
- A clear line of responsibility, and accountability, for achievement of program outcomes reduces the risk that corrective action is not prioritised when program outcomes don't develop as planned, which in turn reduces the risk of a program's objective not being met.
- The need to monitor outcomes and put in place adequate systems to capture outcomes data.
- Adequate documentation. There is no overall DSP plan, timeline with program-level milestones, monitoring KPIs, or other documents that demonstrate that good program planning practice took place.

4.2 Considerations for the DSP

The objective of the evaluation includes *'identifying improvements to ensure the program is positioned to meet its objectives'*.

As the DSP is well into its delivery phase, improvements to ensure the program is *'positioned to meet its objectives'* are focused on two areas:

Improvement to ensure delivery is not delayed further.

To ensure projects are not delayed further, the DRNSW could consider:

- Clarifying the line of overall responsibility for the DSP program delivery, including project delivery and program outcomes.
- Implementing an active management process to help Local Councils address delays and provide ongoing support and expertise to minimise further delays.

An active management process means proactively identifying projects that are delayed and working with Local Councils to identify actions to get projects back on track, or at least so they don't lead to further delays. The review of causes of delays should include all contributing factors, including Local Council competence and capability, and not just obvious ones like the COVID-19 restrictions.

Consider engaging Public Works Advisory or other departments or expertise as required.

- Implementing project performance monitoring that is more frequent than current milestone reports, so that issues are identified early, and corrective action can be implemented as soon as possible.

Improvement in the outcome data collected

Outcome data is currently collected through Statutory Declarations submitted by Local Councils. Its quality is variable, and it is difficult to access. The end-of-program evaluation will require quality, accessible data in order to evaluate how well the DSP has performed. To ensure the program has access to appropriate outcome data, DRNSW could consider:

- Identifying the outcome data required from the program logic and developing a data management plan for DSP. This should include appropriate fields in SmartyGrants to capture the data, and potentially new data collection mechanisms for grantees to use. (The DSP Evaluation Team has noted that they have included this approach in the recently published Program Monitoring and Evaluation Plan).
- Transferring current data captured in Statutory Declarations or other documents to SmartyGrants. The data should be cleansed and may require the DRNSW to clarify data that Local Councils have already submitted.
- Implementing the data management plan and monitoring it to ensure that appropriate outcome data continues to be captured.

4.3 Considerations for other programs

In addition to identifying improvements to ensure the DSP is positioned to meet its objectives, the evaluation also aims to *'identify improvements that inform future program design'*.

Considerations for future program design include:

Using a robust and independent evidence base to define the need

DRNSW used data and information about drought conditions in regional NSW, coupled with the in-field observations of DRNSW regional networks and other departments staff, as an indicator of need. Future programs could benefit from developing and documenting a needs analysis using more robust evidence from a range of sources. Future drought response programs should be supported by a needs analysis that considers evidence about drought condition alongside evidence about drought impact, and consider contextual factors such as other funding, the impact on the market, and the capacity of Local Council

Using a range of data sources, including both quantitative and qualitative data.

- Including strategic and environmental factors, such as who is already doing something to address the need, what else is going on in the focus area.
- Including delivery factors such as the capability of Local Councils to manage projects, the capacity of the market to respond in popular stimulus areas (for example, construction).
- Using data experts to analyse the data and provide recommendations.
- Documenting the evidence base and recommendations.

Develop an evidence-based rapid response framework

The NSW Government's Future Regions Ready strategy, released in June 2021, addresses many of the considerations proposed in this evaluation. These include, for example, the need for effective and appropriate program planning, investing in better data, a high level of stakeholder engagement, adaptive program management and reporting, and ongoing evaluation and learning from each program or intervention.

Consistent with the Future Regions Ready strategy, consider:

- Undertaking a research project to build on the study above and identify better practice policy responses.
- Integrating better practice policy responses into a rapid response framework.

In this context, a rapid response framework means a collection of program design best practices that future program designers could use to guide their planning. The framework of 'already-researched' best practices would speed up the design process and ensure that all areas of design, including, design, planning, and delivery, are considered. In developing a rapid response framework, consider:

- Addressing a range of outcomes such as economic stimulus, community resilience, or community wellbeing.

