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AusAID

# Annual program performance report for Asia 2007–08

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## Abbreviations

AIDS	Acquired Immune Deficiency Syndrome
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
AusAID	Australian Agency for International Development
EID	emerging infectious diseases
HIV	human immunodeficiency virus

## Summary

The 2007 effectiveness review of the Asia Regional Strategy 2005–2009 highlighted the difficulties encountered in assessing program-level performance without an operational performance framework in place. The diverse range of sectors and issues covered by the regional program also makes it a challenge to aggregate activity-level achievements in a meaningful way.

A new East Asia Regional Strategy will improve the overall performance orientation of the program and strengthen strategic engagement with key regional organisations, including the Association of Southeast Asian Nations (ASEAN), the Asia-Pacific Economic Cooperation (APEC) and multilateral agencies.

### RATINGS

The goal of the Asia Regional Strategy 2005–2009 is to ‘enhance regional capacity to progress economic integration, improve security and tackle transboundary challenges’. The Asia regional aid program’s progress towards achieving the two strategic objectives is summarised in Table 1.

TABLE 1 RATINGS OF THE ASIA REGIONAL PROGRAM IN ACHIEVING THE OBJECTIVES OF THE ASIA REGIONAL STRATEGY 2005–2009

Objective	Rating
Strengthened regional capacities of key regional institutions to enhance economic integration and trade liberalisation	■ (amber)
Improving regional responses to transboundary development challenges	■ (amber)

Note: ■ denotes the objective will be partly achieved within the timeframe.

### MAJOR RESULTS

- > At a program level, mutually **beneficial relationships and networks** between regional stakeholders are being established and strengthened. While this is not one of the stated objectives for the current strategy it is highly valued by all stakeholders and enhances regional cooperation on key issues. This will need to be made more explicit in the new strategy being prepared.
- > A substantial body of work was undertaken in partnership with the secretariats of **ASEAN** and **APEC** and there is some evidence to show that program outputs contributed to decision making and to common standards and approaches to facilitate economic integration.
- > The initiative on **emerging infectious diseases** is laying the groundwork with partners to increase regional preparedness, surveillance, reporting and early response

to such diseases, particularly avian influenza and foot and mouth disease. Key regional institutions have also been supported to improve information exchange, coordination, surveillance, preparedness and response.

- > The **Asia Regional HIV/AIDS Program** established an enabling environment in target countries (China, Burma and Vietnam), culminating in policy and legislative changes to facilitate the widespread introduction of HIV/AIDS harm-reduction programs targeting injecting drug users. An independent completion report noted that, although data collection was weak, harm-reduction clinics established through the program were providing services to more than 15 000 known injecting drug users, and clinics in China were working closely with government methadone programs and acting as demonstration centres for officials from other provinces and countries. Information from evaluations was being shared with the international community.

## MAJOR CHALLENGES

- > The economic integration agendas of the key East Asia regional bodies—ASEAN and APEC—are very ambitious. Australia's work with ASEAN and APEC will need to be strategic, targeted and coherent.
- > In the case of ASEAN, member states will need to show substantial political will and a strong commitment if the goal of an economic community by 2015 is to be achieved. Australia can play a key role in providing sound policy advice and finance to the ASEAN Secretariat and member states. In the next 12 months, development cooperation with ASEAN will use ASEAN systems for planning, implementation and monitoring. This will provide an opportunity for Australia to work more closely with other development partners and coordinate efforts with the ASEAN Secretariat. While this will require new ways of working and effective management of risk, the benefits will be substantial.
- > The challenge of strengthening APEC's systems is significant. Australia's support will need to be carefully targeted and prioritised to ensure that it supports not only the needs of the developing member economies but also Australia's broader, whole-of-government objectives.
- > Integration of Asia regional support with bilateral programs is a longstanding and complex challenge exacerbated by the perception that regional programs are driven by Australian government priorities and are therefore of less interest to partner governments.
- > The changing nature of Australia's relationship with Thailand—from aid recipient to development partner—has led to unanticipated complexities, such as the status of memorandums of understanding, which will need to be given further attention. There are implications for the future strategy and program design, the most obvious being a move away from managing contractor arrangements.
- > The large number of smaller initiatives implemented through the regional program complicates program management and diminishes its quality in the context of scarce resources.

