**Australian Government**

**Department of Foreign Affairs and Trade**

# Aid Program Performance Report 2014-15

## South-East Asia Regional Program

November 2015

## Key Messages

This Aid Program Performance Report (APPR) for the South-East Asia Regional Program reports progress in 2014-15 against a renewed set of objectives which are aligned to the Program's new Aid Investment Plan (AIP) published in September 2015 (see page 3).  Overall, the program is on track to meeting its three objectives. Key achievements during 2014–15 are outlined below.

- Under Objective 1, Australia's two programs managed in partnership with the ASEAN Secretariat strongly support Australia's interests in ASEAN, focussing on economic diplomacy and aid-for-trade. Both the ASEAN-Australia Development Cooperation Program Phase II (AADCP II) and the AANZFTA Economic Support Program (AECSP) provided flexible and responsive support to ASEAN's goal of establishing an ASEAN Economic Community (AEC), and AECSP has been described by ASEAN Member States as the preferred model for economic cooperation in supporting implementation of Free Trade Agreements.

- Australia's support for in Trade and Transport Facilitation (TTF) in the Greater Mekong Subregion (GMS) increased trends in passenger and commercial traffic and demand for coordinated border management. New and innovative programs supporting sub-regional economic growth through private sector development also began operations.

- Australia's Mekong Water Resources Program successfully supported the development of a realistic and focussed strategic plan for the Mekong River Commission (MRC) for 2016-2020, as well as the regional consultation process for the Don Sahong hydropower project. The program established a new Faculty of Water Resources at the National University of Laos to train the next generation of water professionals, awarded 120 scholarships to water engineer students in Cambodia, developed a sustainable budget model for maintenance of 93 irrigation schemes in Cambodia, and implemented Australia's water modelling software (Source) in national modelling bureaucracies and the MRC.

- Under Objective 2, Australia supported improved labour protection mechanisms in six partner countries, facilitating the safe and legal labour migration of men and women migrant workers, thus contributing to regional economic growth. Australia's $50 million flagship program to combat human trafficking (Australia-Asia Program to Combat Trafficking in Persons, AAPTIP) secured agreements with six partner countries to begin regional cooperation to strengthen prosecution and judicial processes.

- Under Objective 3, Australia supported five countries to maintain Foot and Mouth Disease (FMD) free status, and a new FMD-free region was declared during the reporting period (Thailand).

- During 2014-15, the regional aid program refocused its program strategy and changed its internal management structure. This resulted in improved management efficiency by developing a narrower but clearer mandate to address priority challenges in economic integration and human security.

## Context

Australia's South-East Asia regional aid program addresses development issues and constraints to growth that are trans-boundary by nature and affect several countries in the region.  Through a regional approach that complements our bilateral aid investments, Australia helps countries implement a coordinated response to cross-border challenges such as constraints to trade, addressing human trafficking and tackling emerging infectious diseases. Given our geographic proximity and multifaceted engagement with countries of the region, Australia has a clear national interest in a prosperous, inclusive, peaceful and secure South-East Asia in which countries cooperate to resolve common problems.

The South-East Asia regional aid program is primarily implemented across countries eligible for Overseas Development Assistance (ODA) within ASEAN (Cambodia, Laos, Myanmar, Vietnam, Indonesia, Philippines). South-East Asia is one of the fastest growing regions in the world, with ASEAN's combined GDP projected to

grow at 5.4 per cent per annum until 2018[1].  As a combined economy, ASEAN represents over 15 per cent of Australia's total trade, with two-way trade valued at more than $100 billion in 2014[2].

