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AusAID

Annual program performance report for South Asia 2007–08

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Contents

ABBREVIATIONS	4
SUMMARY	5
REGIONAL PERFORMANCE	7
Millennium Development Goals	7
Common barriers to development	8
Australia and other donors	9
WHAT ARE THE RESULTS OF THE SOUTH ASIA PROGRAM?	10
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)	10
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	12
Key development effectiveness issues	13
WHAT IS THE QUALITY OF AUSAID ACTIVITIES IN SOUTH ASIA?	15
Achieving objectives	15
Implementation progress	16
Sustainability	16
Monitoring and evaluation	17

Abbreviations

ADB	Asian Development Bank
AIDS	Acquired Immune Deficiency Syndrome
AusAID	Australian Agency for International Development
HIV	human immunodeficiency virus
IMF	International Monetary Fund
NGO	non-government organisation
UN	United Nations
UNAIDS	Joint United Nations Programme on HIV/AIDS

Summary

South Asia is home to 1.5 billion people, 23 per cent of the world's population, with an estimated 400 million people still living in absolute poverty. The region will have a serious impact on global achievement of the Millennium Development Goals, yet progress towards these goals in South Asia is insufficient to meet 2015 targets and progress has been marked by persistent social inequalities.

The South Asia aid program consists of country programs in Bangladesh, Nepal, Sri Lanka, India, Maldives and Bhutan, and a regional program that addresses aid priorities on a regional or multi-country basis and includes some support to Pakistan and Afghanistan. The program's progress towards achieving its two objectives is summarised in Table 1.

TABLE 1 RATINGS OF THE SOUTH ASIA PROGRAM IN ACHIEVING ITS OBJECTIVES

Objective	Rating
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)	■ (green)
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	■ (green)

Note: ■ denotes the objective is on track to be fully achieved within the timeframe.

Major program achievements include:

- > strengthening the national education system and providing support to educate 1 million disadvantaged children in Bangladesh
- > providing support to meet the basic humanitarian needs of 300 000 people displaced by violent civil conflict in Sri Lanka
- > providing support for the provision of potable water to more than 200 000 people in western Nepal
- > helping to maintain national vitamin A coverage in Nepal at over 95 per cent
- > improving the livelihoods of more than 100 000 families and 90 000 children from among the ultra-poor in Bangladesh
- > strengthening government capacity to address HIV/AIDS among intravenous drug users
- > implementing important community rehabilitation programs and peace-building processes in conflict-affected areas in Sri Lanka
- > leveraging US\$860 million in World Bank lending for governance reform as a result of activities under the Australia–World Bank Policy Facility for Decentralisation and Service Delivery in South Asia.

The program has been effective in forging sound arrangements with strong multilateral, NGO and bilateral donor partners for program implementation. The major achievements of the program are a result of these partnerships. It has effectively targeted the poor, women, people with disabilities, and other vulnerable groups sometimes excluded from the benefits of development. It has also effectively promoted transparency during the implementation of initiatives.

Sustainability and monitoring and evaluation arrangements are key challenges for the program, with several initiatives considered weak in these areas. These challenges will need to be addressed early, primarily through closer engagement with implementing agencies. In the case of Australian Development Scholarships a review was recently undertaken and its recommendations will be implemented.

On a broader strategic level the program will need to address new priorities such as climate change, infrastructure constraints, the need for a greater focus on rural livelihoods, and more recently the emerging issue of food security. At the country level, rigorous processes have been followed for identifying potential activities and partners, in particular for new maternal and child health and basic education portfolios. The program will continue to strengthen its partnerships with strong multilateral agencies, non-government organisations and bilateral donors, and seek to build new partnerships where appropriate.

Regional performance

MILLENNIUM DEVELOPMENT GOALS

Some 1.5 billion (23 per cent) of the world's population live in the countries of South Asia. About 400 million of these people still live in absolute poverty. Many more survive in very vulnerable and poor conditions.