## Regional performance

East Asia is the fastest growing region in the world and its economies are integrating rapidly. In 2006 the ASEAN group had a combined gross domestic product of more than US\$1000 billion with an average growth rate of 5.8 per cent. It also had two-way trade in excess of US\$1400 billion, making it one of the largest trading blocs in the global economy.<sup>1</sup> High, sustained growth rates have led to impressive reductions in income poverty, putting East Asia on track to reduce extreme poverty by half by 2015. Despite this, poverty reduction is uneven, leaving marginalised social groups and geographical zones, and widening inequality within and between countries.

Total Australian aid to the East Asia region in 2007–08 was estimated at \$125.8 million. A considerable proportion of this was delivered through other programs, including the Mekong subregional program. A total of \$66.1 million was delivered through the Asia regional program—\$22.7 million through the Asia economic initiative, \$13.8 million through the Asia transboundary program and \$29.5 million through the pandemics preparedness initiative. Approximately half of the pandemics funding was then programmed and expended under bilateral programs.

Assistance at the regional level is guided by the Asia Regional Strategy 2005–2009. A review of the strategy undertaken in 2007 highlighted a range of corporate and program effectiveness issues, which are reflected in this document. A new strategy, the East Asia Regional Strategy to commence in 2009, is being prepared. The size and diversity of the region are such that the small amount of Australian official development assistance provided at the regional level is unlikely to demonstrate a significant impact unless it is clearly targeted and complements the technical and financial resources provided by others.

ASEAN and APEC are the primary vehicles through which member countries frame the regional political and economic context for development. ASEAN, in particular, has provided a strong basis for ongoing stability and cooperation in the region, underpinning the region's development achievements. It is working towards achieving an ASEAN Economic Community by 2015, five years ahead of the original 2020 timetable. An ASEAN Socio-Cultural Community by 2015 is also planned. The ASEAN Secretariat is performing well, providing strong support for the progress to date.

Developing APEC economies aim to achieve free and open trade no later than 2020. APEC economies reported progress on a wide range of key indicators of greater trade as well as significantly reduced average applied tariffs (down from 16.9 per cent in 1989 to 5.5 per cent in 2004). Australia's priorities for APEC in 2008–09 are to reinforce its core agenda on trade and investment liberalisation, strengthen its work on structural

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<sup>1</sup> ASEAN Statistics, *Selected key ASEAN macroeconomic indicators*, June 2007.

economic reform, implement institutional reforms in APEC to build its capacity to support its agenda, and advance its human security agenda.

There is massive regional growth in the movement of funds, goods and people across borders. While this provides enhanced economic opportunities it also increases threats to economic and human security, such as the transmission of communicable diseases and opportunities for trafficking in people and goods. In 2007, 4.9 million people in Asia were living with HIV/AIDS; approximately 440 000 were infected during 2007. The greatest risks of transmission arise from unsafe paid sex, sex between men, and injecting drug use. UNAIDS, the Joint United Nations Programme on HIV/AIDS, notes that in many countries in Asia these actions are illegal, so investing public funds in targeted programs can be ‘politically, socially and operationally difficult’.<sup>2</sup>

The incidence of highly pathogenic avian influenza in poultry remains a major threat to the region as the source of a potential human pandemic. This influenza can have a significant economic impact on livelihoods and poverty, food security, livestock trading and market access. With more than 75 per cent of emerging disease threats in the region being zoonotic—capable of being transferred from animals to humans—the strengthening animal health systems becomes increasingly critical.

The levels of illicit drug production and use in the region are increasing, including an alarming increases in both the supply and the demand for amphetamine-type stimulants. Australia has supported the efforts of the United Nations Office on Drugs and Crime to improve the collection of regional data on illicit drugs. While opiate abuse has stabilised or declined in East and South-East Asia, the demand for treatment of abusers of amphetamine-type stimulants has increased. The high levels of production, trafficking and use of illicit drugs in East Asia have actual and potential consequences for health (especially HIV), economic and social development, security and stability.

