



**Australian Government**

## **SOUTH ASIA COVID-19 DEVELOPMENT RESPONSE PLAN**

- Australia is working with partners in South Asia towards the goal of a stable, prosperous and resilient region.
- The pandemic has exacerbated ongoing challenges including extreme poverty, conflict and gender-based violence.
- Australia's development contribution to South Asia will focus on addressing transboundary challenges, and deploying our expertise in water resources, agriculture, trade and infrastructure to support long-term stability and economic recovery.

Australia and the countries of South Asia have a long history of engagement, in many cases underpinned by our shared Commonwealth history. Our mutual interests span from the Indian Ocean, including through our membership of the Indian Ocean Regional Association (IORA), through to addressing threats such as terrorism and transnational crime. We have a common growing challenge in water resource management and dry-land agriculture. Australia makes a substantial contribution to addressing humanitarian challenges in South Asia. Given our strong education, trade and people-to-people linkages, the pace of Australia's economic recovery will be closely tied to South Asia's recovery from this crisis.

### **COVID-19 SITUATION ANALYSIS**

Across South Asia, COVID-19 is exacerbating pre-existing health, economic and social challenges, with damaging consequences for regional stability and prosperity. Of the 71 million people expected to enter into extreme poverty globally as a result of COVID-19, the World Bank estimates almost half are South Asian.

COVID-19's trajectory in South Asia has highlighted under-investment in public health in many countries of the region. In Bangladesh, Pakistan and parts of India, the health sector has struggled to manage increasing caseloads. Afghanistan and Pakistan, which face protracted crises, had overwhelmed health systems prior to COVID-19 and may struggle to manage ongoing waves of infections.

With some of the highest population densities in the world, South Asia will continue to face challenges in mitigating COVID-19 impacts. South Asia's most vulnerable are its urban poor. Across the region's megacities millions lack access to reliable supplies of safe

water for handwashing. Sharing of communal toilets and taps poses additional COVID-19 transmission risks.

South Asia's women and girls are experiencing greater secondary COVID-19 impacts, including being responsible for supporting household efforts to obtain water for handwashing. Women in general, and particularly women with disabilities, are also at risk of intimate partner violence, with lockdowns reducing access to gender-based violence support services. According to the World Bank, regional GDP growth forecasts have been downgraded from 6.3 per cent to 2.7 per cent.

Disruption to supply chains and reduced global demand are causing significant shocks to textiles, aviation, tourism and other service sectors. For the tourism-exposed economies of Nepal, Maldives and Bhutan, travel restrictions have decimated overseas demand. The Maldives, which depends on tourism for 66 per cent of its GDP, is expected to be the worst affected with a contraction of 13 per cent. Bangladesh and Pakistan's labour-intensive manufacturing export sectors, and in particular their garment sectors, account for 85 and 50 per cent of GDP respectively and have been severely impacted.

Much of South Asia relies upon its informal sector whose workers lack effective social protection and are vulnerable to the impacts of price increases due to supply constraints. While India, Pakistan and Bangladesh have introduced emergency social protection measures in response to COVID-19, many affected groups remain very exposed, such as urban slum dwellers, informal labourers and low paid daily workers.

Remittance revenues have fallen across South Asia as migrant workers have returned home or lost jobs. Nepal is one of the most remittance dependent countries in



the world with a GDP share approaching 32 per cent. India, Sri Lanka and Bangladesh are also experiencing disrupted remittance flows, which affect workers, but also their families and broader communities.

Debt sustainability is an increasing concern. Prudent medium-term management of sovereign debt levels will be critical. International financial institutions are likely to play an important role in the short-term as governments' fiscal capacity contracts. Private debt sustainability is also a concern, with large volumes of non-performing loans providing an additional downside risk to economic activity and government balance sheets.

## AUSTRALIA'S RESPONSE

Australia's development contribution to South Asia will be targeted in line with our expertise and interests. Our interests are advanced by a stable South Asia region in which countries can slow COVID-19 transmission and lay the groundwork for economic recovery.

Our regional programs will focus on the stability and economic recovery pillars under Australia's *Partnership for Recovery* strategy. We will provide health security assistance primarily through Australia's global contributions to multilateral and UN programs operating in South Asian countries.

As a smaller donor in the region, Australia's development programs will be closely coordinated with multilateral, UN, NGO and government programs. Australia will align with the World Bank and UN framework to guide donor investments. Australian government agencies, including the Australian Centre for International Agricultural Research (ACIAR) and CSIRO, have strong partnerships in the region.

### *Health Security*

Australia is supporting partner countries' health systems to navigate COVID-19 together with multilateral organisations, the UN and NGOs. Australia provides global core contributions to the World Health Organization (WHO), the Global Polio Eradication Initiative, GAVI, the Vaccine Alliance, Medicines for Malaria and the TB Alliance to provide comprehensive health support to South Asia to respond to the pandemic. Our support to the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund) will help to mitigate the risk that COVID-19 will reverse progress made against HIV and tuberculosis in South Asia.

