




Australian Government
AusAID

Annual program performance report: South Asia 2008–09

September 2009



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Abbreviations

AIDS	Acquired Immune Deficiency Syndrome
APPR	annual program performance report
AusAID	Australian Agency for International Development
EC	European community
HIV	human immunodeficiency virus
ICDDR,B	International Centre for Diarrhoeal Disease Research, Bangladesh
M&E	monitoring and evaluation
MDG	Millennium Development Goal
NGO	non-government organisation
NTAG	Nepali Technical Assistance Group
ODA	official development assistance
OECD	Organisation of Economic Co-operation and Development
OST	oral substitution treatment
UK DFID	United Kingdom Department for International Development
UN	United Nations
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNICEF	United Nations Children's Fund
UNODC	United Nations Office on Drugs and Crime
WFP	United Nations World Food Program

Summary

Overview

The South Asia Program comprises country programs in Bangladesh, Nepal, Sri Lanka, India, the Maldives and Bhutan, and a Regional South Asia Program that addresses aid priorities in South Asia on a regional/multi-country basis. It also includes some support to Pakistan and Afghanistan.

Ratings

Table 1: Likelihood that the South Asia program will achieve the objectives of the Development Cooperation Strategy by 2010

Objective	Rating	Review against previous rating
Objective 1: To promote good governance and contribute to improvements in basic service delivery (with a focus on health, education and natural resource management at the state and community level).	The objective is on track to be fully achieved within the timeframe.	N/A
Objective 2: Respond, in line with Australia's capacity, to humanitarian needs and issues of mutual concern to the governments of South Asia and Australia, as they emerge.	The objective is on track to be fully achieved within the timeframe.	N/A

Major results

At just over 1% of official development assistance (ODA) in the region, Australia's development cooperation program in South Asia is too modest to have a major impact on the huge development needs of this area. Nevertheless, there are solid achievements from its \$127 million estimated expenditure in 2008–09.

The program has had a strong poverty alleviation focus, addressing the needs of the most vulnerable and marginalised. This included assistance to over 500 000 internally displaced persons in Sri Lanka, people with disabilities, indigenous communities in Bangladesh, and lower-caste communities in Nepal. The program effectively targets the needs of women and girls in education, health, food security and livelihoods.

In line with the Accra Agenda for Action, Australia initiated support for the health sector wide approach in Nepal to accelerate progress towards health-related Millennium Development Goals (MDGs). The program improved infant health by helping to maintain Vitamin A coverage in Nepal at over 95%. Australian support for ICDDR,B (International Centre for Diarrhoeal Disease Research, Bangladesh) helped save 22 800 lives during a major cholera outbreak in Bangladesh, and Australian-funded health research has led to new treatments for

infant diarrhoea and maternal health. Positive impacts on government legislation and policy in South Asia have created more effective water and sanitation services and breakthroughs in the treatment of intravenous drug users that will help to reduce the spread of HIV/AIDS.

In the Bangladesh education sector, Australia established 3000 new schools, enrolling nearly 90 000 students, and helped train 40 000 teachers. Australia helped build capacity across South Asia through the provision of 135 tertiary scholarships in priority sectors. In Nepal we support the national Education for All program, which has increased net primary school enrolment from 84% in 2004 to 92% in 2008. In Sri Lanka we have initiated support for child-friendly schools providing quality learning in a healthy and safe school environment.

Australia is helping to lift 4.3 million people out of poverty in Bangladesh through the Building Resources Across Communities (BRAC) Challenging the Frontiers of Poverty program. In Nepal we have created over 2400 entrepreneurs from disadvantaged communities by providing skills training, business counselling, support for marketing and assistance in accessing finance. In Sri Lanka we have improved forest management while improving the livelihoods of over 16 500 poor people dependent on the forests. Linkages have been fostered between Australian and Indian public institutions undertaking priority work in agriculture, climate change, water management and health.

Australia responded to the global economic downturn by enhancing economic policy skills for government officials, and by supporting improved governance in key sectors, including infrastructure, water and sanitation.

Across South Asia we responded to humanitarian needs, including the impacts of cyclone and refugee movements in Bangladesh, floods in India and Nepal, and nutritional needs in Bhutan. Most significantly, Australia spent over \$24 million to help meet humanitarian needs arising from the protracted civil conflict in Sri Lanka.

Major challenges

Australia has sought to maximise the impact of its aid program in South Asia, and to do so using a small staff base. Australia's effective use of partnerships with strong multilateral, non-government and bilateral organisations has helped to achieve outcomes on a scale that otherwise would not have been possible. In addition, partnering with credible expert agencies reduces demand on AusAID's own staff resources and makes program management more efficient. Key challenges will be to continue to build on efforts to engage strategically, to add value to these partnerships, and to manage expansions in the South Asia Program within a small staff resource envelope.

