



Australian Government

Department of Foreign Affairs and Trade



AID PROGRAM PERFORMANCE REPORT 2016-17

South Asia Regional Program
September 2017



SOUTH ASIA REGIONAL AID PROGRAM PERFORMANCE INFORMATION 2016-17

SUMMARY

This report summarises the performance of Australia's aid program in the South Asia region from July 2016 to June 2017 against the South Asia Regional Aid Investment Plan 2015-16 to 2018-19.

South Asia continues to be the fastest-growing region in the world, with economic growth forecasted to increase from 7.1 per cent in 2016 to 7.3 per cent in 2017¹. However, the economic growth in the region is variable, with nearly 300 million people in South Asia (30 per cent of the world's poor) living in poverty. Women's participation in the formal labour force in South Asia has fallen from 36 per cent in 1990 to 29 per cent in 2016², a stark difference to the global average of 50 per cent. Intra-regional trade in South Asia is less than 5 per cent of total trade, compared with 35 per cent in East Asia and 60 per cent in Europe³. The low and varying quality of trade-related infrastructure, such as ports, storage facilities and transport (especially highway networks) is also a binding constraint to growth.

South Asia is one of the most vulnerable regions in the world in terms of climate impacts on food security.⁴ Limited reliability of water supplies, increasing dependency on imported energy, the need to produce more food to feed a rapidly growing population and the emerging impacts of climate change are all key challenges for policy makers in South Asia, particularly given the transboundary nature of these issues. Australia has the ability to effectively support a response to these regional challenges and improve the livelihoods of people in South Asia by sharing knowledge and technical expertise in managing scarce water resources across jurisdictions. To meet energy demand, Asia and the Pacific as a whole will need a cumulative investment of about \$11.7 trillion in the energy sector by 2035⁵. Supporting the transition to a low-emissions climate-resilient economy will generate significant benefits for the South Asia region.

The South Asia Regional program seeks to promote stability, economic growth and regional cooperation by addressing region-wide barriers to sustainable economic growth. The program takes a long-term approach with two inter-related objectives, which focus on (i) water, agriculture, food and energy; and (ii) infrastructure and trade facilitation. Through these two objectives the program supports technical assistance, analysis and research, advocacy and policy reform. Promoting gender equality is a key focus.

The two objectives for the South Asia Regional program are:

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 2016-17, SDIP commenced the second phase (2016-2020) of an intended 12-year engagement strategy following a successful first phase. SDIP works with seven Australian⁶ and South Asian delivery partners across the three major Himalayan River Basins (the Indus, Ganges and Brahmaputra), to deliver initiatives aimed at integrating food, water and energy security. This includes a strong cross-cutting focus on both gender and climate change issues. Expected outcomes are: (i) strengthened practices for regional cooperation at the regional, national and sub-national levels; (ii) generating new knowledge for regional cooperation and addressing knowledge gaps through science and/or well-evidenced policies; and (iii) improving the regional

¹ <http://www.worldbank.org/en/news/press-release/2016/04/09/south-asia-fastest-growing-region-world-vigilant-fading-tailwinds>, 2016

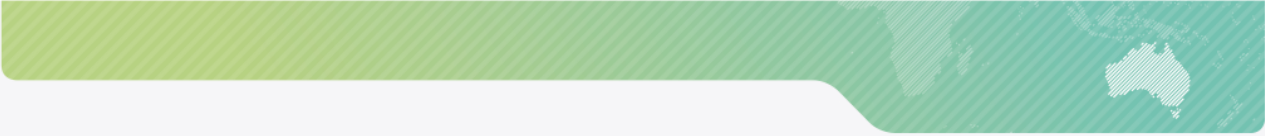
² Modelled ILO estimate <http://data.worldbank.org/indicator/SL.TLF.CACT.FE.ZS>

³ <http://www.worldbank.org/en/news/infographic/2016/05/24/the-potential-of-intra-regional-trade-for-south-asia>, 2016

⁴ World Bank, *Shock Waves: Managing the Impacts of Climate Change on Poverty*, 2016

⁵ Asia Development Bank Energy Outlook for Asia and the Pacific, 2013

⁶ Including 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 (ICEWaRM)



enabling environment, including for private sector engagement in cross border management of shared water, food and energy resources. SDIP contributes to these outcomes through analysis and research, policy reform and capacity building. SDIP works to improve data collection and management standards and has improved institutional capacity and practices to support cross-border river basin planning processes. SDIP is developing scientific knowledge in agriculture, livelihoods and energy to enable decision makers to make evidence-based decisions.