South Asia has made slow progress towards the Millennium Development Goals and is not on target to meet most of these by 2015. Progress has been marked by persistent social inequalities.

In Bangladesh more than 80 per cent of its population of 150 million lives on less than US\$2 a day, with at least 30 million classified as the 'extreme poor'. In India, 34 per cent of its 1.1 billion people were living on less than US\$1 a day in 2004, and 77 per cent on less than US\$2 a day. In Nepal some 31 per cent of its population of 25 million lives in abject poverty, 68 per cent lives on less than US\$2 a day and income inequality is increasing. Poverty is highest in rural areas, and while urban poverty is significant it has its roots in rural poverty and the migration of people from rural areas to urban centres.

Malnutrition levels are extremely high in South Asia and are not reducing sufficiently to meet Millennium Development Goal targets. India, Bangladesh and Pakistan together account for half the world's underweight children, despite accounting for only 29 per cent of the developing world's under-five population. Nepal has the highest rate of child malnutrition in South Asia.

Although access to primary education has increased, its quality is poor, dropout rates are high, and gender and wealth disparities in schooling achievement present formidable challenges. The net enrolment of primary schools has increased to 87 per cent in Bangladesh but completion rates have fallen to a less impressive 54 per cent. Trends in India and Nepal seem to be positive, with primary education completion rates in Nepal increasing from 51 per cent in 1991 to 76 per cent in 2006.

South Asia has very high child and maternal mortality rates. Infant mortality rates have roughly halved in South Asia over the past 15 years. Nevertheless, almost one child in twelve dies before their fifth birthday. Maternal mortality in Bangladesh and Nepal halved in the 10 years from 1990 to 2000 but in Bangladesh there are still 320 maternal deaths per 100 000 births. In India the maternal mortality ratio was 540 per 100 000 in 2000 and by 2006 more than half of all births still occurred without any skilled health personnel in attendance.

HIV/AIDS remains a major threat, and tuberculosis and malaria continue to be major causes of chronic morbidity and mortality. Condom usage rates—a Millennium Development Goal for combating HIV/AIDS—have steadily increased throughout

South Asia—for example, from 5.9 per cent to 9.4 per cent in India over the 13 years from ...to ... and from 2.6 per cent to 7.6 per cent in Nepal over the same period. Death rates from tuberculosis are reducing steadily across South Asia. The death rate in Bangladesh fell 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.

COMMON BARRIERS TO DEVELOPMENT

Economic growth in South Asia has been strong over the past five years, with growth of 7 per cent in Bangladesh and Sri Lanka, and 9 per cent in India in 2006. Bangladesh and Nepal lowered their poverty rates by 9 and 11 percentage points respectively during the 1990s. These achievements are particularly notable given the region's rapid population growth and young population profile.

However, the region also has some of the worst levels of human deprivation in the world, and inequality is rising. Poverty is concentrated among disadvantaged groups and vulnerable populations. There are persistent urban–rural disparities in accessing credit, markets and basic services such as health and education. Gender inequalities remain stark throughout the region. It will be important to make development more inclusive in order to address poverty and avoid the social unrest that may arise if some groups are excluded from the gains of economic growth.

Large-scale investments are required to overcome infrastructure constraints to growth in South Asia, particularly in transport, energy and communications. 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, which creates enormous humanitarian needs for conflict-affected communities and has the potential to undermine the gains of the past decade. Sri Lanka's development is likely to continue to be constrained by civil conflict. The region is also prone to serious natural disasters. While there have been some improvements in national disaster preparedness, in emergencies governments other than India's are likely to continue to depend on humanitarian assistance from donors.

Climate change presents a major threat to large populations throughout South Asia. Any rise in sea levels would be a particular threat in Bangladesh, India and Maldives. The consequences of climate change for India, Bangladesh and Nepal are potentially catastrophic, given their vulnerability to natural disasters, which will be exacerbated by climate change impacts such as melting glaciers in the Himalayas. There is potential over time for increased flooding to 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 more than 600 million people who depend on these water flows.