Australia is aligning its aid more closely with partner government systems, using pooled funding arrangements to support national programs. This demonstrates Australia's commitment to progress against the Accra Agenda for Action. We will continue to seek opportunities to align Australia's development assistance with national systems. A key challenge will be to determine, on a case-by-case basis, whether sector-wide approaches are likely to deliver the best development outcomes with minimal fiduciary risk.

Main management consequences

Australia's South Asia Program must continue to respond flexibly to address new priorities, such as climate change and energy security, the global economic crisis, water and sanitation, food security, and infrastructure.

A new five-year strategy for the program was scheduled to begin in early 2008 but was delayed by a broader reassessment of Australia's aid relationships in South Asia. However, the program has already begun targeting new Australian Government priorities.

The program is expected to double as a proportion of the overall aid program by 2015. This expansion will be slow over the next year or more but is then expected to gather pace. This will put additional pressure on available staff resources. Any increase in staff will be based on a strategic approach to program management. A minimum level of engagement is required – such as a quality at implementation assessment each year and annual consultations with partner agencies – but posts will need to be flexible about the level of engagement beyond that basic minimum.

Monitoring and evaluation (M&E) is providing a stronger evidence base for results and has helped demonstrate significantly improved program sustainability. We need to continue to focus on improving M&E to build confidence in Australia's development achievements in South Asia.

South Asia performance

Millennium Development Goals

South Asia is home to 23% (1.5 billion) of the world's population, with an estimated 400 million people living in absolute poverty. The region will therefore have a significant impact on global achievement against the MDGs. Progress towards these goals in South Asia is uneven and is expected to fall short of 2015 targets.

In Bangladesh 38% of its population of 150 million were living on less than \$1 per day in 2008¹ and over 80% living on less than \$2 per day. At least 30 million of these are classified as 'extreme poor'. In India, 34% of its 1.17 billion people were still living on less than \$1 per day in 2004², and 77% on less than \$2 per day. In Nepal some 24% of its population of 28 million were living on less than \$1 per day in 2005.³ Poverty is concentrated among disadvantaged groups and vulnerable populations and is highest in rural areas. Urban poverty is significant, but has its roots in rural poverty and the migration of rural people to urban centres.

Malnutrition levels are extremely high in South Asia and are not falling quickly enough to meet MDG targets. India, Bangladesh, Pakistan and Nepal together account for more than half the world's underweight children, despite accounting for only 30% of the developing world's under-five population.⁴ In Nepal most children suffer from micronutrient deficiency and around 50% of children under three have stunted growth.⁵

Infant mortality rates have roughly halved in South Asia over the past 15 years. If progress is sustained, Nepal is on track to achieve MDG 4, but almost one child in twelve dies before their fifth birthday. Despite good progress, maternal mortality rates in Bangladesh and Nepal remain high at around 320 and 281 maternal deaths per 100 000 births, respectively.⁶ In India the maternal mortality rate was still around 450 per 100 000⁷ by 2006, and more than half of all babies are born without any skilled health personnel in attendance.

HIV/AIDS remains a major threat, while tuberculosis and malaria continue to be major causes of chronic morbidity and mortality. Condom usage rates – an MDG for combating HIV/AIDS – have steadily increased throughout South Asia, for example from 5.9% to 9.4% in India over a 13-year period and from 2.6% to 7.6% in Nepal over the same period.

Nevertheless, the incidence of HIV has worsened and other strategies are required to combat the epidemic. Death rates from tuberculosis are declining steadily across South Asia: death

¹ World Bank, *Country policies and programs to address rising food prices*, 2008.

² MDG Monitor: an initiative of the United Nations, 25 August 2008.

³ MDG Monitor: an initiative of the United Nations, September 2008.

⁴ UNICEF, *A quarter of the world's children seriously underweight*, UNICEF press release, 2 May 2006.

⁵ Nepal National Planning Commission / United Nations Country Team Nepal, *Nepal Millennium Development Goals progress report 2005*, September 2005, p. 40.

⁶ Government of Bangladesh and UN Country Team in Bangladesh, *Millennium Development Goals: Bangladesh report*, February 2005, p. i.

⁷ MDG Monitor: an initiative of the United Nations, 25 August 2008.

rates in Bangladesh declined from 76 per 100 000 in 1990 to 47 per 100 000 in 2005, and in Nepal from 76 per 100 000 in 1990 to 51 per 100 000 in 2005.

Access to primary education has improved; however, dropout rates are high and gender and wealth disparities in schooling achievement are a challenge. Primary school net enrolment has increased to 87% in Bangladesh but completion rates have fallen to a less impressive 54%. Trends in India and Nepal are positive, with primary education enrolment rates of 94.2% (India) and 80.1% (Nepal)⁸, and completion rates in Nepal increased from 64% in 1990 to 84% in 2005.⁹ However, education quality remains a concern across the region.

Common barriers to development

The global economic crisis has damaged South Asian economies: in 2008 aggregate regional economic growth dropped sharply from mid-decade highs of over 9% to 6.8% and is forecast to drop to 4.8% in 2009.¹⁰ These falls now threaten South Asia's achievements in reducing poverty over the past decade.

