



Australian Government

Department of Foreign Affairs and Trade



# AID PROGRAM PERFORMANCE REPORT 2015-16

South Asia Regional Development Program

September 2016



# SOUTH ASIA REGIONAL DEVELOPMENT PROGRAM AID PROGRAM PERFORMANCE INFORMATION 2015-16

## SUMMARY

The future growth and stability of the South Asia region will be advanced by heightened cooperation between its countries on trade and transit connectivity and on integrated natural resource management<sup>1</sup>. The South Asia Regional program seeks to advance regional cooperation by supporting policy dialogue; technical assistance; analysis and research; advocacy and policy reform on region-wide barriers to inter-country cooperation, with a focus on gender equality. The work of the program reflects the priorities of partner governments in the region.

The South Asia Regional program has two long-term objectives:

**Objective 1: Increased water, food and energy security in South Asia to facilitate economic growth and improve the livelihoods of the poor and vulnerable (particularly women and girls).**

This objective is advanced through DFAT's Sustainable Development Investment Portfolio (SDIP). In 2015-16, the SDIP worked with seven delivery partners across the three major Himalayan river basins, to deliver initiatives aimed at increasing food, water and energy security. Australian partners include the Australian Centre for International Agricultural Research (ACIAR), the Commonwealth Scientific and Industrial Research Organisation (CSIRO) and the International Centre of Excellence in Water Resources Management (ICE WaRM). Its medium-term outcomes are: improved and cooperative water resource management; increased agricultural productivity and farm incomes; and increased energy access and cooperation. The SDIP is a 12 year engagement strategy with three phases. In 2015-16, the foundational phase of the SDIP (SDIP 1) was successfully completed, and the second phase (SDIP 2) designed and approved.

**Objective 2: Increased regional connectivity through trade facilitation and infrastructure connectivity.**


In 2015-16, Australia addressed regional connectivity challenges through two World Bank-led programs – the South Asia Regional Trade Facilitation Program (SARTFP) and Infrastructure for Growth (IFG). SARTFP, the key ongoing program, seeks to improve border trade and connectivity in the eastern sub-region of South Asia (Bangladesh, Bhutan, India and Nepal (BBIN)), with a particular emphasis on enabling women's inclusion in trade and economic activity. IFG aims to foster an enabling environment for infrastructure development and infrastructure service delivery – both within and across countries – to address the critical infrastructure gaps for regional connectivity and integration.

Following a 40 per cent budget reduction, Australia's total Official Development Assistance (ODA) to Regional South Asia in 2015-16 was AUD26.2 million. DFAT adopts a niche value-add approach to maximise Australia's ODA impact by:

- > investing in region-wide initiatives that establish the enabling environment and support technical capacity development;
- > focussing on issues where Australia has a comparative advantage and/or there are funding gaps;
- > directing our investments to the same geographic region to take advantage of inter-linkages, enhancing impact; and
- > investing in existing programs and institutions with that have a proven track record and profile in the region.

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<sup>1</sup> <http://www.worldbank.org/en/programs/south-asia-regional-integration>



## PERFORMANCE AGAINST STRATEGIC OBJECTIVES

Objective	Previous Rating	Current Rating
Objective 1 Increased water, food and energy security in South Asia to facilitate economic growth and improve the livelihoods of the poor and vulnerable (particularly women and girls).	Green	Green
Objective 2 Increased regional connectivity through trade facilitation and infrastructure connectivity.	Green	Green

Note:

■ Green. Progress is as expected at this stage of implementation and it is likely that the objective will be achieved. Standard program management practices are sufficient.

■ Amber. Progress is somewhat less than expected at this stage of implementation and restorative action will be necessary if the objective is to be achieved. Close performance monitoring is recommended.

■ Red. Progress is significantly less than expected at this stage of implementation and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.

Program progress was as expected and is on track to meet its objectives. In 2015-16, emphasis was placed on strengthening management practices of the key programs (SDIP and SARTFP) to ensure the integration of robust monitoring and evaluation processes and gender in program implementation.

### Objective 1: Increased water, food and energy security in South Asia to facilitate economic growth and improve the livelihoods of the poor and vulnerable (particularly women and girls).


Rating: Green

With the conclusion of the SDIP 1 in 2015-16, the key priorities for the reporting period were: undertaking an Independent Review; designing SDIP Phase 2; and the successful completion of Phase 1. The Independent Review found that SDIP 1 performed well and set firm foundations for the next phase. Lessons incorporated into the SDIP 2 design include: i) identifying and articulating more realistic and measurable end of Phase 2 objectives; ii) optimising public and economic diplomacy opportunities; iii) explicitly integrating consideration of climate change risks; and iv) improving reporting. In 2015-16, a number of steps were taken to improve monitoring and reporting under SDIP 1.