Despite the progress in economic growth, an estimated 379 million people lived in poverty in 2014, and were vulnerable to falling back into extreme poverty[3]. The region faces major governance challenges, and limited institutional capacities have the potential to exacerbate constraints to growth and become stumbling blocks in the implementation of the ASEAN AEC, which is to be declared by the end of 2015. Inequalities of opportunities between women and men remain significant with women's economic activity rates substantially lower than men's across the least developed ASEAN economies, which means lower levels of growth as higher consumption is foregone and also lower social welfare as women's greater propensity to invest in health and education is not captured.[4] Human trafficking and the large-scale exploitation of men and women migrant workers are enabled by weak institutional capacity, limiting the ability of countries to investigate, prosecute and adjudicate these crimes, which ultimately undermines the rule of law.

### Regional Program Focus and Objectives

The 2014-15 APPR is structured as a transitional document. It brings together existing investments under renewed objectives, as outlined in Australia's *South-East Asia Regional Economic Growth and Human Security Aid Investment Plan (AIP),* released in September 2015. Compared to last year's APPR, the 2014-15 APPR includes new investments, such as Australia's Mekong Water Resources Program. In line with the geographic refocus of the program to ASEAN and South-East Asia, DFAT's APEC-related and North Asia investments are not included in this APPR.

In line with the new Regional AIP, the 2014-15 APPR objectives are:

1. Enabling regional economic cooperation and inclusive growth

2. Strengthening regional responses to trafficking and the exploitation of migrant workers

A third objective is being used in this APPR to cover investments that no longer align with regional priorities but which were active in 2014-15.

3. Supporting key regional partners and providing regional health assistance

## Expenditure

In 2014-15, DFAT's regional aid investments in East Asia were an estimated $66.5 million. This includes investments under the South-East Asia Regional program, as well as aid investments in support of APEC and the North Asia region.  The present APPR only covers the $53.4 million spent in 2014-15 by the South-East Asia Regional program.

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[1] Economic Outlook for Southeast Asia, China and India 2014 – Beyond the Middle-Income Trap, OECD 2014

[2] Department of Foreign Affairs and Trade, Composition of Trade 2013-14: http://dfat.gov.au/about-us/publications/Pages/composition-of-trade.aspx

[3] World Bank website: http://www.worldbank.org/en/region/eap/overview

[4] DFAT SHIFT Program Design Document, p.10

**Table 1 - Total ODA Expenditure in 2014-15**

| Objective | A$ million | % of total ODA |
|---|---|---|
| Objective 1: Enabling regional economic cooperation and inclusive growth | 35.2 | 66% |
| Objective 2: Strengthening regional responses to trafficking and the exploitation of migrant workers | 8.0 | 15% |
| Objective 3: Supporting key regional partners and providing regional health assistance | 10.2 | 19% |
| **TOTAL** | **53.4** | **100%** |

## Progress towards objectives

In 2014-15, approximately two-thirds of Australia's South-East Asia regional programs performed as expected, while one third required action to meet expected outcomes (see Annex A and B). Australia stepped up performance in advancing regional economic growth, with all investments meeting required performance quality standards. Activities to address human security challenges performed as expected, and maintained a steadily increasing performance trajectory, as have the majority of our investments to address regional health. During the reporting period, two investments under Objective 3 did not meet minimum performance management standards (see Annex D).

In 2014-15, our flagship human security program (AAPTIP) initiated implementation, newly established investments supporting innovate private sector development programs in the Mekong sub-region rolled out first-phase activities[5], and the Mekong Water Program published its sector investment plan, outlining Australia's strategy for managing inclusive regional water governance investments. Key investments underwent preparations for new designs, while investments in health and partner support entered final phases of implementation[6]. Eight independent evaluations were completed, an increase from the six evaluations planned (see Annex C).

DFAT made significant progress towards consolidating investments and improving efficiency to manage Australia's regional aid assistance in South-East Asia. Performance Assessment Frameworks (PAFs) for individual investments and an overarching PAF for the regional program were used in 2014-15 to measure performance. During the reporting period a new overarching regional program PAF was developed in-line with the new AIP, and will be used in the 2015-16 reporting period to measure performance.