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

This objective is primarily advanced through two World Bank-led programs – Infrastructure for Growth (IFG, 2012-2018) and the South Asia Regional Trade Facilitation Program (SARTFP, 2015-2019). Both programs are closely related and undertake preparatory work and contribute to larger World Bank loan projects in South Asia by providing analysis, technical advisory services, capacity building, knowledge generation and policy dialogue. IFG activities contribute to improving connectivity and integration in the energy and transport sectors across South Asia. Activities under SARTFP support efforts in Bangladesh, Bhutan, India and Nepal (BBIN) to improve cross-border trade and connectivity, particularly where this can benefit women. The program also seeks to influence the World Bank Group and other stakeholders to strengthen integration of gender equality in regional trade facilitation projects.

The South Asia Regional program also oversees the delivery of Australia Awards in South and West Asia. In 2016-17, the program successfully delivered regional short course awards aligned with the South Asia Regional program's objectives, including:

- The Regional Energy Security Short Course Award attended by 19 participants (including 11 women) from Bangladesh, Bhutan, Sri Lanka and Pakistan; and
- The International Trade Short Course Award attended by 18 Bangladesh officials (including six women).

With the South Asia Regional program reaching the midpoint of its Aid Investment Plan; and extensive performance assessment frameworks (PAFs) finalised for both SARTFP and SDIP2, DFAT revised its performance benchmarks to ensure that the benchmarks are as useful as possible for management and accurately reflect the ambition of the program (see **Annex B**). This has resulted in clearer and more specific targets to define success. Going forward, the program will continue to monitor the benchmarks on an annual basis and refine if necessary to ensure ongoing relevance.

EXPENDITURE

The South Asia Regional program's total ODA expenditure in 2016-17 was A\$16.34 million. Of this, 82 per cent contributed to the program's two objectives. Remaining expenditure contributed to legacy commitments, including the Australia India Strategic Research Fund and DFAT's strategic partnership with The Asia Foundation.

Table 1 Total ODA Expenditure in FY 2016-17

Objective	A\$ million	% of total ODA
Objective 1: Increased water, food and energy security in South Asia to facilitate economic growth and improve the livelihoods of the poor and vulnerable	7.24	44
Objective 2: Increased regional connectivity through trade facilitation and infrastructure connectivity.	6.12	38
Sub-Total	13.36	
Global Programs/Legacy Commitments	2.98	18
Total ODA Expenditure	16.34	100

Australia is a modest donor in the region, in comparison to Japan's ¥322,957 million (AUD3.68 billion) programs in India during the 2015 fiscal year and China's USD12.29 billion (AUD15.45 billion) investment in South Asia by the end of 2015. Australia's expenditure in the region is comparable with that of likeminded donors, such as DFID⁷ who have identified similar priorities for their regional engagement in South Asia.

To maximise Australia's impact, the South Asia Regional program:

- focuses on issues where Australia has a comparative advantage and/or there are funding gaps;
- invests in established programs and institutions that have a proven track record and profile in the region; and
- includes targeted investments at a national level where these contribute to the longer term achievement of outcomes at a regional level.

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	Amber

⁷ DFID's UK net bilateral ODA to South Asia Regional in 2014 was GBP8.5 million (approximately AUD14 million), DFID Annual Reports and Accounts 2015-16, <https://www.gov.uk/government/publications/dfid-annual-report-and-accounts-2015-16>

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.

OBJECTIVE 1: INCREASED WATER, FOOD AND ENERGY SECURITY IN SOUTH ASIA TO FACILITATE ECONOMIC GROWTH AND IMPROVE THE LIVELIHOODS OF THE POOR AND VULNERABLE



The objective was rated green because all 2016-17 performance benchmarks were achieved and program progress was as expected. SDIP2 was successfully mobilised and the investment contributed to improvements in the region's agriculture, energy and water management capabilities, including climate change impacts. The 2016 annual review⁸ found that for the first year of SDIP2, over 90 per cent of expected results were achieved or on track to being achieved. The remaining 10 per cent of expected results not yet achieved did not affect the program's overall performance and partners will continue to progress them through their investments. The review confirmed that SDIP has made good progress towards strengthening regional cooperation and building institutional capacity in water governance, enabling private sector investment, particularly for renewable energy, and in promoting sustainable agricultural practices. SDIP has established foundations at a national-level to contribute to regional level outcomes in agriculture, energy and water. For example, support by SDIP has contributed to the development of Nepal's first National Water Policy to guide Nepal's water management arrangements for the next decade, including a focus on gender equality and managing water at the basin (regional)-scale. In 2016-17, SDIP delivered the following key achievements:

- Working with the Government of Pakistan and private sector agencies to implement more effective practices for river basin modelling, improved knowledge of water resources and providing high-level knowledge exchange and mentoring. The project achieved DFAT's expectations of promoting increased awareness of basin planning issues and the benefits of integrated water resource management.
- Increasing the capacity of governments and the private sector to reduce greenhouse gas emissions and build system resilience through increased renewable energy production and energy efficiency with a textiles initiative in Bangladesh. The project resulted in a reduction of water usage by 2.8 million m³ and power use by 470,000 MWh/year, which exceeded expectations. As a result of these changes, this initiative also improved the work, health and safety conditions for (mostly) women workers in 200 garment factories in Bangladesh.

⁸ The 2016 Annual Review of the Sustainable Development Investment Portfolio (SDIP) is an independent review completed in February 2017 by the UK-based business management consultant firm, IOD PARC

- Improving sustainable agriculture by piloting more resilient farming practices and market conditions engaging with 29,000 farmers in the region. One third of participants were women, exceeding the project's gender target of 25 per cent.

The SDIP 2016 annual review assessed that the delivery model used, a portfolio partnership approach, was appropriate to improve the integrated management of water, energy and food in South Asia. This approach has resulted in administrative efficiencies and allows partners to adapt and be flexible to changing regional dynamics. As SDIP is part of a broader 12-year engagement strategy, results in 2016-17 were stronger than an investment commencing its first year. SDIP2 builds on the foundational knowledge and insights gained under the successful implementation of SDIP1 (2012-2016).

During 2016-17, relationships were built with Australian Government posts in the region to promote Australia's engagement in the food, water and energy sectors in Pakistan, India, Nepal and Bangladesh. A key achievement during the period saw Australia's Ambassador to Nepal being appointed as Chair to the advisory board of SDIP partner ICIMOD⁹ in Nepal. This role offers Australia the opportunity to positively influence the direction and further development of ICIMOD. This is an important program outcome given that ICIMOD is one of the few highly functioning regional organisations in South Asia and a key agency contributing to regional cooperation and the sustainable development of the Hindu Kush Himalayan region, from Afghanistan to Myanmar. In addition, through the Australia Awards program, a Regional Energy Security Short Course was held for 19 participants from Bangladesh, Bhutan, Sri Lanka and Pakistan, of which 56 per cent of participants were women.

SDIP partners are committed to mainstreaming gender in their activities. However, with seven SDIP partners who have varying capabilities and experience in programming gender this can be a challenge for SDIP. A collaborative ICIMOD-CSIRO report has equipped partners with the tools needed to mainstream gender in their standard M&E frameworks. In addition, the SDIP PAF, operating at a macro level across all partners, includes gender specific milestones that are tracked and reported on a yearly basis.

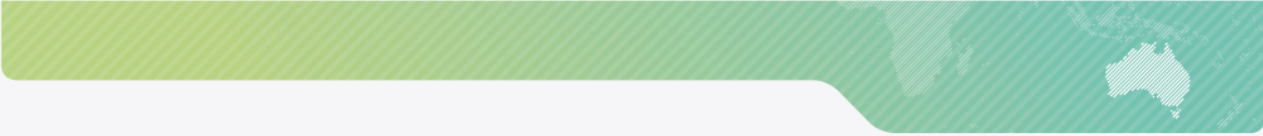
OBJECTIVE 2: INCREASED REGIONAL CONNECTIVITY THROUGH TRADE FACILITATION AND INFRASTRUCTURE CONNECTIVITY



The objective was rated amber because implementation of SARTFP activities was slower than anticipated, despite good progress in IFG and strengthened M&E processes overall. Capitalising on public diplomacy opportunities under the regional connectivity objective improved in 2016-17 (see **Annex B**) but remains a challenge, particularly under SARTFP where activity results are still emerging. DFAT and the World Bank will develop a SARTFP public diplomacy/communications plan in 2017-18.