Large-scale investments are required to overcome constraints to growth in South Asia, particularly in transport, energy and communications. These infrastructure programs must address the needs of disadvantaged groups, including rural communities, and promote greater regional integration.

The region continues to be prone to conflict that has the potential to undermine the gains of the past decade. Sri Lanka's development is likely to continue to be constrained by the impacts of the civil conflict. Security in Nepal improved when the civil war ended and successful national elections were held, but the situation remains fragile. Social unrest may arise if groups are excluded from the gains of economic growth or fall back into poverty as a result of the global economic downturn.

Weak governance and corruption remain fundamental challenges for South Asia. Lack of effective rule in some countries may have local and global security implications. The outlook in Nepal, Bangladesh and Maldives has improved over the past year with successful national elections, although the overall situation remains fragile.

The region is prone to serious natural disasters. Governments other than India's are likely to continue to require humanitarian assistance from donors. Climate change presents a major threat to large populations throughout South Asia. India, Bangladesh and Nepal are vulnerable to the impact of climate change on melting glaciers in the Himalayas. There is potential for increased flooding which, over time, could be replaced by large reductions in the water flows of the major rivers, including the Ganges and the Brahmaputra. This would have serious consequences for the livelihoods of over 600 million people who depend on these river waters. Food security remains a threat to poor populations and is likely to be exacerbated by the global economic crisis.

⁸ MDG Monitor: an initiative of the United Nations, 25 August 2008 and September 2008.

⁹ Nepal National Planning Commission / United Nations Country Team Nepal, *Nepal Millennium Development Goals progress report* 2005, September 2005, p. 20.

¹⁰ Asian Development Bank (ADB), *Asian development outlook 2009*, ADB, March 2009, p. 296.

Australia and other donors

Australia is a modest donor in the region, providing around 1.1% of total ODA in 2007, and 1.8% of assistance from countries belonging to the OECD Development Assistance Committee.¹¹ This profile may expand with projected growth in the program towards 2015. In 2008–09 Australia will provide an estimated \$127 million in total aid flows to South Asia (excluding Pakistan and Afghanistan). Bangladesh is the largest country program, receiving total estimated ODA of \$50 million in 2008–09, followed by Sri Lanka at \$34 million and India at \$15 million.

The World Bank and the Asian Development Bank have large programs in South Asia, and the UN agencies also have a significant presence. The major bilateral donors are the United Kingdom, the United States, Japan and the EC.

The scale of development gaps in South Asia is so enormous that Australia's assistance is too small to have any substantial impact on meeting overall needs. Nevertheless, a well-targeted program with clear objectives can add value to broader partner government and donor development efforts and maximise the impact of Australia's aid.

Partnerships

South Asia Program initiatives are largely implemented through partnership arrangements with strong multilateral agencies (World Bank, Asian Development Bank, UNICEF, UNAIDS, WFP), NGOs (BRAC in Bangladesh, and accredited Australian NGOs), other bilateral donors (UK DFID in Nepal, Germany's GTZ in Sri Lanka), and other Australian public institutions (through the Public Sector Linkages Program).

Working through partnership arrangements reduces costs, provides opportunities for Australia to leverage development approaches of larger donors (Australian support to the World Bank Policy Decentralisation Facility has either leveraged or been linked to \$1 billion in World Bank lending for other governance reform), and provides scope for rapid scaling up of the program within a tight resource envelope.

These partnerships have helped Australia maximise achievements against available funds. In education, for example, Australia's contributions to agencies like UNICEF and BRAC in Bangladesh are being translated directly into large numbers of new schools and trained teachers. This is possible because those partner agencies already have a strong presence on the ground, strong networks in place, and substantial experience working in the education sector. This enables funding to be more directly channelled into achieving the outputs and outcomes Australia seeks.

Under our regional HIV/AIDS program UNAIDS and UNODC have influenced India to adopt and fund oral substitution treatment (OST) for intravenous drug users, and influenced Maldives to endorse OST, Nepal to scale up methadone treatment, and Bangladesh to approve an OST pilot study. These outcomes could have a significant impact on minimising the spread of HIV in South Asia and globally. Australia has been successful in leveraging government policymaking in this way because of the close working relationships our partners enjoy with these governments.

While Australia is a relatively modest donor to ICDDR,B in Bangladesh, it has an equal say with other donors on how these funds should be managed. Australia currently chairs the donor

¹¹ Organisation for Economic Co-operation and Development, *OECD stats estimates*, 2009.

consortiums of the ICDDR,B and the BRAC Challenging the Frontiers of Poverty programs in a rotating chair arrangement. This gives Australia considerably more influence with these partner agencies than the size of its contribution might normally provide. ICDDR,B agreed to accept core funding from donors as part of a reform process following an Australian review of the institution. ICDDR,B and donors are very pleased with the improvements in strategic planning and monitoring resulting from the core funding process, and Australia can take credit for helping to improve the effectiveness of what is already a world class medical research agency.