The 2014-15 APPR measures performance based on the pilot performance benchmarks noted in the 2013-14 APPR. This is underpinned by the Aid Quality Check (AQCs) ratings (see Annex D), Partner Performance Assessments (PPAs) and the findings of eight evaluations and reviews undertaken during the period. Judgements about progress take into account the relative size, complexity and variety of investments contributing to each objective.

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[5] Mekong Business Initiative (MBI) and the Shaping Financial Inclusion Finance Transformations (SHIFT) program

[6] Greater Mekong Subregion Trade and Transport Facilitation (GMS TTF) project, the Stop Transboundary Animal Disease & Zoonoses (STANDZ) program and the East Asia Vision Program (EAVP)

**Table 2-  Rating of the Program's Progress Towards Objectives**

| Objective | Previous Rating | Current Rating |
|---|---|---|
| Objective 1: Enabling regional economic cooperation and inclusive growth | Amber | Green |
| Objective 2: Strengthening regional responses to trafficking and the exploitation of migrant workers | Green | Green |
| Objective 3: Supporting key regional partners and providing regional health assistance | N/A | Amber |

# Objective 1: Enabling regional economic cooperation and inclusive growth

*The objective was rated **green** as a result of improved progress from 2013-14. Overall, performance targets across investments have been met. Since mid-2014, several programs have finalised program evaluations and begun implementing review recommendations, which in many cases has improved performance. Low performance concerns related to the GMS Trade Transport Facilitation project have been addressed. In 2014-15, the regional program was restructured to include Australia's Mekong Water Resources Program under Objective 1, which constitutes 22.5 per cent of total expenditure under this objective. Investments under Objective 1 account for 66 per cent of the South-East Asia Regional Australian aid budget, and many contribute to Australia's target of 20 per cent aid-for-trade spending by 2020.*

## ASEAN Programs

An Independent Review of the **ASEAN–Australia Development Cooperation Program (AADCP II)** found the program helped develop a better knowledge and evidence base for regional policy-making and regulation for the AEC.  The program supported the development of the norms and standards required in a new AEC, such as supporting analysis, training toolboxes, organisational developments, and training of trainers to establish ASEAN-wide Mutual Recognition Agreements in the tourism sector. In the consumer protection field, fundamental principles of pan-ASEAN consumer protection/consumer redress processes were mapped out and socialised, and capacities enhanced. The Review also noted that AADCP II helped the ASEAN Secretariat and ASEAN Member States to communicate the concepts, benefits and opportunities involved in an AEC.

The program supported the publication of an ASEAN Investment Report and increased knowledge and understanding of the ASEAN Comprehensive Investment Agreement through a series of workshops. High profile video-based messaging on achieving greater ASEAN Connectivity, a key priority for ASEAN, was also developed and disseminated.

AADCP II also assisted the ASEAN Secretariat to improve its corporate capacity in key areas of finance and trust fund management, contracting and procurement and human resource management. In 2014, AADCP II approved several new projects that closely align with ASEAN's post-2015 Vision including the Connectivity Master Plan and the Post-2015 Consumer Protection Action Plan.

A Review of the **AANZFTA Economic Cooperation Support Program (AECSP)** found that program made a strong contribution to the AEC agenda, and helped develop technical expertise among ASEAN Member States officials in the AANZFTA areas of trade in goods, services, investment, intellectual property and competition. It also supported the movement of skilled labour, an AEC objective, through development of an ASEAN Qualifications Reference Framework which was endorsed in 2014 by the ASEAN Economic and Education Ministerial bodies.

ANZFTA's peak committee, the Free Trade Agreement (FTA) Joint Committee, reported that the program had facilitated maturing dialogue on trade policy issues between Australia and ASEAN, particularly with Cambodia, Laos, and Myanmar. The Committee also noted that in enhancing economic and trade skills among these countries, AECSP has contributed to practical support for negotiating other FTAs in which Australia is currently engaged, such as the Regional Comprehensive Economic Partnership (RCEP), thereby continuing the process of regional economic integration.