Weak governance and corruption remain fundamental challenges for South Asia. Some governments face legitimacy problems, and some are currently in a transitional phase. The

lack of effective rule in some countries may have local and global security implications. The outlook in Nepal and Bangladesh is linked to upcoming electoral processes.

AUSTRALIA AND OTHER DONORS

Australia is a modest donor in the regional context, providing around 2 per cent of total official development assistance to the South Asia region in 2005, although this profile may expand with projected growth in the program. In 2007–08 Australia provided an estimated \$113 million of the total aid flow to South Asia (excluding Pakistan and Afghanistan). The Bangladesh country program of assistance is the largest (an estimated \$47.6 million in 2007–08), followed by the Sri Lanka program (\$25 million) and Nepal (\$8.2 million).

The World Bank and the Asian Development Bank have large programs in South Asia. The major bilateral donors are the United Kingdom, the United States, Japan and the European Union. It is vital that Australia's aid is well targeted with clear objectives, and that it seeks to add value to broader partner government and donor development efforts.

What are the results of the South Asia program?

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

Education

- > The program strengthened the national education system in Bangladesh, particularly in communication, social mobilisation, policy development for pre-primary schooling, and in-service training and support. Training was provided to 120 000 teachers and 7000 teacher trainers. Australia was a contributing donor to this broader work in education undertaken by the United Nations Children's Fund.
- > The program built capacity and partnerships by providing more than 150 tertiary scholarships, and an estimated 42 fellowships for short-term study, including in smaller countries like Bhutan and Maldives where government ministers and senior public servants are products of Australia's tertiary education system.

Health

- > Infant health was improved through assistance to maintain national vitamin A coverage in Nepal at over 95 per cent, in partnership with the local non-government organisation, NTAG.
- > The health and livelihoods of people in western Nepal benefited from support to provide potable water to more than 200 000 people, significantly improved sanitation practices, and improved government health policies, through delegated responsibility arrangements with the United Kingdom's Department for International Development.
- > The program contributed to limiting the spread of HIV/AIDS in South Asia through intravenous drug use by strengthening the capacity of community-based and government organisations and developing and implementing comprehensive, community-based outreach programs through Australia's partnership with UNAIDS, the Joint United Nations Programme on HIV/AIDS.

- > Improved health outcomes for the poor were achieved by influencing improvements in water and sanitation policy in South Asia under the World Bank's Water and Sanitation Program.

Natural resource management

- > The program improved forest management, including better forest protection, and improved livelihoods (with average monthly income doubled) for more than 7500 people in poor rural communities in Sri Lanka. The Sri Lankan Forest Department will expand this project model to a national program.

Poverty alleviation

- > More than 100 000 families and 90 000 children from among the ultra-poor in Bangladesh benefited from improved nutrition and health, improved access to basic education, and a doubling of average household income, as a result of support for food aid in partnership with the World Food Programme.
- > The livelihoods of more than 1200 poor and marginalised families in two rural districts of Nepal were boosted through entrepreneurship training and support, in partnership with United Nations Development Programme.

Governance

- > The transparency and accountability of the Government of India's targeted public food distribution system were enhanced through support provided under the South Asia Governance Fund.
- > The program played a key role in leveraging US\$860 million in World Bank lending for governance reform as a result of activities under the Australia–World Bank Policy Facility for Decentralisation and Service Delivery in South Asia.
- > Assistance, implemented through the World Bank's Water and Sanitation Program, enabled the Government of Bangladesh to establish a Medium Term Expenditure Framework to improve the monitoring of expenditure and outputs in the water sector.
- > The skills of 244 government officials from nine countries in South Asia and East Africa were enhanced by training provided under the Joint India–IMF Training Program.