Highlights in the reporting period include:

- > *Improved and cooperative water resource management:* The uptake of basin-wide modelling approaches in the Indus, Koshi and India's Brahmani Baitarani basin, with the latter being used as a prototype for the development of India's National Hydrology Program. A visit to Australia by India's Water Secretary further confirmed the applicability of Australia's river basin management approaches to the Indian context.
- > *Increased agricultural productivity and farm incomes:* Farm trials involving more than 15,000 farmers (one third women) across Bangladesh, India and Nepal developed water-efficient farming technologies and built capacity through training, crop modelling, machinery use, and business models for local small and medium enterprises (SMEs) and agricultural suppliers. Through these trials, farmers benefitted from 60 per cent productivity gains for some pulses and grains and farm income gains of up to USD550-700 per ha/year. As at 30 June 2016, around 28,000 male and 12,000 female farmers have adopted one or more of trialled technologies.
- > *Energy access and cooperation:* Support for the development of the region's hydropower potential including a review of existing Environment Impact Assessment (EIA) processes for Nepal's Ministry of Science, Technology and Environment and provision of environmental and social standards advisory services. The program facilitated access to off-grid small appliance and lighting solutions for vulnerable households in India. Following an initial slow uptake by women, tailored campaigns and





information sharing at women-only village meetings were undertaken to target women. As a result, the program delivered access for up to one million vulnerable households by June 2016.

**Objective 2: Increased regional connectivity through trade facilitation and infrastructure connectivity.**

Rating: Green

The 2015-16 priorities for SARTFP, the flagship program under this objective, were focussed on ensuring the centrality of gender in every aspect of program implementation and finalising the monitoring and evaluation (M&E) framework (to address the management actions of the last APPR). As a result, the first eight SARTFP activities provide technical assistance and policy development and investment support in the areas of trade facilitation, cross-border value chain and enterprise development, and transport and infrastructure connectivity – all orientated to provide direct benefits to women. An internal SARTFP monitoring report for January-June 2016 found that there are early but significant signs of SARTFP's gender-centred approaches influencing the World Bank's practices including its discussions with partner governments.

IFG has contributed to regional connectivity in two sectors, energy and transport, through two thematic pillars: regional economic integration and climate change. Under the regional economic integration pillar, IFG activities have supported connectivity to lagging regions, rural-urban connectivity and regional economic development. Within the climate change pillar, IFG has funded activities focused on clean and renewable energy, contributing to improvements in energy efficiency. For example, in 2015 IFG funded the Kolkata Urban Transport Integration Project which will support accessibility to and within Kolkata (which is predicted to be one of the largest and most densely populated urban areas in India) and lowering the carbon footprint by integrating public transport and freight. IFG's broad monitoring and evaluation framework is appropriate for DFAT's 'partner-led' approach to IFG and continues to meet the World Bank's objectives. While all IFG funds have been disbursed, activity implementation is ongoing. DFAT will work with the World Bank in the next reporting period to monitor IFG outcomes at an overarching program level.

Highlights in the reporting period included:

- > Developing a strategy to strengthen infrastructure planning and management in the trade hub of Chittagong including for climate resilience. Capacity building workshops were delivered to city policy makers to support implementation of urban resilience and management strategies.
- > Design of technical assistance to support to safe and efficient ferry services in Assam to facilitate passenger transport, bilateral and transit trade and cargo transport which will inform the design of India National Waterway 2 Phase 1.
- > Development of an impact evaluation of the Government of India's Pradhan Mantri Gram Sadak Yojana (PMGSY) program which aims to provide all-weather road access to rural communities with a minimum population of 500 people. The impact evaluation will assess the magnitude and distribution of the socio-economic impact of PMGSY. Results will be disseminated to sector experts, government officials and local representatives and will inform the future design of rural connectivity projects in India and other developing countries.
- > Assessment of South Asia region's port-related trade-transport competitiveness. The results and recommendations have been provided to the Government of India to improve port sector efficiency, including efficient port logistic services.