A new Competition Law Implementation Program (CLIP) under AECSP began in 2014. CLIP has supported regional workshops and training tools for competition authorities in Vietnam, Laos, Cambodia, Myanmar, and Indonesia. In addition, the program supported secondments to the Malaysia Competition Commission to develop institutional capacity to implement and enforce competition laws, and to Cambodian Ministry of Commerce to assist with a review Cambodia's draft competition law.

Despite a slow start-up period, cumulative efforts to improve the program started to pay dividends, with performance steadily increasing. The program is on track, with good progress towards reaching overall outcomes, as confirmed by the most recent AQC. In August 2015, Economic Ministers from ASEAN, Australia and New Zealand agreed to extend AECSP up to June 2018, noting the breadth and depth of the economic cooperation projects. The Ministers also noted the program's increasing focus on achieving inclusive regional economic integration to complement the building of an ASEAN Economic Community as well as narrowing the development gap among the AANZFTA Parties.

Due to a challenging context to incorporate gender considerations, both programs indicated inadequate ratings in program reporting for the integration of gender. The programs were not designed to mainstream gender equality, or capture results on gender through their M&E systems. DFAT commissioned a report on "Enhancing Gender Equality and Women's Empowerment in the ASEAN-Australia Partnership" in December 2014, and found no references on gender in the 2015 AEC Blueprint. Over the reporting period DFAT advocated for inclusion of gender language in the Post-2015 AEC Blueprint. The AANZFTA FTA Joint Committee (FJC) agreed to the inclusion of gender considerations as appropriate in new project designs.

A further investment supporting regional economic integration is the **Economic Research Institute for ASEAN and East Asia (ERIA)**. The investment strengthens the link between ERIA's work and the policy priorities of East Asia Summit (EAS) member countries, and improves ERIA's outreach to policy-makers and influential thinkers, particularly in least-developed ASEAN countries. As planned, in 2014-15 ERIA conducted capacity-building workshops in Cambodia, Myanmar and Vietnam on the ASEAN Economic Community and intellectual property rights. ERIA also published research and policy recommendations on sustainable economic development, narrowing development gaps and regional economic integration.

In 2014-15 the **South-East Asia Regional Discretionary Development Fund (SDF)** supported small-value development activities in trade, governance, humanitarian response, environment and human rights, aimed at strengthening regional cooperation and building bilateral partnerships. Key programs included joint Australia-Singapore training to Myanmar's National Standards Body, to help Myanmar align its standards practices with WTO requirements and capacity building for Laos, Myanmar and Cambodian officials on modern trade agreement methodologies, which facilitated better engagement at RCEP inter-sessional meetings. The SDF's allocation of $1 million was fully allocated and the projects were implemented by DFAT in-line with financial management and fraud-control standards. DFAT's overseas missions and other government agencies consider the SDF to be responsive and flexible in meeting Australian government priorities.

## Sub-regional trade and economic integration programs

In 2014-15, subregional aid-for-trade investments substantially increased. Considerable progress was made to improve the performance of the **GMS Trade Transport Facilitation project (GMS TTF)**, which was noted as underperforming in 2013-14 (AQC:2013). Due to implementation of recommendations from the independent mid-term review (2014) and the implementation of a plan developed to specifically address

underperformance, recent program reports (AQC: 2014) demonstrate improvements in effectiveness, efficiency, gender equality mainstreaming, and monitoring and evaluation. Recommendations from a mid-term review were also incorporated into the Design and Monitoring Framework for the second phase of the project.