ESTIMATED EXPENDITURE

A total of \$60 million, or a little more than 50 per cent of the total estimated aid flow to South Asia in 2007–08, was focused on developing initiatives and directing resources to meet this key objective. It is the central focus of the Bangladesh, Nepal, India, Bhutan, Maldives and South Asia regional programs.

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 to a range of humanitarian crises in South Asia in 2007–08. Total Australian assistance to communities affected by Cyclone Sidr in Bangladesh in November 2007 totalled \$9.5 million. In September 2007 Australia provided more than \$8 million to assist some 565 000 people affected by severe floods in Bangladesh, Pakistan and Nepal. Support included food aid, nutritional supplementation for pregnant and lactating women, essential non-food items, emergency services, emergency health and education services, and livelihood support. Assistance was channelled through UN agencies, and local and Australian non-government organisations.

In Sri Lanka, Australia responded to humanitarian needs resulting from the protracted civil conflict, with a focus on peace-building efforts to create more durable peace. Some key achievements were:

- > the support provided through UN agencies and Australian non-government organisations to meet the basic humanitarian needs of 300 000 people displaced by violent civil conflict
- > stronger engagement with the local business sector in promoting peace, through support given to a national network of chambers of commerce and by building private–public partnerships to build peace
- > the construction of more than 1000 houses, improved livelihood options for 800 conflict-affected youth and livelihood support for 291 fishing families in northern Sri Lanka
- > improved relationships between tea plantation managers and Tamil plantation workers in the central hills region.

ESTIMATED EXPENDITURE

Around \$40 million, or 35 per cent of the total estimated aid flows to South Asia in 2007–08, was focused on developing initiatives and directing resources to meet this key objective.

KEY DEVELOPMENT EFFECTIVENESS ISSUES

PARTNERSHIPS

The bulk of the initiatives of the South Asia program are implemented through partnership arrangements with strong multilateral agencies (the World Bank, the Asian Development Bank, the United Nations Children's Fund, UNAIDS and the World Food Programme), non-government organisations (BRAC in Bangladesh, NTAG in Nepal, and accredited Australian non-government organisations) and other bilateral donors (the United Kingdom's Department for International Development in Nepal, and Germany's GTZ in Sri Lanka). This has increased the effectiveness of Australia's aid by:

- > delegating responsibility to agencies with experience and expertise in relevant sectors
- > supporting initiatives, including sector-wide approaches, aligned with partner government priorities and systems
- > reducing the potential for duplication of development initiatives
- > reducing transaction costs
- > providing opportunities for Australia to leverage the development approaches of larger donors (for example, Australia leveraged \$860 million in World Bank lending for governance reform, including an AusAID-funded governance workshop in Pakistan that was a catalyst for a \$300 million reform process funded by the World Bank)
- > enabling effective management of a significant aid program with a relatively small number of staff
- > providing scope to rapidly scale up implementation and funding when required.

Additional activities are implemented in partnership with non-government organisations through the AusAID–NGO Cooperation Program and other government agencies through the AusAID Public Sector Linkages Program.

POVERTY AND SOCIAL INCLUSION

The South Asia program is heavily focused on meeting the needs of vulnerable groups, including the poor, women, disabled people, and ethnic minorities. Initiatives to improve basic service delivery target vulnerable groups. Support provided to BRAC, a Bangladesh development organisation, is directed at the ultra-poor in the country and will be expanded. The Nepal program improves the livelihoods of the poor, women and marginalised rural populations and promotes the participation of vulnerable groups 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. In India support has been provided to strengthen the government's Public Distribution System to promote food security and alleviate poverty in resource-poor regions of the country. Australia has funded the United Nations Children's Fund to undertake and disseminate research on social inclusion in South Asia. The program's approach is helping South Asian governments to meet a broad range of Millennium Development Goals.