## PROGRESS TOWARDS PERFORMANCE BENCHMARKS IN 2015-16

Aid objective	2015-16 benchmark	Rating	Progress in 2015-16
Increased water, food and energy security in South Asia to facilitate economic growth and improve livelihoods of the poor and vulnerable (particularly women and girls)	Improvements in the region's agriculture, energy and water management capabilities through SDIP efforts, as showcased through at least 5 examples.	Achieved	<p>Initiatives by SDIP partners have contributed to improvements in the region's agriculture, energy and water management capabilities as evidenced by:</p> <ol style="list-style-type: none"> <li>1. The SDIP provided advisory support to the Government of Nepal for hydro power decision-making processes, which contributed to a 2016 strategy to generate 1450MW of hydro power in three years (and 8500MW within seven years), supported through private investment.</li> <li>2. To address an increasing number of female-headed households in the region, ACIAR targeted female-headed households across Bangladesh, India and Nepal to trial new technologies and farming techniques. These trials generated benefits to approximately 3,000 women farmers.</li> <li>3. In March 2016, CSIRO led a workshop in Lahore on integrated water resource management (IWRM) for 40 Pakistani water professionals, including seven women, from government line ministries. The workshop focused on building the capacity of water professionals to implement IWRM in Pakistan, underpinned by Australian water modelling approaches.</li> <li>4. SDIP partners' work in the Koshi and Brahmani Baitarani Basins across the reporting period has increased capacity within Indian water ministries for more effective approaches to whole of river basin planning.</li> <li>5. SDIP partners successfully initiated and facilitated two platforms for cross-country dialogue across five South Asian countries, to advance more informed, discussions on transboundary resource management. These included the South Asia Water Initiative (SAWI) and International Centre for Integrated Mountain Development (ICIMOD) Track 1.5 and Track 2 Dialogues, such as the Brahmaputra Dialogue Forum and Indus Working Group.</li> </ol>
	Design of the second phase of SDIP is approved, for mobilisation in July 2016.	Achieved	The second phase of the SDIP was successfully designed and approved in 2015-16. Mobilisation commenced in July 2016.
Improving cross border regional economic connectivity through trade facilitation and infrastructure connectivity.	SARTFP mobilised with 3 activities commencing implementation.	Achieved	SARTFP was fully mobilised in 2015-16 with DFAT-World Bank Donor Steering Committee endorsement and commencement of eight activities related to transport connectivity; trade facilitation; and local enterprise development and economic opportunity. In addition, governance arrangements, a program implementation framework and a robust M&E framework have been put in place to guide activity selection, implementation and reporting.
Cross cutting benchmark	Increased focus on Gender equality and women's empowerment across the SARTFP and SDIP program activities, evidenced through at least 5 examples of gender sensitive approaches being adopted.	Achieved	<p>DFAT has undertaken significant work with partners to integrate gender in both SARTFP and SDIP activities. Approaches undertaken in 2015-16 include:</p> <ol style="list-style-type: none"> <li>1. Finalisation of a SARTFP implementation framework, requiring all trade facilitation activities to be gender responsive and ensure benefits to women.</li> <li>2. Development of pilot programs to support female traders at selected land ports in Bangladesh, covering sensitisation activities for Customs officers at land ports; public information campaigns on safety issues for women traders; and education programs for female traders on the law and their rights.</li> <li>3. Development of Gender Action Plans to improve the public transport conditions for women in three Indian cities.</li> <li>4. Commencing work to develop, test and implement diagnostic tools to measure and address gender gaps in the access to and use of public infrastructure in South Asia in the World Bank's Gender Innovation Lab.</li> <li>5. In the design of SDIP 2, DFAT prepared and distributed to SDIP partners advice on actions and approaches that partners should adopt to make gender central to program delivery practices.</li> <li>6. ICIMOD and CSIRO developed a framework of gender sensitive performance</li> </ol>

## Performance Benchmarks 2016-17 to 2018-19

		2016-17	2017-18	2018-19
<b>Aid objective 1</b>	<i>Increased water, food and energy security in South Asia to facilitate economic growth and improve the livelihoods of the poor and vulnerable (particularly women and girls).</i>			
<b>Performance benchmark</b>	<i>Successful mobilisation of SDIP Phase 2.</i>	<i>Partner and adviser contracts in place; and the first partners meeting held in first quarter of 2016-17</i>  <i>Finalisation of the SDIP 2 Performance Assessment Framework</i>	<i>N/A</i>	<i>Independent evaluation of SDIP 2 established</i>
<b>Performance benchmark</b>	<i>Improvements in the region's agriculture, energy and water management capabilities, that include considerations of climate change impacts through SDIP efforts.</i>	<i>5 examples</i>	<i>5 examples</i>	<i>5 examples</i>
<b>Performance benchmark</b>	<i>Integration of gender equality and women's economic empowerment in SDIP activities.</i>	<i>5 examples of gender responsive approaches</i>	<i>5 examples of gender responsive approaches</i>	<i>5 examples of gender responsive approaches</i>
<b>Aid objective 2</b>	<i>Increased regional connectivity through trade facilitation and infrastructure connectivity.</i>			
<b>Performance benchmark</b>	<i>Integration of gender equality and women's economic empowerment in SARTFP activities.</i>	<i>5 examples of gender responsive approaches</i>	<i>5 examples of gender responsive approaches</i>	<i>5 examples of gender responsive approaches</i>
<b>Performance benchmark</b>	<i>Activities contribute to improvements in cross-border trade and connectivity.</i>	<i>5 examples</i>	<i>5 examples</i>	<i>5 examples</i>
<b>Cross-cutting performance benchmark</b>	<i>SDIP and SARTFP advance public diplomacy and economic diplomacy objectives.</i>	<i>3 examples</i>	<i>3 examples</i>	<i>3 examples</i>