With IFG in its fifth year of implementation, DFAT expected at least 15 IFG activities to inform and shape government policies and practices; and contribute to larger government commitments to improve connectivity. This goal and IFG's 2016-17 performance benchmarks were achieved, with 20 IFG activities contributing to strengthened government policies, systems and practices to improve energy and transport

⁹ International Centre for Integrated Mountain Development



connectivity¹⁰. Furthermore, IFG activities supported the transition to a development pathway that is consistent with a low-emissions, climate-resilient global economy. Key IFG contributions to infrastructure connectivity include:

- Analytical outputs from IFG activities generated larger investments by the Governments of Sri Lanka and India, valued at over \$1 billion, to improve transport connectivity and energy.
- Recommendations from an assessment of India's rural roads program informed the Government of Bihar to make a policy decision to adopt environmentally-optimised road designs for 20 per cent of its rural roads; and 14 Indian states have adopted maintenance policies on rural roads.
- Development of a Chittagong city development strategy to improve the city's resilience to climate change and help to determine investment priorities for urban services and infrastructure. The strategy has been adopted as part of a larger World Bank project, which aims to improve governance and urban service delivery in 26 urban areas in Bangladesh.
- IFG developed approaches to analyse, measure and address gender gaps in the World Bank's transport and infrastructure operations in South Asia, resulting in seven World Bank transport operations receiving gender-informed technical support, risk management and monitoring and evaluation.
- Development of a new Greenhouse gas (GHG) emissions tool for energy projects is helping the Indian state of Odisha to implement its State Climate Change Action Plan and predict GHG emissions from prospective projects. The World Bank's environment policy has also mandated the use of the tool, requiring that it be used to calculate potential GHG emissions for all future World Bank infrastructure connectivity projects, thus improving the design of future infrastructure investments.

In 2016-17, DFAT expected the World Bank to adopt the SARTFP governance mechanisms¹¹ to ensure SARTFP trade facilitation and connectivity activities integrated gender equality; and contribute to knowledge production on how trade facilitation can benefit women. These expectations were met, however, fewer activities than expected were approved and commencement was slower than anticipated. DFAT has started to see progress towards achieving Medium Term Outcomes (MTOs), but acknowledges that these are ambitious and may be realised after the program's duration. This is due to the pace of implementation of connectivity programs by partner governments in the region; the time taken by partner governments to approve activities; and the complex and challenging nature of integrating gender in trade facilitation activities in South Asia. To increase the number of SARTFP activities over the next reporting period, the World Bank will supplement SARTFP proposals by commissioning activities. In addition, DFAT and the World Bank will develop more short-term and realistic indicators to monitor performance and measure progress towards the medium term outcomes.

In 2016-17, SARTFP achieved its performance benchmarks and met DFAT's expectations of influencing and contributing to institutional change within the World Bank to integrate gender equality in its trade facilitation and connectivity projects. As a result, SARTFP activities enhanced large World Bank projects by providing gender analysis that otherwise would not have been considered, including:

- Providing an assessment of gender-specific travel patterns as part of the World Bank's Assam Inland Water Transport project which looks to promote regional and intra-regional trade, improve accessibility to jobs and services and safety for women.
- SARTFP brought together donors (ADB, DFID and JICA) to develop a framework to identify and prioritise future transport investments with the biggest economic and development benefits, with women as a priority.

¹⁰ IFG 2016 Annual Report

¹¹ Including the activity selection criteria, performance assessment framework and theory of change (including medium term outcomes), jointly developed by DFAT and the World Bank

- Support to the 9th South Asia Economic Summit and the workshop ‘Trade Facilitation Measures that Support Cross-Border Trade by Women in Bangladesh, Bhutan, India and Nepal’ which resulted in key stakeholders (including Ministers, Members of Parliament and high-level policy makers) for the first time, developing a set of recommendations to develop gender-sensitive trade policies.
- Through SARTFP, the World Bank will run a workshop to train its project teams in the trade and competitiveness, transport, social development and agriculture/rural livelihoods global practices on undertaking gender-relevant evaluation.