In Sri Lanka, AusAID has worked in partnership with a range of UN agencies including the UN High Commissioner for Refugees, UNICEF and the World Food Programme, international NGOs including Oxfam and Care, the International Organisation for Migration and International Committee for the Red Cross to provide humanitarian assistance to the victims of the conflict. AusAID strongly supports donor coordination in Sri Lanka and will continue to strengthen its partnerships to ensure that assistance reaches those most in need and that the human rights of citizens are protected.

Australia is engaged in **sector-wide approaches** in Bangladesh and Nepal. This year we initiated support for the International Health Program and the Education for All programs in Nepal. This ensures that Australia's aid is closely aligned with partner government priorities. It fosters greater partner government ownership of programs supported by Australia and demonstrates our commitment to making progress against the Accra Agenda for Action. The utility of investing in sector-wide approaches varies between countries and between specific sectors. Australia takes a case-by-case approach on support for sector-wide work in South Asia, based on a rigorous analysis of fiduciary risk and development effectiveness.

Poverty and social inclusion

The South Asia Program is heavily focused on meeting the needs of vulnerable groups, including the poor, women, people with disabilities, and ethnic minorities. Support for regional governance programs is designed to provide disadvantaged communities with better access to government service delivery in sectors such as water and sanitation, education and infrastructure development.

Australia's support for BRAC's poverty alleviation program in Bangladesh is directed at the ultra-poor. BRAC and UNICEF education and health programs target disadvantaged communities. For example, BRAC establishes schools designed to meet the needs of disadvantaged children who are without access to government schools. BRAC schools cater to 38 000 children with special needs and 52 000 children from ethnic minorities. The majority of BRAC students are girls.

Australia provided 20 tertiary scholarships to disadvantaged indigenous people (10 male and 10 female) from the remote Chittagong Hill Tracts in Bangladesh. Our support for microfinance in Nepal targets the poor, lower-caste communities, and women. The Nepal program promotes the participation of vulnerable groups, particularly women, in the political process. Support for community rehabilitation and peace building through the Australian Community Rehabilitation Program in Sri Lanka targets conflict-affected communities and internally displaced persons.

Gender

Gender discrimination in South Asia is overwhelmingly targeted at women, and Australia seeks to reduce the gender imbalance by focusing on the development needs of women.

Australia's education programs in South Asia focus on enrolment and retention of girls in schools, including through relevant promotion materials and through discussions with parents on the importance of education for girls. Girls constitute 66% of enrolments in BRAC primary schools and 60% of enrolments in its pre-primary schools. Our program with UNICEF in Bangladesh adopts proactive approaches including girl-friendly education promotion campaigns, and explaining to parents the importance of education for girls. This is changing the way communities perceive the value of girls' education.

Australia's significant investment in maternal and child health initiatives in Bangladesh and Nepal are designed to support the needs of women and children. Of the 2422 small entrepreneurs supported through the Micro Enterprise Development Program in Nepal, 79% are women. In the Natural Resource Management Project in Sri Lanka, women constitute 90% of participants in microfinance activities. The \$10 million HIV/AIDS Prevention and Care initiative in North East India focuses on strengthening care and support services for women and children. The Regional HIV/AIDS Prevention program aims to address the special needs of female drug users and female sex partners of drug users. Australia promotes the equal participation of women in community rehabilitation and peace-building in Sri Lanka through the Australian Community Rehabilitation Program. At least half of all AusAID development scholarships are provided to women, and AusAID actively seeks applications from strong female candidates.

Women are engaged in the design, development and implementation of initiatives to ensure women's needs are met. In the Natural Resource Management Project in Sri Lanka, for example, women take the leading role in project planning and implementation. Local women in India and Bangladesh travel to neighbouring villages to promote improved community health and sanitation approaches under the regional water and sanitation program with the World Bank. In Nepal, female community health volunteers are recruited to administer vitamin A supplementation to children under the Vitamin A Program.

The depth and quality of gender analysis varies between initiatives and project partners, and is clearly an area where Australia could add further value to its engagement with partners. AusAID also needs to work closely with partners in tracking the development outcomes for women and girls who participate in Australian supported initiatives.

Transparency

Transparency of aid expenditure in South Asia is strengthened by delivering aid through strong partnerships with agencies that have transparent and accountable systems in place. Key partners have agreements in place with national governments and are aligned with their development priorities. Agreements include anti-terrorism clauses to minimise the risk of provision of any funds to terrorists.

Regional facility interventions target small but critical governance and reform initiatives in basic service delivery (including health and education) and in infrastructure, focusing on disadvantaged communities. This has led, for example, to reforms that have made water and sanitation authorities more accountable to poor consumers in India and Bangladesh. In Bhutan we are assisting the Royal Audit Authority and the Ministry of Finance to help prevent corruption in government. These interventions help to improve the quality and cost

effectiveness of service delivery, ensure that government policy is more coherent and accountable, and reduce corruption.