- Advice on how to implement (rapidly) all areas of program design through to delivery and evaluation.
 - Templates and other resources that planners could quickly implement.
 - Using a theory of change/ program logic approach in the design phase to clearly articulate how outcomes are expected to develop, using evidence-based policy responses as the basis for theory of change models.
 - Including example monitoring and outcome KPIs.
 - Adding a template program plan based on the better practices of program management (see below).
- Monitoring both the external environment and internal to DRNSW for examples of policy responses in other programs, including evaluation reports of other programs, to refine and update DRNSW's list of options.

Ensure a clear line of responsibility for overall program performance, from design to outcome achievement.

Good governance practice suggests that a clear line of responsibility, and accountability, for program outcomes reduces the risk that corrective action is not taken when a program's outcomes don't develop as planned, which in turn reduces the risk of a program not meeting its objective.

5. Attachments

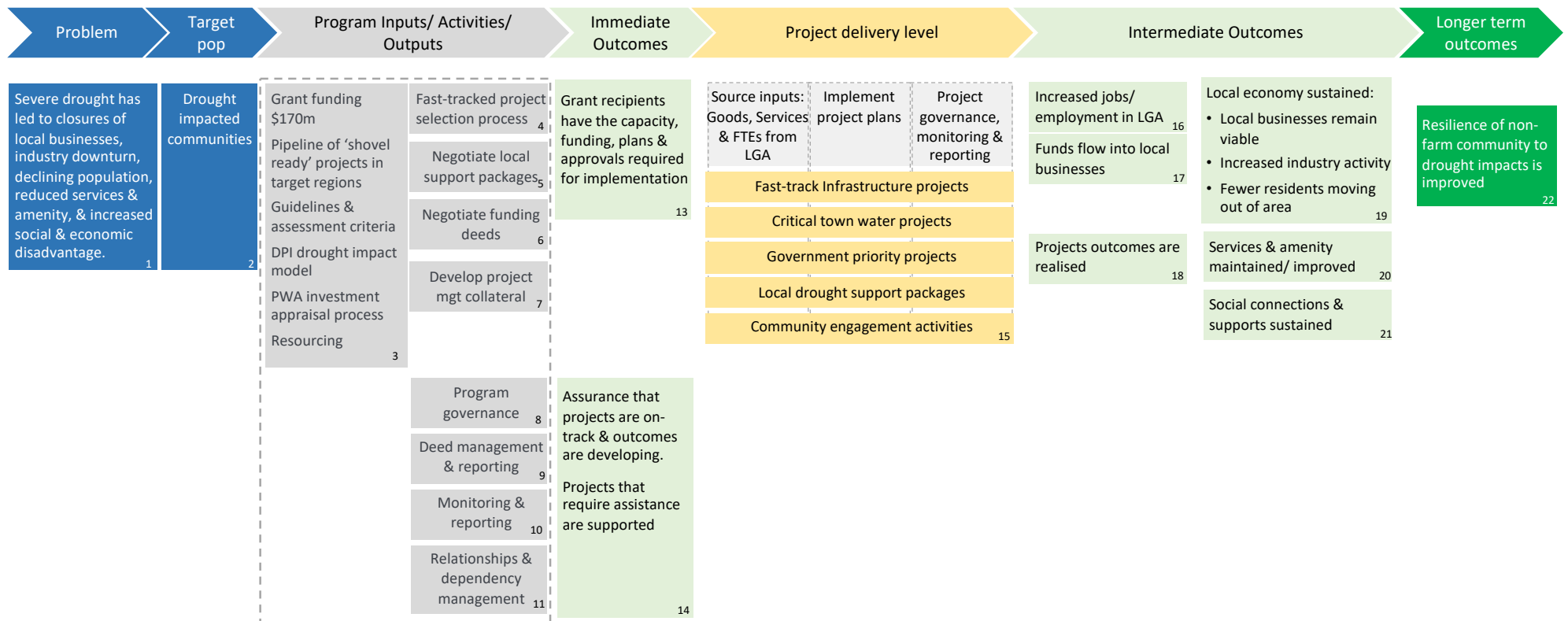
5.1 Stakeholders interviewed

Stakeholder	Organisation	Representing
Lilian Colmanetti	Armidale Regional Council	LSP recipients
Rebecca Ryan	Blayney Shire Council	LSP recipients
Eric Groth	Gunnedah Shire Council	LSP recipients
Greg Tory	Lachlan Shire Council	LSP recipients
Kevin Tighe	Warrumbungle Shire Council	LSP recipients
Fiona Plesman	Muswellbrook Shire Council	LSP recipients
Stewart Todd	Narrabri Shire Council	LSP recipients
Kate Jessep	Uralla Shire Council	LSP recipients
Jodie Condrick and Rebekah Kelly	Tenterfield Shire Council	LSP recipients
Ian George	Liverpool Plains Shire Council	LSP recipients
Anne Andrews	Broken Hill Airport	RNIG recipients
Pip Goldsmith	Coonamble Shire Council	RNIG recipients
Paul Devery	Cowra Shire Council	RNIG recipients
David Neeves	Gilgandra Shire Council	RNIG recipients
Paul Henry	Inverell Shire Council	RNIG recipients
Neale Royal	Glenn Innes Show Society	Country Shows
Mary Gee	Koorawatha Show Society	Country Shows
Jan Wightley	Wellington Show Society	Country Shows
Glen Stewart	Oberon show	Country Shows
Adriana Pippas	Moree Shire Council	School holiday activities
Gary Woodman	Warren Shire Council	School holiday activities
Sam Malfroy	DRNSW	Original DSP planner
Rebecca Noonan	DRNSW	Programs manager
Leanne Perry	DRNSW	Evaluation team
Jessie Huard	DRNSW	Evaluation team
Kate Moodley	DRNSW	GMO
Melinda Farrar	DRNSW	GMO
Tamara Townsend & Ben Morgan	DRNSW	BDMs
Peter Sniekers	DRNSW	BDMs
Samantha March	DRNSW	BDMs
Alvaro Marques	DRNSW	BDMs
Angela Shepherd	DRNSW	BDMs
Melissa Penrose	DRNSW	BDMs

5.2 Program logic

Objective: Support communities in drought impacted regions of NSW by generating economic stimulus and job creation, and supporting community wellbeing.

Intervention: Provide 'off-farm' support via time-limited, 'shovel ready' and community projects to mitigate economic and social impacts of drought.



5.3 Assessment Rubrics

KEQ 1: Were program planning processes appropriate?