We will continue to provide access to sexual and reproductive health support to women and girls,

including those with disabilities. Our investment with the International Planned Parenthood Foundation and the United Nations Population Fund (UNFPA) will continue its work in humanitarian settings across South Asia.

### *Stability*

Australia will contribute to broader stability and cohesion in South Asia through water and agriculture programs, which encourage regional cooperation and share Australia's expertise.

Improved urban water management will be a key part of Australia's COVID-19 response. We quickly adjusted the design for the new regional Strengthening Water Security in South Asia Initiative (SAWASI) to focus on building health security and stability through access to safe and reliable water for handwashing and improved urban water governance, both critical to containing the spread of COVID-19. This pivot allows the program to build on its previous successful work on water resource management while responding to requests to partner with Australia's leading experts in urban water management and water and sanitation. We will continue important people-to-people links where possible, and promote Australian values in women's empowerment and inclusion.

Working alongside communities and local organisations, SAWASI will have a particular focus on women, girls and those with disabilities. The program will be implemented in the most disadvantaged communities in South Asia's megacities, where communities are most vulnerable to COVID-19 transmission.

Our global Water for Women program will work through local NGOs across the region to provide access to water for drinking and sanitation. The Australian Water Partnership is helping Indo-Pacific countries sustainably manage their water resources, including by providing Australian private sector expertise on water and sanitation responses to COVID-19.

Our Australia Awards program strengthens Australia's people-to-people links with South Asia. We are pivoting the program to respond to COVID-19 by exploring new models for delivery and promoting sectors of relevance to regional recovery. Our funding to the World Bank's Global Partnership for Education supplements our Australia Awards investments by providing education support to the most vulnerable girls and boys.

We will continue to support efforts to end violence against women through Australia's investment in the UN Women's Essential Services Programme. This program augments partner government capacity to meet globally



recognised best practice and standards for addressing gender-based violence.

Our key humanitarian partners, including the International Red Cross, UN Development Program, the UN Children Fund, UN Office for the Coordination of Humanitarian Affairs, International Organisation for Migration, and the World Food Programme (WFP), are playing a critical stabilising role in the region through providing social protection, education and food security programs targeting the most vulnerable. The Australia Assists Program, managed by RedR Australia, is providing technical expertise through remote and in-country specialist deployments, including to Bangladesh and Pakistan.

Recognising the potential for COVID-19 related food insecurity to impact regional stability, whole-of-government partners including ACIAR and CSIRO, are carrying out critical food systems research and analysis to inform future policy.

### ***Economic Recovery***

Australia will contribute to South Asia's economic recovery by supporting cross-border supply chains, trade facilitation policy reforms and collaboration, and private sector investment in physical connectivity. Across all economic recovery work we will maintain a particular focus on women's empowerment.

Infrastructure investments will be critical to a path to economic recovery post-COVID-19 by enabling the delivery of essential services and supporting sustainable economic growth and jobs. Our key regional investment, the South Asia Regional Infrastructure Connectivity (SARIC) Program, will facilitate transport and energy infrastructure investment in the region that will in turn generate employment, increase productivity, and generate economic stimulus. SARIC will also support low carbon and climate resilient transport and energy solutions. The program will be supplemented by our investment in the World Bank's Public-Private Infrastructure Advisory Facility (PPIAF), which supports governments to make their infrastructure policies and programs more sustainable.

As recognised by the World Bank and UN, recovery from COVID-19 will require significant investment by both public and private sectors. Through programs, such as the Business Partnerships Platform and Emerging Markets Impact Investment Fund (EMIIF), we will promote sustainable private sector growth, improved access to finance for small and medium enterprises,

and a green recovery from COVID-19.

Australia will promote private sector investment in the region through our investment in the Private Infrastructure Development Group. This Group will deliver private sector project financing in Bangladesh, India and Sri Lanka in renewable energy, agriculture and waste management, enhancing trade and employment opportunities.

Re-establishing and maintaining access to cross-border trade and value chains offers a mechanism to reduce the economic impacts of COVID-19 and improve food security. Our contributions to the Multilateral Aid for Trade program, Enhanced Integrated Framework (EIF) and South Asia Regional Trade Facilitation Program (SARTFP) will support regional trade recovery from COVID-19, while addressing supply-side constraints.

With the World Bank we are adapting SARTFP to support displaced workers and urban-rural migrants through the expansion of existing government cash transfer programs. This will also support DFAT's South Asian bilateral social protection programs, such as the BRAC strategic partnership in Bangladesh, that are helping partner governments' social protection programs respond to COVID-19 more effectively.

Our funding to IORA supports member states to include women and girls in economic recovery and promotes corporate support for UN Women's Empowerment Principles. We will also support regional economic recovery across the Indian Ocean region through closer cooperation on tuna fishery management.