What are the results of our aid program?

While a new framework document is being developed, the current South Asia Regional Framework has two key objectives that remain relevant to the period under review.

Objective 1: To promote good governance and contribute to improved basic service delivery (with a focus on health, education and natural resource management at the state and community level)

Rating

■ The objective is on track to be fully achieved within the timeframe.

Assessment of results and performance

Promotion of good governance and improvements in basic service delivery are the overriding focus of the Bangladesh, Nepal, India, Bhutan, Maldives and South Asia Regional programs. The objective is a broad one, running across several key sectors. Some key results are listed here under priority sectors.

Health

- > Infant health was improved by helping to maintain national vitamin A coverage in **Nepal** at over 95% (around 3.6 million children dosed), in partnership with local NGO, NTAG. Importantly, in 2009 Australia reoriented support for this initiative through UNICEF in order to help strengthen government capacity and ensure the sustainability of positive health outcomes for children.
- > Australia agreed to support the International Health Program in Nepal. The program aims to accelerate progress towards health-related MDGs through improved coordination of donor and country activities based on national health plans. Support for this initiative demonstrates Australia's commitment to the Accra Agenda for Action for improved aid delivery.
- > Australia helped save 22 800 lives in **Bangladesh** by supporting ICDDR,B's response to a major cholera outbreak. ICDDR,B drew on its strong research capacity to identify the responsible organism and modify the treatment regime. Australian core funding supported the development and introduction of routine zinc therapy for diarrhoea in children under five, as well as the research and testing of a promising drug treatment for post-partum haemorrhage that has the potential to save the lives of many millions of women across the world. Australia heads the ICDDR,B donor consortium and one of our key achievements is

reform of ICDDR,B's M&E framework. This will strengthen the capacity and credibility of an institute that is already a world leader in the research and treatment of disease.

- > Oral substitution therapy as an alternative to injecting drugs is now on the agenda of policymakers in **India, Bangladesh, Nepal** and **Maldives**. India funds a national buprenorphine program – a significant achievement in Australia's effort to prevent the spread of **HIV/AIDS** among intravenous drug users and into the broader community.
- > Improved health outcomes for the poor have been achieved through influencing improvements in **water and sanitation** policy development in South Asia under the World Bank's Water and Sanitation Program. Over 100 000 people in **Pakistan** are now living in an 'open defecation free' environment, and reforms have made water and sanitation authorities more accountable to poor consumers in **India** and **Bangladesh**.

Education

- > In **Bangladesh**, 3000 new primary and pre-primary schools enrolling 88 500 children were established as a result of support to Building Resources Across Communities (BRAC). BRAC schools have a pass rate of 96%, and 95% of BRAC primary students are successfully graduating into the government secondary school system. The substantial BRAC school system is aligned with that of the government and addresses unmet need in key areas such as pre-primary education and children without access to government schools.
- > The program improved the quality of primary education in Bangladesh by providing a range of key services, including the development of training manuals for 40 000 teachers, school improvement activities in 8600 schools and a popular theatre outreach program to promote education to disadvantaged and minority groups. Australia achieved this in partnership with UNICEF and the Government of Bangladesh.
- > Australia is working to strengthen government capacity in **Sri Lanka** through partnering with UNICEF in support of child-friendly schools that provide quality learning in a healthy and safe school environment.
- > In **Nepal** we are supporting the national Education For All program, which has increased net primary school enrolment from 84% in 2004 to 92% in 2008.
- > The program has built capacity and partnerships through the provision of 135 tertiary **scholarships** in South Asia, where senior political and public sector officials are graduates of Australia's tertiary education system. AusAID makes efforts to ensure that strong female candidates apply, and over half of all scholarships are awarded to women. Australian scholarships programs across the region continue to build a strong Australian identity, reinforcing positive bilateral relations.

Poverty / Food security / Natural resource management

- > In **Bangladesh** 4.3 million people are being lifted out of extreme poverty by building sustainable livelihoods, improving health and mobilising communities to access better services for the poor. Recent evidence shows that beneficiaries enjoy a 30% increase in food consumption two years after graduating from the program (which is undertaken in partnership with BRAC), and have increased their land ownership almost threefold.
- > Micro-enterprise support to disadvantaged communities has led to the creation of 2422 small entrepreneurs (79% women) in two poor districts of **Nepal**.
- > Over 16 500 people have benefited from improved forest management, including better forest protection and improved livelihoods, in poor rural communities in **Sri Lanka**.

Australia has strengthened the capacity of the Forest Department through staff training in participatory approaches for improved natural resource management. Over 8000 hectares of forest are being managed by local communities with the support of the Forest Department and community-based organisations.

- > Under the new **India** Public Sector Linkages Program, Australia is supporting partnerships between Australian and Indian public sector agencies to improve plant productivity in salinised landscapes, develop wheat varieties for improved dryland farming, improve water catchment strategies, and improve the breeding and distribution of tree seeds to rural communities to prevent deforestation.