Overall rating	Good practice	Overall rating is 'Good practice'. Given the short 4-week planning timeline a significant range of activities were undertaken which would be considered 'good practice'. Areas for improvement include, not complementing the evidence about drought conditions with evidence about the impact of drought, a lack of program-level outcome-based KPIs, and a lack of adequate documentation about the planning process.		
Indicators	Rating	Rubric Dimensions	Our score	Why we scored it
Alignment of program guidelines to relevant evidence and policy	3 Good practice	All elements of the program design have a clear relationship to relevant evidence and policy. The source of the evidence is clearly referenced in the design.	2.5	The program design is related to the Government's focus on drought however, it has not been developed in response to specific policy. The evidence is based on drought conditions, as measured by the DPI DCI, however, the initial problem is about the impact of drought and a stronger evidence base would have included impact as well as condition.
	2 Average practice	Some (but not all) elements of the program design have a clear relationship to relevant evidence and policy.		
	1 Improvement opportunity	Few elements of the program design have a clear relationship to relevant evidence and policy		
Resource allocation for program delivery	3 Good practice	Program managers perceived the program is adequately resourced	3	The evidence suggests the program is adequately resourced. The program is being delivered using the 'standard' processes of GMO.
	2 Average practice	Some program managers perceived the program is not adequately resourced		
	1 Improvement opportunity	Program managers perceived the program is not adequately resourced		
Evidence of program planning	3 Good practice	Documented evidence that planning was collaborative (involved potential recipients and other key stakeholders) and considered both strategic and contextual understanding of drought.	2.5	The planning was rapid but collaborative. While it did not involve funding recipients it did involve Regional Directors who should have a good knowledge of the need of and issues facing Local Councils. The planning process documentation is fragmented.
	2 Average practice	Limited consideration of strategic or contextual factors, limited involvement of key stakeholders, limited documentation of planning process or output.		
	1 Improvement opportunity	No evidence that planning considered strategic or contextual factors, or that it involved collaboration with key stakeholders. No documentation of planning process or outputs.		
Evidence that the right expertise was drawn upon for program design and delivery planning	3 Good practice	Recognised experts were consulted, and their advice incorporated into program design and delivery. All elements of the program design have a clear relationship to relevant evidence and policy	3	A range of experts were involved in the program design
	2 Average practice	Some areas of the program plan were informed by experts and have a clear relationship to relevant evidence and policy		
	1 Improvement opportunity	No experts were consulted. Few elements of the program design have a clear relationship to relevant evidence and policy		

KEQ 2: Was the program implemented as intended?