Data collection on the incidence of trafficking in people in the region is poor. The vast majority of victims in the region are trafficked for forced labour or sexual exploitation. While there have been very few successful trafficking prosecutions in the region, awareness has improved, mechanisms (such as memorandums of understanding) are being put in place to improve bilateral and regional cooperation, anti-trafficking legislation has been enacted in a number of countries and a more victim-centred approach is emerging.

Most countries in the region are on track to achieve the Millennium Development Goal relevant to gender equality and the empowerment of women although achievements are uneven. The region is close to gender parity in primary and secondary school enrolments and is closing gaps in literacy rates. Women’s share of paid non-agricultural employment is gradually increasing across the region, as is the proportion of women in national parliaments. However, better data about labour force participation in ASEAN

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<sup>2</sup> UNAIDS, *Redefining AIDS in Asia*, Joint United Nations Programme on HIV/AIDS, 2008.



economies and the economic roles of men and women are necessary to inform economic policy in the region.

East Asia has a very high incidence of natural disaster and disaster on a large scale. During 2006 Asia experienced more than 300 disasters, and 20 of the 27 disasters worldwide that affected more than 1 million people occurred in Asia. As a result, there is considerable interest in increasing the region's capacity to reduce the risk of disasters and to mount fast and effective responses.

In every sector there are other donors operating at regional, national or subnational levels. The attribution of results to Australia's inputs is therefore very difficult; consideration will be given to undertaking contribution analysis in key sectors in the future. To date there have been limited efforts to harmonise the work of regional donors, particularly with the ASEAN Secretariat. Key regional donors include the United States, Japan, the European Union and the Asian Development Bank. The Asian Development Bank is strongly engaged in supporting economic integration. A major challenge in 2008–09 will be to ensure that donor efforts are coordinated and, in the longer term, harmonised where possible. New regional AusAID positions in Jakarta and Bangkok will assist in this regard.

## What are the results of the Asia regional aid program?

### OBJECTIVE:

STRENGTHENED CAPACITIES OF KEY REGIONAL INSTITUTIONS TO ENHANCE ECONOMIC INTEGRATION AND TRADE LIBERALISATION

### RATING

■ The objective will be partly achieved within the timeframe.

The regional program was assigned an amber rating against this objective to reflect its inability to provide specific evidence of improved capacity. This is due partly to inadequate monitoring and evaluation frameworks, and partly to the objective being very general.

### ASSESSMENT OF RESULTS AND PERFORMANCE

APEC is the premier forum for facilitating economic growth, cooperation, trade and investment in the Asia-Pacific region. It operates on the basis of non-binding commitments and open dialogue. Australia's Asia regional program of support aims to support capacity building for APEC developing economies and improve APEC's capacity-building effectiveness and cooperation with multilateral organisations.

At the ASEAN Post Ministerial Conference, held in Manila on 1 August 2007, Australia and ASEAN signed a joint declaration on the ASEAN–Australia Comprehensive Partnership. The plan of action to implement the comprehensive partnership was adopted in November 2007 and provides a framework for future engagement, covering political, security, economic, sociocultural and development cooperation. The ASEAN–Australia Development Cooperation Program aims to support the ASEAN's goal of establishing an ASEAN Economic Community by 2015. It focuses strongly on helping the poorer ASEAN members to meet the Millennium Development Goals through stronger economic growth and integration.

In assessing the results and performance of the economic programs, a critical factor for success is that the regional organisations themselves are fundamental drivers of regional integration and trade liberalisation. Australia can only assist ASEAN and APEC to strengthen their mandate and capacity, and must support change driven from within these organisations.

The Asia regional program has played a key role in supporting ASEAN and APEC to deliver on their mandates of closer regional economic integration. For example, through the ASEAN–Australia Development Cooperation Program:

- > Australia developed key e-commerce laws and a common approach to e-commerce trading, which contributed to the enactment of the e-ASEAN Framework Agenda and the e-ASEAN Roadmap. Assistance to draft, and in some cases enact, e-commerce laws established a more transparent and secure approach to e-commerce practices, creating greater opportunities to use new technology for economic transactions.
- > Australia supported the development of ASEAN-wide standards in water management, aquatic animal health and biosecurity, food safety and tourism professionals. This improved the scope for inter-regional trade and service delivery.
- > Australia strengthened ASEAN's capacity to develop sound regional policies by funding 58 studies in priority areas identified by the ASEAN Secretariat. A number of these studies directly influenced regional policy making in the areas of energy, finance and trade.
- > Australian assistance strengthened the collection and use of statistics and indicators throughout ASEAN to track and report on the development of the ASEAN community. This information provides a framework to measure and report on progress towards greater regional economic integration.