GENDER

The program promotes gender equality and ensures that gender analyses are undertaken for program interventions. Broadly, however, gender discrimination in South Asia is overwhelmingly targeted at women. Accordingly, to reduce this imbalance the program focuses on the development needs of women. Food aid in Bangladesh primarily targets women. The supported BRAC education interventions focus on access and quality of education for girls. Of the 1225 small entrepreneurs supported through the Micro Enterprise Development Program in Nepal, 81 per cent are women. In Sri Lanka, 90 per cent of women participate in microfinance activities of the Natural Resource Management Project and women take the leading role in planning and implementing the overall project. The new \$10 million HIV/AIDS prevention and care initiative in north-east India was designed in consultation with women and 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's support for community rehabilitation and peace building through the Australian Community Rehabilitation Program in Sri Lanka is consistent with the United Nations Security Council Resolution 1325 on Women, Peace and Security. At least half of all AusAID development scholarships are provided to women.

TRANSPARENCY

The transparency of aid expenditure in South Asia is strengthened by delivering aid through strong partnerships with credible multilateral, NGO and bilateral donor partners. UN agencies, bilateral donor partners and accredited Australian non-government organisations have transparent and accountable systems in place, including sound monitoring and evaluation processes. Key implementing partners have formal agreements with national governments and are aligned with partner government development priorities. Local NGO partner BRAC and internationally respected research agency ICDDR-B in Bangladesh have good systems, including good monitoring and evaluation processes and good reputations among donors. ICDDR-B is developing a high-quality monitoring and evaluation framework in consultation with Australia and other bilateral donors. In Bangladesh the World Food Programme has successfully reduced food aid leakages and improved the targeting of its food aid. Agreements include antiterrorism clauses to minimise the risk any funds 'leaking' to terrorists.

The South Asia program has a strong governance focus. In particular, it seeks to improve governance in basic service delivery (particularly in health and education) and in infrastructure. It strengthens the capacity of governments to deliver basic services to disadvantaged communities. Australia has strengthened partner government reform and accountability through a range of interventions including the South Asia Governance Program, which targets small but critical governance and reform initiatives. These interventions help to improve the quality and cost effectiveness of service delivery, ensure government policy is more coherent, and reduce corruption.

What is the quality of AusAID activities in South Asia?

The quality ratings for initiatives were reached after an intensive process of project monitoring and reporting, dialogue with implementing partners, and ratings moderation processes. The moderation processes involved Canberra-based AusAID staff visiting country offices and challenging the assumptions on which ratings were based. Table 2 summarises the quality of the South Asia program's initiatives at implementation.

TABLE 2 SUMMARY OF THE PROGRAM'S QUALITY AT IMPLEMENTATION IN 2007–08
As at April 2008

	Implementation progress	Achieving objectives	Monitoring & evaluation	Sustainability
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)				
Initiatives satisfactory (4–6 rating)	%	%	%	%
Initiatives needing work to improve (1–4 rating)	%	%	%	%
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				
Initiatives satisfactory (4–6 rating)	%	%	%	%
Initiatives needing work to improve (1–4 rating)	%	%	%	%
Total initiatives satisfactory (4–6 rating)	%	%	%	%
Total initiatives needing work to improve (1–4 rating)	%	%	%	%

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

ACHIEVING OBJECTIVES

The South Asia program has achieved good development results and has been largely successful in achieving its objectives. The objectives are generally clear and the components of initiatives are effectively targeted at achieving key objectives. There are concerns about the extent to which a very small number of initiatives are meeting objectives, but in each case this was related to limitations in monitoring and evaluation processes and a consequent lack of hard evidence to demonstrate objectives were being met. In this context it should be stressed that the impacts of some innovative initiatives are anticipated to occur in the medium to long term and are difficult to measure in the early stage of implementation.