Overall rating	Average practice	There are some positive elements about the implementation of the DSP, however, most projects have not met their intended milestones. This is most likely due to barriers such as the impact of the COVID-10 pandemic coupled with other issues such as a shortage of tradespeople and contractors, materials and Local Councils' capacity to project manage the projects. There is also a lack of program outcome reporting. Project outcomes are being captured via a Statutory Declaration; however, the data is not accessible, and it is not reported as a program measure.		
Indicators	Rating	Rubric Dimensions	Our score	Why we scored it
Delivery of program milestones within planned timeframes and on budget	3 Good practice	At least 90% of milestones delivered on time and within budget	1	Program milestones have not been developed. Infrastructure projects and LSP projects are not meeting their milestones as documented in their Deeds.
	2 Average practice	40 – 90% milestones delivered on time and on budget		
	1 Improvement opportunity	Less than 40% of milestones delivered on time and within budget.		
Evidence of program accountability and governance (including monitoring, reporting and adaptation)	3 Good practice	Progress reports show evidence of monitoring of program KPIs and adaptation of program implementation where appropriate. Reports of program performance regularly provided to senior management. Staff are clear about program delegations, accountability, and governance processes – they are able to indicate how governance processes operate or where to find guidance about them	2	There is not a clear line of accountability for the achievement of program outcomes. A governance structure is in place, with each of Program Team, GMO and Evaluation Team having their particular responsibilities, however, there does not appear to be anyone with overall responsibility for the achievement of outcomes. Financial performance is monitored and reported by the GMO.
	2 Average practice	Some KPIs or some reporting of program performance but it is not consistent.		
	1 Improvement opportunity	No KPIs or regular reporting or program performance. Program staff unclear about program delegations, accountability, or governance processes.		
Evidence of program coordination across relevant DRNSW business units	3 Good practice	DSP staff engage with DRNSW staff in areas relevant to delivery of DSP to coordinate program delivery. There are no concerns from either DSP or related program staff that further collaboration was required.	3	There is positive coordination across different areas with respect to the delivery of the DSP.
	2 Average practice	Some contact with related staff. Staff from either DSP or related programs consider that greater collaboration would benefit either program.		
	1 Improvement opportunity	No evidence of attempts at coordination across program areas.		
Evidence of communications to relevant stakeholders appropriate for a rapid response program RDN and council perceptions of level, content, and type of communications	3 Good practice	A section within a broader document (for example, program plan) that describes how the program will communicate with stakeholders. Communication for a rapid response program may not be as thoroughly planned as for standard programs, however, the approach (the thinking and planning about communication) should still be evident. Communication should include reference to frequency, audience, and type of content (the what). Engagement with Regional Development Network Collateral developed in line with plan. 75% of stakeholders rate communications as appropriate (level, content, and type)	2	There is evidence of communications occurring, and evidence of communications collateral, however, there is no evidence of a structured approach to communications or a communications plan.
	2 Average practice	Communication approach is recorded as a comment in planning documentation, but it fails to indicate audience, content type or frequency of communication.		

KEQ 2: Was the program implemented as intended?

	1 Improvement opportunity	Program planning documentation does not address communication. No evidence of communications collateral. Less than 40% of stakeholders rate communications as appropriate (level, content, and type)		
Evidence of project selection and assessment processes including appropriate targeting of funding (for each stream)	3 Good practice	Clear assessment guidelines that contain assessment criteria and assessment rubric. Record of actual selection process (for example, selection worksheets completed). Minutes from selection committee that align with assessment guidelines. Milestones or events in progress reports correspond to assessment guidelines. Clear correlation between projects selected and DPIE drought indicator. Project assessors and RDN staff comfortable that processes are effective, fair, and transparent.	3	Guidelines and criteria exist for project selection. Selection of infrastructure projects involves a comprehensive process that includes the use of the MCA tool and a SOG review. LGAs that didn't receive infrastructure funding were identified and, working collaboratively with DRNSW, identified a group of projects for inclusion in a Local Support Package. Country Shows and School Holiday Program funding was awarded according to an open grants process.
	2 Average practice	Most projects selected align with selection criteria.		
	1 Improvement opportunity	Unclear selection criteria or lack of an assessment rubric. No or unclear correlation between selected projects and DPIE drought indicator. Perceptions that process lacks transparency or that incorrect projects have been selected.		
Stakeholder perceptions of the overall grants processes (for each stream of this program)	3 Good practice	At least 75% of stakeholders rate grants process as positive. (Includes timeliness, communications, clarity of guidelines)	3	Stakeholders were very positive about the grants process and overall DSP program.
	2 Average practice	Between 60% and 74% of stakeholders rate grants process as positive. (Includes timeliness, communications, clarity of guidelines)		
	1 Improvement opportunity	Less than 60% of stakeholders rate grants process as positive. (Includes timeliness, communications, clarity of guidelines)		
Stakeholder perceptions of program delivery barriers, enablers, and successes (for each stream)		Open-ended		Few barriers were identified, most interviewees reported very positively about the DSP