The program is on track to achieve the extension of traffic rights across the subregion allowing for a greater economy of scale for more goods and commercial passenger vehicles to operate along strategic economic corridors. The program in 2014-15 has built on previous activities to contribute to faster, cheaper and easier clearance procedures for commercial traffic at key border crossings by focusing on the streamlining and joint management of customs, immigration, and quarantine procedures. Australia's support for this investment is timely and strategic as the data collected by the GMS TTF Program in 2015 has demonstrated increased trends in passenger and commercial traffic and demand for coordinated border management. DFAT played an instrumental role in supporting the Asian Development Bank (ADB) to develop the Transport and Trade Facilitation Partnership Program in 2014-15, which coordinates donor transport and trade facilitation projects across ASEAN and has resulted in a new collaboration between this project and complementary initiatives funded by the European Union and Japan.

New investments started under Objective 1 during the reporting period. The **Mekong Business Initiative (MBI)** began activities in early 2015. Implemented by the ADB, MBI aims to promote private sector development in Cambodia, Laos, Myanmar and Vietnam. Its objective is to empower small to medium enterprises, particularly women-led businesses, to take advantage of the regional economic integration process under the AEC. MBI is in a strong position for implementation in 2016-17 with the ADB completing recruitment of highly skilled regional and country teams well ahead of schedule, and in a highly competitive human resource environment. During this period, MBI was able to concurrently complete essential national private sector diagnostic analyses which will directly inform the approach to investment criteria. DFAT has negotiated a central advisory role on the MBI's Investment Committee to ensure alignment with the Australian Government's development agenda.

The **Shaping Inclusive Finance Transformations (SHIFT)** program is implemented by the United Nations Capital Development Fund (UNCDF). SHIFT established operations in late 2014 and aims to help low income people to use well regulated and affordable financial services for productive activities, such as starting or expanding a business, saving for school fees, insuring against crop failure or remitting money to households. Implemented in Cambodia, Vietnam, Laos and Myanmar, it has a specific focus on women's empowerment as both individual and business clients. During the reporting period, diagnostic work was undertaken, informing the program design. The design of the second generation challenge fund was completed, which addressed shortcoming of previous challenge fund designs that struggled to achieve impact at scale. In 2014-15 the focus has been on building policy momentum for financial inclusion through the ASEAN Finance Deputies and Governors process.

Through targeted policy advocacy, DFAT successfully influenced our partners in MBI and SHIFT (ADB and UNCDF) to adopt gender targets in the program designs. Performance reporting on gender and the progress of both programs will be available next financial year in accordance with the PAF.

The **Women's Economic Empowerment and Leadership in ASEAN** program, implemented by Oxfam Australia and International Women's Rights Action Watch Asia Pacific, worked with women's rights organisations in the Mekong countries to develop policy advocacy capacity around economic issues. The program supported engagement with ASEAN institutions through regional research, convening, and support for the ASEAN Women's Caucus, and influenced policy reforms to support women's economic empowerment and leadership at the national level by training women's rights organisations in concepts surrounding economic integration and its potential impacts on women. It concentrated efforts across Cambodia, Laos, Myanmar and Vietnam, as the most vulnerable sub region in ASEAN with the least developed civil society capacity.

## Mekong Water Resources Program

As a major driver of economic growth in the region, the focus of the Mekong Water Resources program is to encourage sustainable development of the region's rivers. This is both a regional economic and political priority, because some downstream countries stand to lose much needed water flow from increased hydropower development upstream, affecting agricultural production and the livelihoods of local communities. At the same time, poorer countries are relying on hydropower development to underpin their economic growth, and downstream countries are investing in hydropower projects to secure reliable energy for their growing populations and industry. A regional approach to water management is inextricably linked to the region's sustainable economic growth.

In 2014-15, Australia's Mekong Water Resources Program made progress towards the goal of supporting water resources management and sustainable economic development that is equitable, improves livelihoods, and contributes to water, food and energy security in the region. To encourage a stronger regional approach to economic development, the program worked successfully with the MRC to develop a focussed and realistic plan for the MRC for 2016-2020. The plan focusses on implementing the procedures that underpin the *1995 Mekong Agreement* between the four Mekong countries (on data-sharing, dam consultation and maintaining Mekong River flows) and strengthening the MRC's capacity for diplomacy, which will be critical as development intensifies. The plan also cements the Mekong countries' commitment to self-finance the MRC by 2030.