IMPLEMENTATION PROGRESS

Generally, implementation progress is tracking well, with initiatives meeting key milestones and operating within budget. While three initiatives were seen to be not making good progress, in two cases this was related to a weak monitoring and evaluation framework and a consequent lack of good information on progress, although budget targets were being met. In the case of the India HIV/AIDS initiative, protracted coordination discussions with the Government of India, coupled with the development of a complex working arrangement between UN stakeholders, delayed the project's start-up.

SUSTAINABILITY

The quality reporting process raised some concerns about the perceived sustainability of the outcomes of some initiatives. Of the 22 major South Asia initiatives subjected to internal quality assessment, seven were marginally below standard on sustainability. Closer scrutiny, however, revealed that these initiatives may achieve the planned longer term impacts provided that they have time to unfold and that their monitoring and evaluation systems are structured to measure these impacts.

Concerns about the regional Australia–ADB South Asia Development Partnership Facility and delegated responsibility to the United Kingdom's Department for International Development in Nepal for the Rights and Democracy Inclusion Fund stem from the facility-style nature of the initiatives. Each initiative supports a range of smaller ad hoc activities that, individually, have the potential for significant development outcomes over the longer term. Activities under the ADB facility have good potential to impact on government policy development and to leverage much larger ADB development loans, but these results cannot be measured in the short term. There is evidence that the Nepal democratic participation initiative has contributed to awareness raising for 300 000 people from marginalised groups and the creation of 450 dalit and 230 women's groups, but there is no solid evidence at this stage on whether this community mobilisation will ultimately be sustainable. Limitations in the monitoring and evaluation frameworks of these two initiatives act as a barrier to being able to demonstrate evidence of sustainability. Country offices are addressing this issue with relevant partner agencies.

In some cases monitoring and evaluation are genuinely weaker than appropriate, as in the case of some of the Australian scholarship programs. Taking the biggest scholarship program as an example, in 2007–08, 54 Bangladeshis were awarded Australian Development Scholarships to undertake post-graduate study in Australia. Yet there is relatively little evidence of how the bulk of the recipients contribute to development when they return to the workforce in Bangladesh. There is better evidence on those awards (26 this year) provided to staff at ICDDR-B and to tribals in the Chittagong Hill Tracts. There is certainly very positive evidence that recipients have completed scholarship requirements and returned to Bangladesh, but this is not sufficient to gauge development sustainability.

This issue is being addressed following a recent review of Australian scholarship programs in South Asia. Similarly, while the regional HIV/AIDS initiative is continuing to strengthen its monitoring and evaluation framework, it is still difficult to gauge the real level of commitment of partner governments to the initiative's objectives or the potential to scale up pilot programs to a national level in target countries. Addressing difficult or sensitive issues like this is not always simple, but has implications for sustainability and is being taken up with UNAIDS.

Reliance on ongoing donor funding is also an impediment to sustainability. Consequently, Australia is reorienting its poverty approach in South Asia, moving away from development food aid to target ultra-poor livelihoods. Any reorientation away from initiatives that depend on annual recurrent expenditure, such as the Nepal vitamin A initiative, could threaten the sustainability of positive impacts and must be undertaken in a strategic manner.

MONITORING AND EVALUATION

Monitoring and evaluation arrangements are working effectively for most initiatives, although in several initiatives these are either weak or not yet fully developed. Monitoring and evaluation arrangements have a link to concerns about sustainability where evidence of sustainability is lacking, as discussed previously with regard to Australian Development Scholarships, the Nepal Rights and Democracy Inclusion Fund, and the Asian Development Bank facility. In these last two it will also be important to assess the overall impact of the facilities, and not limit the assessment to the impact of individual activities within the facilities.

The monitoring and evaluation arrangements for the regional water and sanitation initiative and the South Asia Governance Program need to be more comprehensive in order to measure the full impact of these initiatives. A monitoring and evaluation framework is still being developed for the new India HIV/AIDS initiative, so while it was rated poorly this is not a major concern at the moment.