MUTUAL OBLIGATIONS

The South Asia Regional program continues to support and complement the initiatives of South Asian Governments and regional organisations to promote regional cooperation, as evidenced by:

- The Indian Prime Minister’s 2017 budget announcement to improve Indian infrastructure with a record spending of \$59 billion to build/modernise its railways, airports and roads. The South Asia Regional program’s objective to promote regional connectivity complements the Government of India’s initiatives, particularly through IFG, which informs partner governments’ policy development and strengthens practices in infrastructure development.
- New commitments by the Governments of India and Bangladesh to enhance cross-border trade, including the revised Protocol on Inland Water Transit and Trade; projects to establish inland waterways; and plans to open additional border *haats* (formal markets) along the border of India and Bangladesh enabling registered vendors and vendees to undertake cross-border trade. These initiatives align with outcomes from the SARTFP-supported gender and trade facilitation workshop, where government officials highlighted the importance of border *haats* to support women’s participation in trade and improve infrastructure at borders to enable women to trade safely.
- Governments of Bangladesh, India and Nepal agreeing to the World Trade Organisation Trade Facilitation Agreement, which entered into force in February 2017 – demonstrating the region’s commitment to simplifying, modernising and harmonising export and import processes.
- The BIMSTEC¹² Agenda of Action, launched at the 2016 Leaders’ Retreat, identified 14 priority areas of cooperation, including climate change, connectivity and a regional free trade agreement.
- The BBIN Motor Vehicle Agreement ratified by Bangladesh, India and Nepal.
- Development of Nepal’s first National Water Policy, with support from SDIP partner, ICEWaRM.
- The SAARC¹³ 2014 regional agreement on electricity trade, which is contributing to an increase in regional energy cooperation between Bangladesh, Bhutan, India and Nepal.

SDIP energy activities support SAARC’s Framework Agreement for Energy Cooperation, which focuses on enabling the development of cross-border energy trade. SDIP’s Senior Water Resources Specialist highlighted SDIP activities during a presentation at the *SAARC Regional Expert consultation meeting on Water-Energy-Food Nexus*, held in Bhutan in July 2017.

IFG and SARTFP activities deliver preparatory work and technical analysis to support existing infrastructure and connectivity investments by partner governments. All activities are endorsed by/are in response to requests from partner governments to ensure government commitment and ownership.

¹² Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation, comprising of Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka and Thailand

¹³ South Asia Association for Regional Cooperation, comprising of Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka



PROGRAM QUALITY

In 2016-17, overall Aid Quality Check (AQC) performance for the South Asia Regional program was consistent with the previous year (see **Annex D**). The SDIP AQC found that overall performance was 'good' and the investment made solid progress as expected in the first year of the second phase. In 2016-17, the portfolio partnership approach began to demonstrate a real return on investment of time and resources. SDIP partners have actively harmonised their efforts across the portfolio to ensure opportunities for collaboration are realised, resulting in working efficiencies across the portfolio. For example, CSIRO and ICEWaRM have jointly scoped and prepared for several study programs and high-level visits including for Australia to share its multi-jurisdictional water governance experience with senior Government of Pakistan officials. Overall, the AQC rating on gender was satisfactory as the seven partners have incorporated gender into their activities to varying degrees. Improving gender mainstreaming and achieving results in gender equality promotion will continue to be a focus and monitored carefully for the remainder of SDIP2. So far, this has resulted in the production of knowledge products focusing on gender-differentiated needs and building gender awareness amongst water modellers. SDIP activities have also resulted in increasing participation of women in policy dialogue and more gender sensitive water-energy-food policies. In 2016-17, partners incorporated explicit climate change considerations in their programs and will report on this as part of the annual reporting to DFAT. The SDIP annual review found that SDIP has strengthened the capacity of governments and communities to adapt to climate change, particularly in improving flood forecasting and water resource management.

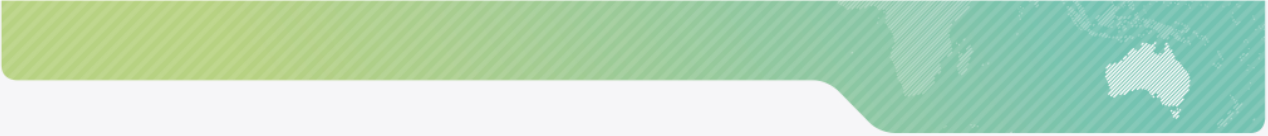
Ratings for the South Asia Regional program's regional connectivity objective did not change between 2015-16 and 2016-17. SARTFP and IFG maintained satisfactory ratings across the AQC criteria with the exception of relevance, which received a rating of 'good'. In 2016-17, SARTFP and IFG continued its focus on the empowerment of women and girls and received an AQC rating of satisfactory on gender equality. For example, both programs support the Business, Enterprise and Employment Support (BEES) Network for Women in South Asia, which provided training on product development, computer skills and marketing to women entrepreneurs. DFAT expects future AQC ratings for gender equality to improve as a result of the inclusion of sex-disaggregated data in the SARTFP PAF and as more SARTFP results emerge.