The ASEAN–Australia Development Cooperation Program is highly regarded by stakeholders in Australia and in ASEAN and is perceived as a responsive and useful mechanism for cooperation. The ASEAN Secretariat believes that other activities supported by the program such as the ASEAN Good Agricultural Practices, the Cargo Processing Model and the Mutual Recognition Arrangements are also major contributors to economic integration.

A review of gender equality in the ASEAN–Australia Development Cooperation Program was conducted during 2007–08 and highlighted a lack of systematic attention to gender equality throughout the various program components. The report made useful and specific recommendations that will be incorporated into the final design and implementation of the new phase of the cooperation program.

Australia also assisted ASEAN countries to participate in trade negotiations, such as the ASEAN – Australia – New Zealand Free Trade Agreement. Funding was provided for officials from Cambodia, Laos and Myanmar to attend negotiations, and training and technical assistance was provided to the ASEAN Secretariat and some member states.

Australian support of APEC seminars and learning opportunities for officials from developing partner economies, including Papua New Guinea, Indonesia, Vietnam, the Philippines and China, has built a common understanding and approach to regional integration. This has drawn on developed members' technical and policy expertise in economic governance, trade and investment liberalisation and in sectors such as energy, transport and human resource development.

AusAID staff seconded to the APEC Secretariat (since 2005) have enhanced the secretariat's capacity to address quality and effectiveness challenges. Consultations during the review of the regional strategy indicated that AusAID secondments had been very

effective in helping to shape a review of economic and technical cooperation in APEC and in introducing greater rigor to project management.

Australia is also working with the United States to improve the performance orientation and effectiveness framework for training and other capacity-building approaches delivered by APEC to developed member economies. The aim is to shift assistance from small-scale, stand-alone activities towards programs that include longer term funding and a renewed focus on quality.

#### ESTIMATED EXPENDITURE

Approximately 43 per cent (\$...) of the budget for the Asia regional program was for this objective.

#### OBJECTIVE:

##### IMPROVED REGIONAL RESPONSES TO TRANSBOUNDARY DEVELOPMENT CHALLENGES

#### RATING

■ The objective will be partly achieved within the timeframe.

The objective of improved regional responses to transboundary development challenges encompasses three quite different ‘intermediate’ program outcomes that focus on disease outbreaks, transnational crime and unanticipated transboundary issues. The program had neither the people nor budgetary resources available to address unanticipated transboundary issues. The amber rating largely reflects the lack of a performance framework and consequent difficulties in defining an ‘improved regional response’. While the capacity of regional partners to respond to a wide range of transboundary threats is improving, there is no target against which progress can be measured. Attribution of results in sectors with multiple other donors also presents a challenge.

#### ASSESSMENT OF RESULTS AND PERFORMANCE

##### **Disease outbreaks—improved regional response to HIV/AIDS and emerging health issues (especially zoonotic diseases)**

The regional program focuses on only one aspect of **HIV/AIDS**—reducing the incidence of transmission through injecting drug use. A regional approach is used to tackle this sensitive issue through advocacy, regional action and the demonstration of effective responses. During 2007–08, a pilot activity—the Asia Regional HIV/AIDS Program—was succeeded by the major HIV/AIDS Asia Regional Program. The independent completion report on the pilot program noted that:

- > an enabling environment had been established in all target countries (China, Burma and Vietnam), culminating in policy and legislative changes to facilitate the widespread introduction of harm-reduction programs

- > harm-reduction clinics were providing services to more than 15 000 known injecting drug users
- > clinics in China were working closely with government methadone programs and acting as demonstration centres for officials from other provinces and countries
- > information resulting from evaluations was being shared with the international community.