## MUTUAL OBLIGATIONS

In 2015-16 the South Asia Regional program continued to ensure its activities were aligned to and dependent on measures by regional organisations and South Asian governments to advance regional cooperation. The strong link between SDIP's work and that of the BBIN working group on water and hydropower demonstrates alignment of SDIP to these countries' measures to enhance regional cooperation. Pakistan, India and Nepal are all demonstrating their commitment to these objectives by undertaking significant water management activities (e.g. India's USD700 million National Hydrology Program). The SDIP Phase 2 design explicitly requires DFAT's partners to demonstrate that their activities address demand and are in response to national or sub-national needs within a regional cooperation context.



Regional connectivity continues to be a priority for South Asian governments as demonstrated by India's 'Neighbourhood First' and 'Act East' policies. DFAT's support to the World Bank is designed to complement large Bank loans taken by regional governments for trade facilitation (including the Strengthening the National Rural Transport Program in Nepal), providing a good indicator of government commitment. Activities under SARTFP and IFG must be endorsed by or in response to requests from partner governments, to ensure partner government commitment and ownership.

## PROGRAM QUALITY

In 2015-16, overall Aid Quality Check (AQC) performance for the program was consistent with the previous year (see **Annex C**). The SDIP Independent Review found that SDIP was strongly aligned to Australia's economic diplomacy agenda and addressed key issues in the region affecting inclusive economic growth. The SDIP Final AQC found that overall performance was 'good' and the program made good progress in the foundation phase. SDIP's portfolio and earmarked core funding approaches promoted collaboration among partners, increasing investment returns. For example, CSIRO and ICE WaRM collaborated in building the capacity of emerging leaders in water agencies in the Indus river basin. Overall, the SDIP's rating on gender equality was adequate. Gender will continue to be a significant focus of SDIP's second phase of SDIP.

SARTFP maintained 'adequate' ratings across the AQC criteria with the exception of relevance, which received a rating of 'good'. The finalisation of the Monitoring and Evaluation Framework was a key achievement, resulting in an increase in the rating in the 2016 AQC. DFAT will pursue an increased rating for gender equality in 2016-17 by building on the momentum created by SARTFP in 2015-16.

The majority of the ratings for the Bangladesh Climate Change Initiative (BCCI) were found to be less than adequate due to the underperformance and implementation challenges of the Bangladesh Climate Change Resilience Fund (BCCRF) program. The USD188 million BCCRF was established by the World Bank in May 2010. Australia contributed AUD7 million. In 2014, the BCCRF mid-term review concluded the fund was underperforming and that expectations for the fund in the timeframe were unrealistic. In response the World Bank and donors have agreed to close the BCCRF by 30 June 2017, and that no further activities would be approved. The pro-rata share of uncommitted funding has been returned to donors.

## MANAGEMENT RESPONSES

All five management actions identified in the previous APPR were successfully implemented in the reporting period. A detailed description of progress in 2015-16 management responses is at **Annex A**.

In 2016-17, DFAT will improve program performance by undertaking the following management actions:




- > The South Asia Regional program will increase engagement with Australia's High Commissions in the region, and help advance bilateral **public diplomacy and economic diplomacy** objectives.
- > Continue the focus on **gender equality and women's empowerment** across the SARTFP and SDIP program activities. This will be demonstrated by DFAT hosting a gender and trade practitioners workshop in the region; and the results of IFG gender impact studies informing future SARTFP activities.
- > Continued improvement of **monitoring and evaluation** across both SDIP and SARTFP, demonstrated by:
  - i) mobilisation of the SDIP2 Performance Assessment Framework with milestones;
  - ii) timely and high quality SDIP2 partner reporting; and
  - iii) World Bank adoption of the SARTFP M&E framework with reporting against qualitative indicators.