Economic and governance

- > Responses to the global economic downturn have been strengthened by enhancing **economic policy development** skills for over 460 government officials from nine countries in South Asia and East Africa, who were trained under the Joint India–IMF Training Program.
- > Corruption prevention in Bhutan and Maldives has been improved by strengthening the capacity of audit and other **anti-corruption** agencies in partnership with the Asian Development Bank.
- > In partnership with the World Bank South Asia Region Infrastructure for Growth Initiative, Australia is helping to strengthen government capacity across South Asia to improve the implementation of major infrastructure initiatives in water and sanitation, transport, irrigation and drainage, and power supply.

Estimated expenditure

A total of \$95 million, or 75% of total estimated aid flows to South Asia, was focused on developing initiatives and directing resources to meet this key objective.

Objective 2: Respond, in line with Australia's capacity, to humanitarian needs and issues of mutual concern to the governments of South Asia and Australia, as they emerge

Rating

- The objective is on track to be fully achieved within the timeframe.

Assessment of results and performance

Australia responded quickly to the crisis in the north of **Sri Lanka**, where an estimated 280 000 people have recently been displaced as a result of the conflict. Australian support through the UN and the Red Cross provides shelter, evacuation, protection, medicines and medical assistance, nutrition, water and sanitation, and logistical support to help ensure effective delivery of these services. This substantial support has been rapidly delivered as a result of effective partnership arrangements with implementing agencies.

Australia helped meet a range of humanitarian needs resulting from the civil conflict, with a focus on peace-building efforts to help create a more durable peace. Some key achievements are:

- > support, through UN agencies and Australian NGOs, to help meet the basic humanitarian and resettlement needs of around 520 000 people displaced by violent civil conflict
- > provision of access to safe water and sanitation services for 75 000 conflict-affected people and provision of permanent shelter to over 1000 affected families
- > support for the health and education needs of children caught in the conflict
- > strengthened engagement from the local business sector in promoting peace, through support to a national network of Chambers of Commerce, and by building private–public partnerships for peace (this year the Business for Peace Alliance expanded from 6 districts to all 25 districts of Sri Lanka)
- > creation of sustainable public–private partnerships between business and government in 19 localities in Sri Lanka to identify, plan and implement policies and projects to strengthen governance and stimulate economic development
- > establishment of 90 strong multi-ethnic community-based organisations focusing on issues like micro-enterprise development
- > increased Sinhala, Tamil and Muslim participation in integrated social activities, including involvement of over 6000 youth in peace-building events.

Australia responded to a range of other humanitarian crises in South Asia, including:

- > \$4 million to assist victims of Cyclone Sidr in **Bangladesh**
- > \$2 million to assist communities in **India** and **Nepal** affected by the Bihar/Koshi floods in September 2008: support channelled through UNICEF and WFP included medical supplies and nutritional supplementation for children
- > \$1 million to assist Bhutanese refugees in Nepal
- > \$0.7 million to assist Rohingya refugees from Myanmar living in camps in **Bangladesh**
- > \$0.5 million to help meet the nutritional and education needs of over 40 000 children from poor rural families in **Bhutan**.

Estimated expenditure

A total of around \$32 million, or 25% of total estimated aid flows to South Asia, was focused on developing initiatives and directing resources to meet this key objective.

What is the quality of our aid activities?

Quality reporting system ratings

Quality ratings for initiatives were provided after an intensive process of monitoring and reporting, dialogue with implementing partners and ratings moderation processes. Moderation processes involved Canberra-based staff visiting country offices and challenging the assumptions on which ratings were based. Table 2 (p. 21) provides a list of 'quality at implementation' ratings for each major South Asia Program initiative.

Achieving objectives

South Asia Program objectives are generally clear, and components of initiatives are effectively targeted at the achievement of key objectives. Only one initiative was rated as (marginally) not sufficiently meeting objectives; this was related to limited monitoring and the consequent lack of evidence to demonstrate that objectives were being met.

Implementation progress

Implementation is tracking well: initiatives are meeting key milestones and operating within budget. Only one initiative was rated as (marginally) weak on implementation. This was a result of the time taken to begin project implementation.

Sustainability

All but two initiatives have been rated as satisfactory against sustainability criteria. This is an improvement from the previous year, when six initiatives were rated as unsatisfactory. This improvement is attributable to management actions taken to improve monitoring systems and to address identified problems. Nevertheless, further work is required to consolidate and extend improvements for sustainability.

Sustainability has been sought by aligning Australian interventions more closely with partner government programs and priorities, including through support for sector-wide programs in Nepal and Bangladesh. Government ownership will help to ensure sustainability.