The gender strategy was sound, with sex-disaggregated data collected and used to inform programming. A gender specialist has been engaged for the HIV/AIDS Asia Regional Program to prepare a comprehensive gender analysis framework, building on data and approaches trialled under the pilot program.

The current program will build on the pilot's success and extend its geographic focus, but it is too early to assess progress. It has received considerable interest and endorsement from other donors, the Netherlands having provided in-principle agreement to provide €4 million to Vietnam, and discussions with Sweden are under way in regard to possible pooled funding. The program's progress at a country level is on target. However, difficulties in negotiating a memorandum of understanding with Thailand have jeopardised the establishment of the Regional Technical and Coordination Unit in Bangkok and may have serious implications for the original design of the program.

The suite of activities on **emerging infectious diseases** is laying the groundwork, with partners, for improving regional capacity to anticipate and respond to such diseases through preparedness, surveillance, reporting and early response, particularly with respect to avian influenza and foot and mouth disease. It should be noted that these activities complement a range of national and subnational activities implemented under Australia's bilateral aid programs and are consistent with the Pandemics and Emerging Infectious Diseases Strategy 2006–2010 and the efforts of a large number of other bilateral and multilateral donors.

Under the Asia-Pacific Strategy for Emerging Diseases, pandemic preparedness exercises were held in 2007 and 2008, which identified gaps in country preparation for rapid containment operations and assisted with the development of national protocols for such operations. Also under this strategy, the World Health Organization provided technical support to develop and strengthen national event-based surveillance, which assisted countries in the region to develop and strengthen their influenza surveillance systems and to undertake influenza disease burden studies. It further developed a regional framework to improve training and conducted regional and national training on risk communication and field epidemiology. In 2008 the World Health Organization published a guide on establishing event-based surveillance as well as a guide to establishing collaboration between the animal and human health sectors. The Australian Epidemiology Regional Assistance Program too provided assistance to improve regional surveillance, preparedness and response planning for avian influenza and other zoonotic diseases.

The World Bank Trust Fund for Avian Influenza strengthened Laos's capacity for surveillance and response to avian influenza through the purchase of personal protective equipment and through the establishment of a US\$2 million compensation fund, which helped to overcome a major disincentive to surveillance and reporting of avian influenza due to the loss of livelihood through culling. The fund promoted surveillance and reporting in Vietnam with a US\$10 million grant for training, radio and television programs and the establishment of a telephone hotline for the reporting of disease outbreaks.

With AusAID funding, CARE through its Community Based Avian Influenza Risk Reduction Program in the Mekong Region established pilot models for community-based surveillance partnerships with national government and international technical agencies in Laos, Vietnam and Cambodia. They provided program data and survey tools to the Laos National Action Plan, and technical support to Vietnam activities, which led to the draft National Avian and Human Influenza Communications Strategy. The Laos and Vietnam activity models were included in a regional toolkit for avian influenza practitioners developed by the Asian Development Bank. Gender assessment during the pilot activities informed the design of model household programs, and the impact and benefits of pilot interventions to men and women continue to be assessed. Burma's capacity to prevent, report and respond to avian influenza was strengthened by training 942 community-level extension workers from 47 townships, one of whom identified and reported the outbreak of avian influenza in Bago Division in 2007. CARE also provided avian influenza health education to 29 local and international non-government organisations.

Australia's support for the OIE (Office International des Epizooties) Southeast Asia Foot and Mouth Disease Campaign has contributed to substantial gains in regional capacity and coordination in surveillance of and response to foot and mouth disease. This modest program has been highly successful through its incremental 'zoning' approach to reducing outbreaks in Vietnam, preventing outbreaks for two years in four provinces in Laos, eradicating foot and mouth disease in targeted districts in Burma and Thailand, and achieving foot and mouth disease-free status for the Philippines in Mindanao, Visayas, Masbate and Palawan. An ASEAN Animal Health Trust Fund was established in 2006 to support ASEAN animal health projects in areas such as highly pathogenic avian influenza, classical swine fever and foot and mouth disease. However, there is little evidence of commitment to the fund, with only A\$376 000 invested to date against a target of about A\$5 million by 2010.