To respond to critical human resource gaps in the water sector, the program supported the establishment of a new Faculty of Water Resources at the National University of Laos to train the next generation of water professionals and the awarding of 120 scholarships to water engineer students in Cambodia. To provide the regulatory and technical framework to support sustainable water investments in the region, the program supported the Government of Cambodia to develop a sustainable budget model for maintaining 93 irrigation schemes in Cambodia, vital to ensuring Cambodia's agriculture remains productive. The program also funded the application of Australia's water modelling technology, Source, in national modelling bureaucracies and the Mekong River Commission.

In Vietnam, the program continued to support the Government of Vietnam Study on the impacts of upstream hydropower development on the Mekong Delta. The program funded complementary Study consultations with civil society and the Study is on track to be completed at the end of 2015. In Laos, the program funded the development and approval of a Sustainable Hydropower Policy, a cadre of government negotiators to support Laos in hydropower negotiations and guidelines for river basin management. At the request of the Government of Myanmar, the program is currently negotiating a suite of activities to support the Government's water reform agenda.

To support more inclusive economic development of the region's rivers, program-funded engagement between the Government of Laos and small hydropower developers resulted in the creation of a small hydropower policy to address the regulatory gaps for small operators in Laos. Australia's support to Oxfam Australia has resulted in targeted community consultations on new reforms and studies, the inclusion of targets for women in local community fishery committees in Cambodia as well as the piloting of a gender assessment tool for hydropower projects (in collaboration with governments and specific hydropower projects in Laos and Vietnam).

## Objective 2: Strengthening regional responses to trafficking and the exploitation of migrant workers

*The **green** rating shows investments under this objective continue to perform well, delivering sustained progress and expected results. Programs addressed 2013-14 management responses by improving M&E frameworks to include gender-sensitive indicators and outcomes under GMS TRIANGLE. Progress was exceeded in AAPTIP with six new agreements signed with partner governments, instead of the planned five. Activities under Objective 2 accounts for 15 per cent of the South-East Asia Regional Australian aid budget,*

### Strengthening regional responses to trafficking

Australia's $50 million flagship program, **Australia-Asia Program to Combat Trafficking in Persons (AAPTIP)** started in August 2013 and, after a 12 month inception phase, began implementation in 2014-15. Implementation commenced in six countries (Vietnam, Laos, Thailand, Myanmar, Cambodia, and the Philippines), with strong ASEAN engagement through the Senior Officials Meeting on Transnational Crime. In line with the program's transboundary objectives, AAPTIP strengthened law enforcement cooperation on human trafficking between participating countries, including by establishing enhanced collaboration on transnational trafficking investigations. AAPTIP also increased the number of cross-border investigation priorities, which included three countries wanting to work with Thailand, and two countries with Malaysia. Building on the networks and political capital established in earlier phases, a key feature of activities in 2014-15 was on victim-centred, gender sensitive criminal justice responses and building momentum for transnational cooperation amongst countries.

The quality of activities undertaken is of a high standard, based on feedback from governments and key stakeholders. Implementation of activities has progressed well and performance benchmarks were achieved, including the delivery of training for men and women, benefiting 581 law enforcement officers, prosecutors and judges trained. Of these beneficiaries, 33 per cent were women, which is a good result considering the low number of women represented in law enforcement (average of 10 per cent across ASEAN countries). Baseline data collection activities were completed, including police-prosecutor cooperation in Myanmar and Cambodia, quality of evidence in Myanmar and interviewing skills in Cambodia. As planned, country ownership and buy-in was achieved, for example program work plans aligned with National Plans of Action on anti-human trafficking.