MANAGEMENT ACTIONS

All management actions identified in the previous APPR were successfully implemented in the reporting period. Details of progress in addressing 2016-17 management responses is at **Annex A**.

In 2017-18, DFAT's South Asia Regional Section and New Delhi Post will continue to improve program performance through the following management actions:

- Promoting Australia's investments in water, food, energy and regional connectivity in South Asia through capitalising on **public and economic diplomacy** opportunities. This will be demonstrated through the 2017 Regional Knowledge Forum in South Asia where partners and influential interlocutors from the region will come together to progress energy, food and water priorities. DFAT will also work with the World Bank to increase public diplomacy events and communications to better promote the achievements of IFG and SARTFP.
- Continuing the focus on **promoting and embedding gender equality** in SDIP and SARTFP activities. SDIP partner activities will be measured against gender specific milestones in the SDIP Performance Assessment Framework. DFAT will continue to enforce SARTFP governance arrangements (including activity selection criteria and results framework) to ensure that all SARTFP activities implemented by the World Bank demonstrate a benefit to women.
- Continuing the focus on **improving reporting, monitoring and evaluation** across both SDIP and SARTFP, demonstrated by:

- 
- SDIP partners reporting on climate action and building climate resilience as a result of their activities in South Asia; and
 - Revision of SARTFP performance indicators to more accurately and realistically measure SARTFP performance.
 - Working closely with the World Bank, including through seeking regular activity updates and holding formal discussions at the DFAT-World Bank Donor Steering Committee Meeting, to accelerate SARTFP activity implementation and development of pipeline activities.

In 2017-18, DFAT will commission an independent evaluation of SARTFP and IFG. The evaluation will assess the programs' performance in contributing to regional connectivity in South Asia and the effectiveness of the programs' delivery mechanisms. Results from the review will inform the design of future regional connectivity investments.

ANNEX A- PROGRESS IN ADDRESSING MANAGEMENT RESPONSES

Describe progress made against management responses in 2015-16 report

Management responses identified in 2015-16 APPR	Rating	Progress made in 2016-17
The South Asia Regional program will increase engagement with Australia's Posts in the region and help advance bilateral public diplomacy and economic diplomacy objectives.	Partly achieved	Progress was made to advance bilateral public diplomacy and economic diplomacy objectives, including through development of an SDIP public diplomacy plan; high profile engagement by the Australian High Commission in India and Australian Embassy in Nepal on SDIP and SARTFP events; and increased cable reporting and social media. DFAT and the World Bank will continue to increase public diplomacy opportunities under the regional connectivity pillar, including by developing a SARTFP public diplomacy plan in 2017-18.
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 impact studies informing future SARTFP activities	Achieved	The South Asia Regional program's focus on gender equality was achieved in 2016-17 and will continue to be a priority in 2017-18. DFAT's gender and trade facilitation practitioners workshop was held in New Delhi in April 2017. As part of their four-year Investment Strategies, all SDIP partners are required to ensure gender is incorporated in their interventions in the food, water and energy space. Similarly, the governance arrangements established under SARTFP ensure that all activities integrate gender equality.
Continued improvement of monitoring and evaluation across both SDIP and SARTFP, demonstrated by: <ul style="list-style-type: none"> i) Mobilisation of the SDIP 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. 	Achieved	In 2016-17, the SDIP Performance Assessment Framework was finalised and mobilised. The process for finalising the PAF was highly collaborative with all partners buying in to the need and benefit of a portfolio level PAF. DFAT provided comprehensive guidance to SDIP partners to ensure reporting for 2016-17 was timely and high quality. The World Bank adopted the SARTFP M&E framework, resulting in improved results reporting against qualitative indicators.

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 – PERFORMANCE BENCHMARKS

Progress towards Performance Benchmarks in 2016-17

Discussion on progress against specific performance benchmarks in 2016-17 should also be included as part of the text assessing progress against individual program objectives in the main body of the APPR.