The capacities of key regional institutions to undertake high-quality policy, analytical and program work have been strengthened by their involvement with AusAID activities on emerging infectious diseases. The ASEAN Plus Three Emerging Infectious Diseases Programme was endorsed by ASEAN health ministers and the Program Facilitation Section established with the recruitment of four ASEAN nationals. An ASEAN Trust Fund was established, operating within financial guidelines accredited by the International Organization for Standardization. Gender research is being conducted to

analyse health determinants, the impact of disease and health-seeking behaviour. Results will be shared with program managers and policy makers in the ASEAN plus three countries. Awareness of emerging infectious diseases was increased in the public and private sectors through improved information sharing across the region as a result of the ASEAN Communication and Integration Strategy.

The Sanitary and Phytosanitary Capacity Building Program contributed to a compilation of national pest lists, reference collections, and pest risk analysis in target countries. The animal health component has good prospects for sustainable benefits due to active government and private sector support. The program coordinated well with other related projects and proposed the ASEAN Disease Diagnostic Network, now endorsed by the ASEAN Sectoral Working Group on Crops. The program was not designed or resourced to substantively address key institutional capacities (such as management systems, policy or legislation); even so, some encouraging institutional developments occurred. For example, the Malaysian Department of Agriculture established a task force to restructure biosecurity agencies; laboratories in Myanmar were refurbished; and Thailand undertook a comprehensive revision of quarantine conditions. However, countries with the least capacity appear to have gained little from the program, and the sustainability of programs based on such short-term technical assistance is negligible.

The Sanitary and Phytosanitary Capacity Building Program is situated with the pandemics and emerging transboundary diseases under this objective. However, given its focus is not on zoonotic diseases but on building agricultural capacities so that countries can achieve access to the World Trade Organization, it may be better placed under the economic and trade program.

### **Transnational crime—improved regional capacity to respond to people trafficking, illicit drugs and corruption/money laundering**

By far the main emphasis under this sub-objective has been on strengthening the criminal justice approach to **people trafficking**, with a much smaller focus on the return and reintegration of victims. Child sex tourism was tackled as a separate issue. In both cases a regional approach was adopted due to the sensitivity of issues and the shared understanding and experience contributing to better outcomes. In the case of trafficking, practical cooperation between stakeholders is also required.

The three activities focused on people trafficking have achieved mixed results. Under the Asia Regional Trafficking in Persons Project, all ten ASEAN countries have met to exchange information and intelligence under a Heads of Specialist Units process, with seven participating on a regular basis. Member countries adopted ASEAN Practitioner Guidelines on Criminal Justice Response to Trafficking in Persons, and capacity has been increased through training of law enforcement officials, prosecutors and the judiciary. High-level engagement from counterpart government agencies has been achieved and the activities of technical working groups on trafficking have been linked with national plans of action. The project also provided technical support to a number of

other partners including the United Nations Office on Drugs and Crime (technical advice and support provided to the United Nations Global Initiative to Fight Trafficking Forum in Bangkok) and the United Nations Inter-Agency Project on Human Trafficking (technical advice and support, including training).

The Gender and Development Action Strategy of the Asia Regional Trafficking in Persons Project is a key tool guiding the mainstreaming of gender in the regional program. Gender focal points are being appointed within the technical working groups on trafficking in each partner country.

The return and reintegration of trafficking victims was supported through the provision of information, technical support on national guidelines and victim protection, and the placement and support of social workers. However, implementation delays associated with the reintegration activities had a serious impact on effectiveness and the likelihood of long-term sustainability. The Post has had regular dialogue with key donors in the counter-trafficking field, meeting several times during the year with officials from the embassies of Japan, the United States and the Netherlands to minimise duplication of activities and encourage greater collaboration.

Long-term support for the delivery of ‘child wise tourism’ training for national tourism operators and other stakeholders in ASEAN member countries also contributed to these countries formalising the ASEAN Regional Taskforce to Prevent Child Sex Tourism and undertaking a largely self-funded regional education campaign. In 2007, emphasis shifted to developing a transition plan for tackling **child sex tourism** regionally, in partnership with the ASEAN Regional Taskforce, other donors and the private sector.