In 2014-15 AAPTIP faced constraints characteristic of efforts to combat human trafficking, including poor access to data for baseline surveys and a limited number of cases of human trafficking that were pursued through the criminal justice system. Over the reporting period AAPTIP continued to develop systems to capture better information, building a more holistic picture of trafficking in the region. Through a program-embedded Gender Adviser, the program also addressed issues relating to gender stereotypes around who constitutes a trafficking victim, and worked to equip female law enforcement officers with the professional skills required to undertake substantive roles in Trafficking in Persons (TIP) policing.

### Supporting safe labour migration

Delivered through the International Labour Organization (ILO), the **Tripartite Action to Protect Migrants within and from the GMS from Labour Exploitation (GMS TRIANGLE)** project was noted in program reports (AQC:2014) to be a consistently effective project and ILO's support was perceived by partner governments as useful and impartial.

In 2014-15 GMS TRIANGLE met the expected investment-level PAF targets. It provided support to six partner governments (Cambodia, Myanmar, Laos, Malaysia, Thailand and Vietnam) to strengthen migrant recruitment and labour protection policies and legislation; it delivered training and technical support to nearly 5,000 public officials at national and local levels (42 per cent female); and supported 23 civil society organisations to deliver support services to over 23,500 migrant workers (42 per cent female). Overall, the

project more than doubled its target of 25,000 beneficiaries by reaching just under 62,000 migrant workers (41 per cent female) and potential migrant workers.

According to the program's survey of beneficiaries released in 2015, among the 540 potential migrants who decided to migrate for work, 54 per cent said that counselling received through the program had allowed them to make an informed decision. In addition, 32 per cent of the 338 potential migrants who chose not to go abroad said that information obtained during counselling was the main reason why they had decided migration was not the right option for them.

The program was particularly effective in taking a sector-specific gender approach – focusing on men engaged in the fishing sector in Thailand and women engaged in domestic work.  Challenges to addressing the gender equality balance of the program were highlighted in program reporting, for example through the need to focus activities on the gender specific elements that make women more vulnerable to trafficking and less likely to experience the benefits of migration.

Objective 2 also included the establishment of a new investment: **Preventing Exploitation of Migrant Women in ASEAN**. Implemented by UN Women, it aims to address the strategic and practical needs of women migrants. It focussed on developing gender-sensitive evidence and research as a basis to build the capacity of ASEAN institutions and civil society organisations to advocate for the special needs of women migrant workers. The project also supported social mobilisation to improve public awareness and actions against exploitation, violence and abuse. UN Women established strategic partnerships with the ASEAN Secretariat, Friedrich-Ebert-Stiftung and the ILO to deliver the project.

## Objective 3: Supporting key regional partners and providing regional health assistance

*The **amber** rating reflects varied progress during 2014-15, with two investments not meeting the minimum requirements for effectiveness and efficiency. Regional health initiatives met most and exceeded some of the investments' and overarching regional program PAF targets for 2014-15. Due to the reduction in the aid budget from 2015-16 onwards, funding for investments under Objective 3 will not be renewed beyond existing commitments. Activities under Objective 3 account for 19 per cent of the South-East Asia Regional Australian aid budget.*

### Supporting key regional partners

**The Australia Mekong NGO Engagement Platform (AMNEP)** provided demand-based support services to Australia's bilateral and regional aid programs in the region to help them engage with non-government organisations (NGOs), and achieved good results during 2014-15. AMNEP performed well in mainstreaming gender equality, particularly in its ability to forge relationships with diverse women's organisations in the region. Key achievements of the program included holding three major regional policy dialogues which brought international and local NGOs together with the private sector and academics and government representatives to discuss a series of issues related to women's economic empowerment and ASEAN integration. During the reporting period, Australian government policy redirection and budget revisions impacted AMNEP's relevance and efficiency. As such, the program will be phased out in 2015.