## ANNEX A - PROGRESS IN ADDRESSING MANAGEMENT RESPONSES

Describe progress made against management responses in 2014-15 report

Management responses identified in 2014-15 APPR	Rating	Progress made in 2015-16
Manage remaining 'legacy' activities to conclusion and, where possible, align new activities with the two strategic objectives of the program outlined in the South Asia Regional AIP.	Achieved	Two legacy activities were successfully completed and the two remaining legacy activities will continue to be managed to conclusion. The design of SDIP Phase 2 was finalised in 2015-16 and directly aligns with Objective 1 of the South Asia Regional AIP.
Develop a results framework for SARTFP.	Achieved	A results framework for SARTFP, incorporating both qualitative and quantitative indicators, was developed in 2015-16.
Complete an independent evaluation of the first phase of the SDIP, and design the second phase of investment (due to commence in July 2016).	Achieved	An Independent Review was completed in January 2016. SDIP Phase 2 was successfully designed during in 2015-16.
Establish gender as an explicit objective across the regional program.	Achieved	Gender forms an explicit part of the SDIP objective. Gender has been integrated in the SARTFP objective and all medium and long-term outcomes.
Increase awareness of the regional program by DFAT's overseas missions and bilateral desks across South Asia, to maximise the utility of the regional program in bilateral public and economic diplomacy efforts.	Achieved	Good progress was made to increase awareness of the regional program across Posts, particularly in Nepal, India and Pakistan. This management response will continue in 2016-17, with the aim of building on the momentum gained in 2015-16 to encourage economic diplomacy opportunities.

**Note:**

-  Achieved. Significant progress has been made in addressing the issue
-  Partly achieved. Some progress has been made in addressing the issue, but the issue has not been resolved
-  Not achieved. Progress in addressing the issue has been significantly below expectations



## ANNEX B - EVALUATION PLANNING

### List of evaluations completed in the reporting period

Investment number and name	Name of evaluation	Date completed	Date Evaluation report Uploaded into AidWorks	Date Management response uploaded into AidWorks	Published on website
INK999 Sustainable Development Investment Portfolio	Independent Review	31/01/2016	29/01/2016	29/01/2016	N/A

### List of program prioritised evaluations planned for the next 12 months

Evaluation title	Investment number and name (if applicable)	Date – planned commencement (month/year)	Date – planned completion (month/year)	Purpose of evaluation	Evaluation type
N/A					

## ANNEX C - AID QUALITY CHECK RATINGS

### AQC RATINGS

AQC investment performance over the previous 12 months and where available last year's AQC ratings.

Investment name	Approved budget and duration	year on year	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality	Risks and Safeguards
Regional Connectivity and Integration: Trade Facilitation and Infrastructure	\$34.8m (2012/13-2017/18)	2016 AQC	5	4	4	4	4	4	4
		2015 AQC	5	4	4	3	4	4	4
Water and Sanitation - India	\$30.9m (2009/10-2016/17)	2016 AQC	4	4	4	3	4	4	4
		2015 AQC	4	4	4	4	4	4	4
Bangladesh Climate Change Initiative (BCCI)	\$15m (2010/11-2016/17)	2016 AQC	4	3	3	3	3	3	4
		2015 AQC	N/A <sup>2</sup>						

<sup>2</sup> The 2015 AQC for the BCCI was undertaken as part of the SDIP AQC as their objectives aligned and were focussed on climate change. A separate AQC for the BCCI undertaken in 2016 as an FAQC was undertaken for the SDIP. Performance of the BCCI was consistent across 2015 and 2016, and ratings given in 2016 also reflect the performance of BCCI in 2015.

## FAQC RATINGS

Final AQC's assess performance over the lifetime of the investment (ratings are not compared to previous years).

Investment name	Approved budget and duration	Overall rating	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality	Risks and Safeguards
Sustainable Development Investment Portfolio	\$45m (2012/13-2015/16)	5	5	4	4	4	5	4	5
Preventing HIV transmission in drug users: H13	\$9.7m (2006/07-2015/16)	5	4	5	5	5	5	5	5
South Asia Food and Nutrition Security Initiative	\$5.7m (2010/11-2015/16)	4	4	4	4	4	4	4	4

### Definitions of rating scale:

#### Satisfactory (4, 5 and 6)

6 = Very good; satisfies criteria in all areas. 5 = Good; satisfies criteria in almost all areas.

4 = Adequate; on balance, satisfies criteria; does not fail in any major area.

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

3 = Less than adequate; on balance does not satisfy criteria and/or fails in at least one major area.

2 = Poor; does not satisfy criteria in major areas. 1 = Very poor; does not satisfy criteria in many major area.