The response to **illicit drugs** has received limited funding under a single initiative comprising a number of small pilot activities. The strategy review assessed these as being unlikely to have a significant impact in relation to demand, supply or harm reduction due to their size and duration. However, illicit drugs are recognised as an important transboundary issue and the pilot activities do provide some basis for scaling up interventions. The Asia regional program also has responsibility for AusAID’s relationship with the United Nations Office on Drugs and Crime, managing core funding as well as support for the regional office in Bangkok.

**Money laundering** and **anticorruption** initiatives were transferred to the AusAID’s anticorruption program at the beginning of 2007–08.

#### ESTIMATED EXPENDITURE

Approximately 57 per cent (\$...) of the budget for the Asia regional program was for this objective.



## What is the quality of AusAID activities in the Asia regional program?

Quality ratings were provided only for initiatives of more than \$3 million, or where the program deemed that smaller value initiatives are of interest to other partners. The regional program had 59 active initiatives during 2007–08, with 37 (63 per cent) falling below the \$3 million mandatory reporting threshold. The program therefore needs to consider other triggers for quality reporting (including for pilot projects where lessons need to be captured) or preferably a dramatic reduction in small-scale activities.

While it is encouraging that 67 per cent of rated initiatives were making satisfactory progress on implementation and 78 per cent were on track to meet objectives, the vast majority required at least some work to improve their progress in implementation and towards objectives (Table 2). Of much greater concern, however, is that less than half of the rated initiatives were making satisfactory progress on sustainability. Almost 90 per cent of all rated initiatives needed work to improve their monitoring and evaluation systems and prospects of producing sustainable outcomes. The ratings of initiatives to improve regional responses to transboundary development challenges were generally lower than those of initiatives to strengthen the regional capacities of key regional institutions to enhance economic integration and trade liberalisation. Although the performance of individual activities was variable, some general themes emerged.

The 2007 review of the current Asia regional strategy noted that many of the less-effective activities suffered from poor design. Aspects of this included overestimation of counterpart capacity, underestimation of the time and resources needed to effect real change at national or regional levels, vague project objectives, insufficient attention to

**TABLE 2 SUMMARY OF THE REGIONAL PROGRAM'S QUALITY AT IMPLEMENTATION IN 2007–08**  
As at 12 May 2008

	Implementation progress	Achieving objectives	Monitoring & evaluation	Sustainability
<b>Objective 1: Strengthened regional capacities of key regional institutions to enhance economic integration and trade liberalisation</b>				
Initiatives satisfactory (4–6 rating)	75%	88%	50%	50%
Initiatives needing work to improve (1–4 rating)	63%	50%	88%	75%
<b>Objective 2: Improving regional responses to transboundary development challenges</b>				
Initiatives satisfactory (4–6 rating)	60%	70%	50%	40%
Initiatives needing work to improve (1–4 rating)	90%	80%	90%	100%
<b>Total initiatives satisfactory (4–6 rating)</b>	<b>67%</b>	<b>78%</b>	<b>50%</b>	<b>44%</b>
<b>Total initiatives needing work to improve (1–4 rating)</b>	<b>78%</b>	<b>67%</b>	<b>89%</b>	<b>89%</b>

Note:

*Satisfactory (4, 5 and 6)*

6 Very high quality

5 Good quality

4 Adequate quality; some work to improve needed

*Less than satisfactory (1, 2 and 3)*

3 Less than adequate quality; needs significant work

2 Poor quality; needs major work to improve

1 Very poor quality; needs major overhaul

monitoring and evaluation and poor design logic (for example, that research or awareness raising automatically influences policy). The more successful activities were those (such as the Southeast Asia Foot and Mouth Disease Campaign) where support was provided over the long term and incremental gains were made. The review recommended that resources be put into defining the elements of good regional program design.

The review also highlighted the issue of poor **monitoring and evaluation** across the program, noting that monitoring and evaluation expenditure within a sample of activities fell short of the recommended 6–7 per cent of the total activity budget. It was noted that new activities (for example, the HIV/AIDS Asia Regional Program and the ASEAN Plus Three Emerging Infectious Diseases Programme) included stronger monitoring and evaluation frameworks, indicating that the program is taking steps to address this weakness. Considerable effort was also put into strengthening monitoring and evaluation in existing activities in 2007–08—for example, in the ASEAN Australia Development Cooperation Program’s Regional Partnerships Scheme.