KEQ 3: To what extent could this program be replicated in other circumstances?

Overall rating	The evaluators have not assigned an overall rating because the majority of the KEQ depends on open-ended interview responses.			
Indicators	Rating	Rubric Dimensions	Our score	Why we scored it
Stakeholder perceptions of program strengths, limitations, and adaptability		Open-ended	Not Applicable (NA)	
Evidence that rapid program's governance & process is sufficient in terms of Govt requirements	3 Good practice	Program meets more than 90% of the characteristics of effective governance as defined by NSW Audit Office	2.5	
	2 Average practice	Program meets between 60 and 90% of the characteristics of effective governance as defined by NSW Audit Office		
	1 Improvement opportunity	Program meets less than 60% of the characteristics of effective governance as defined by NSW Audit Office		
Stakeholder perceptions of program design strengths that support different objectives (for example, gets funding quickly into communities)		Open-ended	NA	

KEQ 4: What evidence is there of the program achieving its intended outcomes?

Overall rating	Improvement opportunity	There are two main issues in evaluating this KEQ – the first is the lack of evidence of outcome development, the second is the delays in all projects. The first immediate outcome of the program logic is that grant recipients have what they need to proceed. Funding has been delivered quickly, so they have been enabled from a funding perspective. The next outcome that should emerge is that projects employ people. We have anecdotal and logical evidence (projects must employ people?) however, we have very little data to triangulate this. The record of FTEs employed is only recorded in the Statutory Declaration, which is handed in with the final milestone, so we don't have any data on the way through. Added to this is the difficulty in getting that data because it is inconsistently recorded, and it is embedded in the Stat Decs and not easily extracted. Some stimuli must be reaching communities because some of the smaller LSP projects are progressing, albeit late, and they have engaged contractors and bought materials. Anecdotally councils have said these are mostly local people employed and materials sourced locally. Also, the Country Shows and the school holiday programs have also led to monies flowing into communities. The second major issue is that almost all projects are late, so by definition their outcomes cannot be developing <u>as intended</u> . Some stimuli must be reaching the community, but it cannot be as fast or as much as planned.		
Indicators	Rating	Rubric Dimensions	Our score	Why we scored it
Evidence that funds have reached grant recipients	3 Good practice	Over 80% of grant recipients have received funds by agreed milestone dates (Agreed milestone dates includes variations requested by recipients and agreed by DRNSW).	3	Over 80% of grantees received their funds within acceptable times.
	2 Average practice	Between 60 and 80% of grant recipients have received funds by agreed dates.		
	1 Improvement opportunity	Less than 60% of grant recipients have received funds by agreed milestone dates.		
Evidence of project planning	3 Good practice	Over 80% of funded projects have appropriate project plans, including M&E measures, at project approval. M&E plans are appropriate for type & size of project.	2	Project planning, including the use of process and outcome KPIs to monitor project performance, is considered good project management practice, and good project management practice contributes to the likelihood of projects achieving their objectives. Infrastructure projects and LSP projects have appropriate plans for the size of the projects. Project plans were attached to the Funding Deeds. However, the plans focused on milestone achievement and payment schedules and do not describe expected outcomes or include KPIs to report on outcomes. The outcome - FTEs to be engaged by the projects - was included in the Funding applications.
	2 Average practice	Between 60% and 80% of funded projects have appropriate project plans, including M&E measures, at project approval.		
	1 Improvement opportunity	Less than 60% of projects have appropriate project plans, including M&E measures, at project approval.		
Evidence that grant recipients initiate projects as planned	3 Good practice	Over 80% of projects initiated as planned. Potential delays that should be within the influence of councils are managed. Projects remain a high priority and councils have the capacity to implement project plan.	2.5	86% of infrastructure projects and 71% of LSP projects were initiated within 1 working month of signing their funding deed. The reasons given were missing documentation, additional approvals before actioning the first payment, but approvals & documentation should have been completed by the time each funding deed was signed.
	2 Average practice	Between 60% and 80% of projects are initiated as planned. Projects remain a priority for project managers but other organisational priorities delay initiation.		
	1 Improvement opportunity	Less than 60% projects initiated as planned. Issues which could have been managed (excluding causes beyond the influence of Councils) delay projects.		
Evidence of appropriate deed management, project management, including monitoring	3 Good practice	Over 80% of funded projects are reporting against defined milestones and criteria. Over 80% of projects are being implemented on time and within budget	3	The evidence suggests the GMO is following up when milestones are not met. Most projects seem to be reporting against milestones or seeking variations. Both suggest active management.
	2 Average practice	Between 60 and 80% of funded projects are reporting against defined milestones and criteria.		