### **HOW WE WILL WORK**

While this plan spans two years, we will emphasise the sustainability of our investments by supporting the region to emerge better prepared for future shocks. Responses will be sustainable, country-led, people-centred and support climate change adaptation and mitigation through green recovery.

We recognise the need, outlined in *Partnerships for Recovery*, for localised responses. We will continue to support local civil society who are well placed to deliver and adapt to the challenges and constraints imposed by COVID-19, such as travel restrictions. The Australian NGO Cooperation Program will feature prominently in this work.



TABLE 1: COVID-19 RESPONSE PLAN PERFORMANCE FRAMEWORK

Program Plan	Health Security	Stability	Economic Recovery
<b>Expected Outcomes</b>	<ul style="list-style-type: none"> <li>- Emergency health assistance supports vulnerable people (SDG 1,2,3)</li> <li>- South Asian children are better protected against deadly diseases (SDG 3)</li> <li>- Women and girls are provided with critical health services and humanitarian assistance to meet basic needs (SDG 1,2,3,5,6)</li> </ul>	<ul style="list-style-type: none"> <li>- Four disadvantaged urban communities in Indian and Pakistan megacities have improved access to water and sanitation services (SDGs 3, 6, 11, 13, 15)</li> <li>- Australian assistance supports integration of climate-sensitive water resources management with water, sanitation, hygiene priorities in urban informal settlements with a focus on women and girls (SDG 5, 6, 11, 13, 15)</li> <li>- Increased resilience to climate change and other water-related shocks through improved understanding of integrated urban water management in two South Asian cities (SDG 4, 6, 11, 13, 15)</li> </ul>	<ul style="list-style-type: none"> <li>- A pipeline of quality connectivity investments in energy and transport infrastructure have progressed opportunities for private and/or public financing (SDGs 1, 7, 8, 9, 10, 13, 17)</li> <li>- Individuals and institutions contribute to cross border exchange and facilitation of connectivity projects (SDGs 1, 7, 8, 9, 10, 13, 17)</li> </ul> <p>Indian Ocean coastal states are better able to cooperatively manage fisheries resources (SDGs, 2, 12, 13, 14)</p>
<b>Key Results</b>	<ul style="list-style-type: none"> <li>- <u>Number</u> of boys and girls immunised with Australian support</li> <li>- <u>Number</u> of people provided with emergency health assistance</li> <li>- <u>Number</u> of women and girls provided with sexual and reproductive health services</li> </ul>	<ul style="list-style-type: none"> <li>- Four communities implementing climate-sensitive approaches to urban water management</li> <li>- Evidence of women and girls, and those with disabilities, are participating in planning processes in support of improved access to water and sanitation services.</li> <li>- Examples of improved urban water resource governance at the community level for four communities</li> <li>- <u>Number</u> of people reached with new or improved social protection programs.</li> </ul>	<ul style="list-style-type: none"> <li>- Evidence of increased projects reported by IFC and WB approved for financing that enhance low carbon and climate resilience energy and transport infrastructure.</li> <li>- Examples of projects reported by IFC and WB to be at implementation plan or post concept stage</li> <li>- <u>Value</u> of World Bank linked investment in energy and transport</li> <li>- <u>Value</u> of private financing facilitated</li> </ul>
<b>Supporting Investments</b>	<ul style="list-style-type: none"> <li>- Global contributions to WHO, GAVI and the Global Fund to Fight AIDS, Tuberculosis and Malaria</li> <li>- Australia Assists (RedR)</li> <li>- Australia Awards in South and West Asia (AASWA)</li> </ul> <p>Australian NGO Cooperation Program (ANCP)</p>	<ul style="list-style-type: none"> <li>- South Asia Water Security Initiative (SAWASI)</li> <li>- Water for Women (GHD)</li> <li>- Australian Water Partnership (eg Water)</li> <li>- Australia Awards in South and West Asia (AASWA)</li> <li>- Australian NGO Cooperation Program (ANCP)</li> <li>- Humanitarian partners (UNHCR, UNFPA, IOM, UN Women, BRAC, WFP, UNICEF and the Australian Humanitarian Partnership)</li> </ul>	<ul style="list-style-type: none"> <li>- South Asia Regional Infrastructure Connectivity Program (SARIC)</li> <li>- South Asia Regional Trade Facilitation Program (SARTFP)</li> <li>- Australia Awards in South and West Asia (AASWA)</li> <li>- Indian Ocean and IORA Program</li> <li>- Australian NGO Cooperation Program (ANCP)</li> <li>- Women Entrepreneurs Finance Initiative (World Bank)</li> <li>- Private Infrastructure Development Group; and Public Private Infrastructure Advisory Facility.</li> <li>- Better Work Programme (International Labour Organization)</li> <li>- Global Trade Professionals Alliance</li> <li>- Emerging Markets Impact Investment Fund (led by Sarona Asset Management Inc)</li> </ul> <p>Impact Private Sector Partnership Program (Palladium International) [awaiting EOI]</p>