Aid objective	Performance Benchmark	Rating	Progress in 2016-17
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),	<p>Successful mobilisation of Phase 2.</p> <p>Improvements in the region's agriculture, energy and water management capabilities, that include considerations of climate change impacts through SDIP efforts.</p>	Achieved	<p>In 2016-17, SDIP2 partner and adviser agreements were finalised and implemented is underway. An SDIP partners meeting was held in late 2016.</p> <p>Initiatives by SDIP partners have contributed to improvements in the region's agriculture, energy and water management capabilities, including the consideration of climate change impacts as evidenced by:</p> <ul style="list-style-type: none">• SDIP introducing international standards for hydro investments and improving institutional capacity for delivering private-public partnerships (PPPs) resulting in increased electricity access and substantial private sector investment in renewable energy and energy efficiency. An MOU was signed with the Government of Nepal for the preparation of medium sized (50-500 MW) hydropower projects.• SDIP partners working with the Government of Pakistan and private sector agencies to implement more effective practices for river basin modelling, improved knowledge of water resources and providing high-level knowledge exchange and mentoring.• ACIAR and its partners improving sustainable agriculture by introducing more resilient farming practices and market conditions engaging with more than 29,000 farmers in the Eastern Gangetic Plains.• SDIP partners (ICEWaRM and CSIRO) providing targeted high-level training programs for senior water officials and technical training to the Governments of Nepal, Pakistan and India to support the integrated management of water resources.• SDIP increasing the capacity of governments and the private sector to reduce greenhouse gas emissions and build system resilience through increased renewable energy production and energy efficiency with a textiles initiative in Bangladesh reducing water usage by 2.8 million m³ and power use by 470,000 MWh/year.

Aid objective	Performance Benchmark	Rating	Progress in 2016-17
Increased regional connectivity through trade facilitation and infrastructure connectivity.	Integration of gender equality and women's economic empowerment in SARTFP activities.	Achieved	<p>Gender equality and women's economic empowerment were integrated in all SARTFP activities. Outcomes and examples include:</p> <ol style="list-style-type: none"> 1. Research findings from the Bangladesh Social Inclusion and Gender activity enhanced the quality of the World Bank's Bangladesh Regional Connectivity Project by incorporating a gender component, the design of several Bangladesh trade facilitation activities and informed the World Bank South Asia Regional Gender Action Plan. 2. The 'Economic Corridors of South Asia' activity brought together donors (ADB, DFID and JICA) to develop a framework to identify and prioritise transport investments with the biggest economic and development benefits, with women as a priority. 3. The 'Inland Waterways' activity will provide an assessment of gender-specific travel patterns and needs to improve regional and intra-regional trade, improving the accessibility jobs and services and safety, particularly for women. 4. The 'Enhancing Security of Vulnerable Women and Children' activity will analyse of the risks of increased connectivity in North East India, with respect to the influx of labour and potential sex trafficking. Research findings will be shared with implementing agencies for consideration when undertaking regional connectivity projects. 5. The 'Strengthening Cross-Border Value Chains' activity is Improving the design, location and operation of border haats to increase the participation of women.
	Activities contribute to improvements in cross-border trade and connectivity.	Achieved	<p>Activities under IFG and SARTFP contributed to improvements in cross-border trade and connectivity. Outcomes and examples include:</p> <ol style="list-style-type: none"> 1. Analytical outputs from IFG activities directly generated larger investments from the Governments of Sri Lanka and India, valued at over \$1 billion, to improve transport connectivity and energy. 2. Development of a new transport framework, which is informing the State Government of Rajasthan's approach to road infrastructure investment. The framework has been adopted by the government to make large road infrastructure investments in the Kota district, which will link the poor to markets. 3. Development of a Chittagong city development strategy to improve the city's resilience to climate change and help to determine investment priorities for urban services and infrastructure. 4. Workshops held under the Eastern Corridor Intermodal Transport and Logistics activity exposed public sector officials to international best practice in freight logistics and increased stakeholder engagement in improving rail and inland waterways transport. 5. Contributions to knowledge exchange on South Asia regional electricity trade in India, Bangladesh, Nepal and Pakistan by undertaking analysis and dissemination to policy makers.