Addressing some of the needs identified in the APPR last year has helped build sustainability. Concerns were raised last year about the real level of commitment of governments to the objectives of Australia's regional HIV/AIDS initiative. More detailed monitoring revealed that partner governments were introducing new legislation and launching pilot schemes to facilitate the introduction of oral substitution therapy for injecting drug users. This high degree of partner government commitment increases the likelihood that initiative outcomes will be sustainable. Concerns were also raised last year over initiatives that were too reliant on

ongoing donor funding. Assistance for the National Vitamin A Expansion Program in Nepal was consequently reoriented away from the previous implementing agency and towards UNICEF so that it could benefit from increased policy dialogue on integrating national nutrition priorities and strengthening government systems. In Bangladesh, Australia's poverty approach was reoriented away from food aid towards targeting ultra-poor livelihoods, bringing a more dynamic, flexible and sustainable approach to development.

It remains difficult to ascertain sustainability in some of the regional trust fund facilities. This is because each initiative supports a range of smaller innovative ad hoc activities that will have varying levels of development impact over the longer term. It may take some time for those development impacts to become apparent.

Monitoring and evaluation

Monitoring and evaluation arrangements are working effectively. This year seven initiatives were rated as having good to very good quality M&E, compared to only three last year. Only one initiative was rated as having weak M&E, compared to four last year. This provides a stronger evidence base for results and reflects the substantial work undertaken by Australia's South Asia posts to improve program monitoring.

Monitoring was strengthened on the BRAC Basic Education Program in Bangladesh to track the transition rate of students from BRAC pre-primary schools to government primary schools. This revealed that 98% of BRAC pre-primary students transitioned into government primary schools, and those students had significantly lower dropout rates. More detailed monitoring of the BRAC Challenging the Frontiers of Poverty Reduction initiative has demonstrated quantifiable evidence of sustained benefits from the earlier phase, including a 30% increase in food consumption, an almost threefold increase in land ownership, increased sanitary usage and increased savings.

AusAID initiated a review of all Australian Development Scholarship (ADS) programs in South Asia and is taking action to streamline management arrangements and improve monitoring. This will include tracer studies of former scholarship awardees and the establishment of alumni groups to help keep track of returned scholars.

Australia is helping its partners to develop better M&E systems. Australia encouraged ICDDR,B to develop a monitoring and evaluation framework that has been refined to more closely meet the expectations of both the institution and the core donor group, of which Australia is the chair.

A new AusAID India country manager was recently appointed and has responsibility for managing and monitoring regional initiatives. The new manager is engaging with partners on building results frameworks that strengthen the linkages between outputs (such as studies and workshops), expected outcomes and broader development impacts.

Quality at implementation (QAI)

Table 2: Quality at implementation (QAI)

Initiative	Implementation Progress	Achieving objectives	Monitoring and Evaluation	Sustainability
Bhutan – Australian Development Scholarships	Green	Green	Yellow	Green
Sri Lanka – Australian Development Scholarships	Green	Yellow	Yellow	Green
Maldives – Australian Development Scholarships	Green	Yellow	Yellow	Green
Bangladesh – Australian Development Scholarships	Green	Yellow	Yellow	Yellow
UNICEF Education Initiative / New Budget Measure	Yellow	Green	Yellow	Green
Community Rehabilitation Program	Green	Yellow	Yellow	Yellow
National Vitamin A Expansion Program	Green	Green	Yellow	Amber
HIV/AIDS Program for North East India	Yellow	Amber	Yellow	Green
Collaboration with multilateral development banks in South Asia	Yellow	Yellow	Yellow	Yellow
RedR Engineers	Green	Yellow	Yellow	Yellow
Delegated Responsibility to DFID Nepal	Yellow	Yellow	Yellow	Amber
South Asia Public Sector Linkages Program	Green	Yellow	Yellow	Yellow
Micro-Enterprises Development Programme (MEDP)	Green	Green	Green	Yellow
Preventing HIV Transmission in Drug Users: H13	Green	Yellow	Green	Green
BRAC – Extreme Poverty Program	Green	Green	Green	Green
AusAID Education Sri Lanka (UNICEF)	Yellow	Yellow	Yellow	Yellow
ICDDR,B	Green	Green	Green	Yellow
BRAC Education New Budget Measure (WPI)	Green	Green	Green	Green
Education New Budget Measure	Green	Green	Green	Green
BRAC/UNICEF Maternal and Child Health in Bangladesh	Amber	Yellow	Green	Yellow
UNICEF Integrated Package of MNCH Interventions	Yellow	Yellow	Amber	Green
Satisfactory (4, 5 and 6)				
6 (Green)		Very high quality		
5 (Green)		Good quality		
4 (Yellow)		Adequate quality; some work to improve needed		
Less than satisfactory (1, 2 and 3)				
3 (Amber)		Less than adequate quality; needs significant work		
2 (Amber)		Poor quality; needs major work to improve		
1 (Amber)		Very poor quality; needs major overhaul		

What are the management consequences of this assessment?