KEQ 4: What evidence is there of the program achieving its intended outcomes?

and reporting (for each stream)		Between 60 and 80% of projects are on time or within budget		
	1 Improvement opportunity	Less than 60% of funded projects are reporting against defined milestones & criteria. Less than 60% of projects are on time or within budget		
Evidence of assistance or adaptation in response to project reports	3 Good practice	Over 80% of projects not-on-track are supported. Evidence that program staff have contacted not-on-track projects as soon as deviation is identified, and that program staff, GMO or PWA role work with project staff to identify underlying cause and develop an action plan to address.	2	The evidence is weak regarding adaptive management practice. The existence of so many variations suggest the GMO does follow up, however, adaptive management means more than adapting the contract to reflect the blow out, it also means working with and supporting the grant recipient to minimise the risk of further issues. There is no evidence of this type of assistance.
	2 Average practice	Between 40 and 80% of projects not-on-track are adequately supported. DSP staff leave the recovery of not-on-track projects to project staff.		
	1 Improvement opportunity	Less than 40% of projects not-on-track are supported. No action plan to address issues has been developed.		
Project specific outcomes on track to be delivered	3 Good practice	At least 80% of projects are on track to achieve their intended outcomes. Evidence that outcomes are likely to develop include evidence that the recruitment chain or project chain is progressing (for example, job advertisements placed, orders of preliminary goods and services placed).	-	The key evidence considered in this indicator is that people are being employed (one of the early outcomes). However, apart from anecdotal evidence, the only evidence we have about recruitment is collected in the Stat Dec when a project is completed. No infrastructure projects and only 14 LSP projects have been completed, and there were a number of issues with how the 14 LSP projects reported their employment numbers (only 2 reported FTE numbers). 2 out of 14 suggests a rating of 1 however, the sample size is too small. In short, we don't have enough sound evidence to rate this indicator.
	2 Average practice	Between 60 and 80% of projects are on track to achieve their intended outcomes.		
	1 Improvement opportunity	Less than 60% of projects are on track to achieve their intended outcomes.		
Early indication that economic stimulus is reaching the community	3 Good practice	90% of projects have expended funds according to target and timeline. 90% of projects are on track to meet job creation targets, according to project plans 75% of total program funds spent on local providers according to project budgets	1	Almost all projects are well behind schedule, for various reasons, however, the net result is that funds cannot have been expended according to targets. Can only be a rating 1
Early indication of job creation	2 Average practice	Between 40 & 90% of projects have expended funds according to target and timeline. Between 40 & 90% of projects are on track to meet job creation targets, according to project plans Between 40 & 75% total program funds spent on local providers according to project budgets		
Early indication that money was spent on local businesses/ service providers	1 Improvement opportunity	Less than 40% of projects have expended funds according to target and timeline. Less than 40% of projects are on track to meet job creation targets, according to project plans Less than 40% of total program funds spent on local providers according to project budgets		

KEQ 5: Were there any unintended consequences?

Indicators	Rating	Rubric Dimensions	Our score	Why we scored it
Stakeholder perceptions	NA	Open-ended	NA	NA