Aid objective	Performance Benchmark	Rating	Progress in 2016-17
Cross-cutting performance benchmark	SDIP and SARTFP advance public diplomacy and economic diplomacy objectives.	Achieved	<p>SDIP and SARTFP advanced public diplomacy and economic diplomacy objectives, as evidenced by:</p> <ol style="list-style-type: none"> 1. SDIP partner, ICEWaRM, ran a two day programme in Gender, Equity and Water Management. The development of this course, focusing on water management and governance through a gender lens, is especially relevant in the South Asian context, where the effects of water scarcity are increasingly impacting women. Attendees included the Indian Ministry of Water Resources, Central Water Commission, Central Ground Water Board and National Water Development Authority, The Asia Foundation and the National Mission for Clean Ganga. 2. IFG activity 'Railways of India Development Fund' was featured at a World Bank and Ministry of Railways-sponsored workshop on opportunities for private sector investment in the railway sector in India on March 29, 2017. The workshop was attended by over 85 participants from banks, insurance companies, investment funds, pension funds, other financial institutions, including representatives from Australian investors. 3. Australia's commitment to improving regional connectivity and economic opportunities for women in South Asia was recognised through the DFAT-supported workshop 'Trade Facilitation Measures that Support Cross-Border Trade by Women in Bangladesh, Bhutan, India and Nepal'. The workshop included senior participants from the Governments of India, Nepal and Bangladesh.

Note:

- Achieved. Significant progress has been made and the performance benchmark was achieved
- Partly achieved. Some progress has been made towards achieving the performance benchmark, but progress was less than anticipated.
- Not achieved. Progress towards the performance benchmark has been significantly below expectations

Performance Benchmarks for remainder of Aid Investment Plan

Aid objective	Performance Benchmark	2017-18	2018-19	2019-20
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),	<p>Strengthened practices for regional cooperation:</p> <p>Data and modelling capacity to facilitate Integrated water resource management: Indus Basin, [Pakistan]</p>	<i>Federal and Provincial agencies generate water demand scenarios for the Indus basin in Pakistan.</i>	<i>An alternative range of policy responses for water management, reflecting gender-specific needs, are generated by inter-agency dialogue in Pakistan.</i>	<i>Agreement reached between national agencies in Pakistan on a common modelling framework and associated baseline that describes the current water resources for the Indus basin in Pakistan.</i>

Collaborative structures for conservation agriculture-based sustainable intensification (CASI) practises: Ganges Basin, [Nepal, India & Bangladesh]

Decision makers at district level include gender dimensions when expanding/increasing CASI practices

Decision makers at state/national level schemes include the collaborative structures required to enable men and women to increase the impact of CASI practises

Decision makers at relevant state/ national level include specific adjustments (with a gender lens) required for expanding CASI practices through farm mechanisation

Institutional capacity to initiate, steer and participate in medium – large scale hydropower investment: Ganges Basin, [Nepal]

Increased understanding of potential of local (equity) shares as a benefit sharing option for local communities affected by hydropower development

Bankable Project Development Agreements and Power Purchase Agreements for Nepal hydropower projects prepared prior to bidding step

Trained teams from local financial institutions in Nepal conduct appraisal (as per international standards) of a pipeline of hydropower projects for financing

Increased regional connectivity through trade facilitation and infrastructure connectivity

New technical knowledge and approaches generated by IFG strengthen the quality of the development and implementation of Government of India's transport projects.

New knowledge generated and innovative approaches developed on freight demand modelling, inland waterways and/or urban rail development

New knowledge and approaches adopted by Government of India to strengthen transport projects and policies

To be determined

SARTFP analysis contributes to improved inland waterway connectivity across India and Bangladesh with increased benefits to women.

Studies and analysis undertaken and identify gender-specific needs for inland waterways

Knowledge generated influences the World Bank to integrate gender in its larger inland waterways projects with the Governments of India and Bangladesh

To be determined

ANNEX C- EVALUATION PLANNING

LIST OF EVALUATIONS COMPLETED IN THE REPORTING PERIOD

Investment number and name (if applicable)	Name of evaluation	Date completed	Date Evaluation report Uploaded into AidWorks	Date Management response uploaded into AidWorks	Published on website
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
Independent Evaluation of Regional Connectivity Programs	INL093 Trade Facilitation and Infrastructure	September 2017	June 2018	To assess the success of the investment in achieving its objectives and to inform new design.	Independent Evaluation

ANNEX D- 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
INL093: Regional Connectivity and Integration: Trade Facilitation and Infrastructure	\$34.5m	2017 AQC	5	4	4	4	4	4	4
	2013-19	2016 AQC	5	4	4	4	4	4	4
INL594: Sustainable Development Investment Portfolio (SDIP)	\$39m	2017 AQC	5	5	5	5	4	4	n/a
	2016-20	2016 FAQC	5	4	4	4	5	4	5

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.