The assessment of the activities’ quality at implementation indicated **program design** factors continued to impact performance and reporting. The clarity with which program goals and/or purpose were linked to their respective objectives and outcomes as well as how realistically achievable these were also affected how well activities met their objectives and were able to accurately report implementation progress. The degree to which the program had been designed to meet the ‘regionality criteria’ was another significant issue for some activities. In some cases (for example, the Trade Analysis and Reform Project and the Sanitary and Phytosanitary Capacity Building Program), multi-country programs did not demonstrate very clear economies of scale or institutional arrangements that ensured any greater efficacy or sustainability than could be achieved via subregional or bilateral equivalents.

Regional **capacity-building** programs with ASEAN and APEC received varying ratings for quality at implementation, particularly effectiveness. This partly reflected the extent to which activity managers rated the achievement of unstated objectives, such as networking and establishing cooperative working relationships, over the stated core capacity-building objectives. Across the program, there is little long-term follow-up of participants in capacity-building programs, and there is no data available to demonstrate that participants developed and used the skills they set out to attain through Australian-funded capacity-building programs. This limitation has begun to be addressed but will require conscientious and sustained follow-up.

The **sustainability** of regional activities is also an issue, with little evidence available to show that activity-level gains can be sustained in the long term. In general, sustainability remains a more complex issue for regional activities than for national initiatives. Countries may absorb the cost of national activities (including monitoring and evaluation) but may be less willing or able to pay for continued regional activities. Strong country commitment to regional cooperation and a robust regional platform remain critical success factors for sustaining gains. This is evident even with relatively strongly achieving programs such as the Southeast Asia Foot and Mouth Disease Campaign.

Sustainability is more of an issue for the initiatives designed to improve regional responses to transboundary development challenges, with 100 per cent requiring work to improve prospects of sustainability. Unlike the ASEAN and APEC initiatives, which are firmly embedded in a regional organisation, most of the initiatives for meeting transboundary challenges are more traditional project-type initiatives that lack an institutional home and therefore rely on national 'take-up'. These initiatives also face the challenge of working across several countries concurrently. The program needs to look closely at whether traditional project models are suitable for regional programs.

The effectiveness review pointed out that a number of the regional activities are funding mechanisms for smaller activities that are simply too small and of too short a duration to lead to sustainable outcomes.

The number of **smaller initiatives** within the regional program presents particular program management and quality consequences. Smaller initiatives necessarily receive less attention than higher value, higher priority initiatives, but still require a minimum level of management. It is also worth noting that a number of the larger initiatives contain a high number of smaller activities. The regional program will continue to be called on to provide some resources for emerging and changing government priorities but consideration must be given to a major rationalisation and the establishment of a better mechanism to manage those that remain.

The strategy review also noted a need to better **integrate AusAID's regional and bilateral programs** to improve the overall effectiveness of regional activities. The nature of regional programs—operating in several countries concurrently—requires strong support from Posts to ensure effective management and monitoring. It does appear that this is improving following the creation of a Mekong regional 'hub' in Bangkok and the placement of a regional resource in Jakarta. However, greater integration of programs still needs to be pursued. It should be noted that new Mekong country strategies contain dedicated subregional objectives.

There is good evidence of **coordination and cooperation between Australian government agencies** on regional issues. For instance, there is a high degree of synergy between AusAID's anti-trafficking project (Asia Regional Trafficking in Persons Project) and the capacity building undertaken by the Australian Federal Police, the active whole-of-government approach to avian influenza supported by such mechanisms as the EID Coordination Group and close cooperation between the Department of Foreign Affairs and Trade and AusAID on APEC Secretariat reform. However, even though activities are generally coordinated reasonably well, the benefits of closer integration of programs have not been fully explored.

**Gender equality** received little attention in the current strategy and this is reflected in its integration across the program. There are some examples of good integration at an activity level (for example, in the Asia Regional Trafficking in Persons Project and the ASEAN Plus Three Emerging Infectious Diseases Programme) but better analysis and more systematic consideration of gender issues must be included in the new regional strategy and future activities.