Overall strategic approach

A new five-year strategy for the South Asia Program was scheduled to begin in early 2008. Delays associated with a broader reassessment of Australia's aid relationships in South Asia have led to delays in finalising the new strategy. Despite this, the program has already begun targeting new Australian Government priorities, including climate change, water and sanitation, food security and infrastructure. Consequently, delays in finalising the strategy have not had any significant impact. While a separate strategy is being developed for Bangladesh, the program continues to evolve in line with broader Australian Government priorities.

The program is expected to expand in range and volume, and to double as a proportion of the overall aid program by 2015. This expansion will be slow over the next year or more but is then expected to gather pace. This will put additional pressure on available staff resources as we bring new initiatives to the implementation stage and work to meet stringent quality assurance standards.

We will continue to maintain and strengthen partnerships with strong multilateral agencies, NGOs and bilateral donors, and seek to build new partnerships where appropriate. We will seek opportunities to engage in sector-wide approaches, based on an assessment of development effectiveness and fiduciary risk. Sector-wide approaches that are not disbursing available funds are unlikely to be supported. Detailed attention will need to be given to M&E frameworks, including AusAID field-based monitoring to verify effectiveness and accountability. This participation will provide valuable lessons and experience to AusAID staff involved in new modalities arising from the Paris Declaration on Aid Effectiveness.

Program expansion along the lines envisaged will require some expansion of the staff resource base at posts to plan, monitor and manage additional initiatives. Any increase in staff would be based on a strategic approach to program management. We will ascertain which initiatives require high levels of engagement and careful management and which can be managed with a lighter touch. While a minimum level of engagement is required for all initiatives – such as a quality at implementation assessment each year and annual consultations with the partner agency – posts will need to be flexible about the level of engagement beyond that basic minimum.

It will be important to coordinate our approach on South Asia with other key areas in AusAID. In particular, we will seek effective engagement with our internal thematic areas on South Asia programs and initiatives early in the crucial concept and design phases.

Actions for specific issues and initiatives

Scholarships for Chittagong Hill Tracts, Bangladesh

Issue: Each year AusAID funds 20 ADS for tribal students in the Chittagong Hill Tracts. Several awardees studying at Monash University have performed poorly.

Action: Post will liaise with Monash University to investigate the underlying cause of this problem and seek to remedy the situation. Should that approach be unsuccessful, AusAID should consider investigating other options such as in-country education for part of the degree.

UNICEF Maternal Neonatal and Child Survival, Bangladesh

Issue: The design of this initiative may be overambitious, and UNICEF recognises that it will be difficult to implement at the level envisaged without a change in the project design. This strategic shift will mean that around 50% of the implementation of this \$20 million initiative will be undertaken through an existing government program. This could involve risks, such as slower disbursements, fiduciary risks (procurement through government) and changes to the role UNICEF should play in some districts (such as a shift to a stronger oversight role in districts where implementation will be primarily through government), which require closer consideration.

Action: The Post will consider bringing forward the independent progress review to mid-2009, to evaluate early progress and assess implications of design variations more fully. Any changes should be captured in revisions to UNICEF's design and implementation plans. In the meantime, the Post should explore further (and document) potential fiduciary risks together with UNICEF and determine how they can be managed through UNICEF systems. The independent progress report should also chart a course towards integration of different activities into a sub-sector program (which itself should be part of broader health SWAp) towards 2011–12, when the current UNICEF activities are due to be completed.

Australian scholarships

Issue: A review report on Australia's South Asia scholarships initiatives was finalised in late 2008. It recommended contracting a firm to help manage administrative arrangements for South Asia scholarships programs. It also recommended improving project monitoring and quality by tasking the contractor to assist AusAID in developing tracer studies, an alumni plan and a strategy to help reintegrate students into the workplace.

Action: A key task over the coming year will be to engage a suitable contractor and to begin work on developing a sound monitoring framework for all scholarship programs in South Asia.

Regional programs

Issue: Regional programs have suffered from limited monitoring due to staff resource issues.

Action: This issue is being addressed through the recent appointment of an India country manager with responsibility for regional program management. There are close to 100 individual activities under the various regional facilities in areas such as HIV/AIDS, water and sanitation, improved governance for infrastructure and basic service delivery, and economic training. Governance mechanisms will be used as opportunities for strategic level engagement. The India country manager will work closely with posts to draw out key achievements and build a more robust profile for each of our country programs. We will identify and closely

monitor a small number of these activities in each country to achieve greater visibility for the Australian aid program. High-profile activities that involve Australian technology or personnel will be ideal candidates for this, and offer opportunities for Australia to promote its achievements to a broader audience. This should be achievable from within existing staff resources.

Joint India–IMF Regional Economic Training Program

Issue: This initiative is scheduled for completion in mid-2009, and the IMF is seeking a further \$3 million in support from Australia over the coming three years.

Action: Australia's interest in alleviating the impacts of the global financial crisis in South Asia warrant consideration of the IMF proposal. As a first step, AusAID will undertake an appraisal of the proposal.