DFAT's Strategic Partnership with **The Asia Foundation (TAF)** aims to promote strategic collaboration and information sharing between the two organisations, and provides flexible funding to address development challenges across Asia (and in some instances the Pacific).  The geographic focus of the partnership is beyond that of the regional aid program, with key achievements for 2014-15 including the successful implementation of a public/private coalition approach to development in Mongolia to improve solid waste management, and the signing of a Memorandum of Understanding between the Bangladesh Government and Bangladesh leather industry to facilitate support for environmental reforms. The mid-term review (August 2014) found that while TAF was an experienced and notable organisation, the partnership was not

performing as originally envisaged.  This was due to a number of reasons, including the lack of detail in the Partnership Agreement and changes associated with the AusAID-DFAT integration. The low AQC ratings can also be attributed to these issues, as well as the difficulty in assessing a partnership, when compared to a traditional aid program.  Over the past 12 months, DFAT and TAF have worked closely to strengthen the partnership and share lessons learnt. In particular, communication between the two organisations has improved, which has enabled DFAT to have more visibility of TAF's work.

DFAT is also supporting **Emergency Management Australia (EMA)** to implement a work program on regional rapid disaster response in support of the East Asia Summit Disaster Management Initiative (2012-15; $1.56 million). In 2014-15 EMA, in collaboration with the Indonesian National Board for Disaster Management (BNPB), launched the EAS Rapid Disaster Response Toolkit, a reference document assisting EAS countries to send and receive assistance in response to disasters.

### Addressing regional health challenges

Australia's support to the **Stop Transboundary Animal Disease & Zoonoses (STANDZ)** program enhanced regional efforts to control the spread of Foot and Mouth Disease (FMD) and contributed to "one health" approaches, rabies interventions, and strengthening veterinary services. Outcome based reporting has improved the quality of progress reports and an independent mid-term review of STANDZ (2014) confirmed the program was an effective and efficient use of Australian funds. Performance benchmarks in the investment-level PAF were met or exceeded: the ASEAN Rabies Elimination Strategy was formally endorsed in September 2014 and three countries completed FMD plans (compared to a target of two) including Cambodia, Laos and Myanmar. The overarching regional program PAF benchmark was also met; the program contributed to five countries maintaining their FMD-free status as well as identification of a new FMD-free zone in Thailand.  STANDZ was also recognised for its efforts to address gender sensitive programing, demonstrated by the publication of a peer reviewed gender and FMD article and ongoing gender assessments under FMD and veterinary service components. Due to budget constraints, Australia's commitment to STANDZ will not be renewed at the completion of the current commitment.

Achievements under the **PREVENT Emerging Disease Risk Reduction in the Mekong** program were mixed. Specific successes were reported in Laos supported by strong government and market owner buy-in. The resulting expansion of market monitoring activities reflected good results in behaviour change communication. Local capacity building activities in Myanmar also performed well and included strong government ownership. However, overall the program reported underperformance in effectiveness and efficiency as a result of poor program management and low visibility of consistent monitoring (AQC, 2014). In July 2015 USAID and DFAT agreed to conclude PREVENT activities early due to financial management concerns.

Australia's support to the World Health Organisation (WHO)'s **Emergency Response to Artemisinin Resistance (ERAR)** in the GMS, in partnership with the Bill and Melinda Gates Foundation, enhanced regional capacities to combat drug resistant malaria. The investment provided technical support to stakeholders and partners, including the Asia Pacific Leaders Malaria Alliance (APLMA). The ERAR program effectively drove the GMS transition from malaria containment to malaria elimination. This was demonstrated by the launch of the ERAR supported Strategy for malaria elimination in the GMS: 2015-2030. An independent mid-term review was completed in June 2015. The review's findings confirmed improvements to program performance, with recommendations (including relating to greater promotion of gender equality and social inclusiveness) that will inform DFAT management actions.

In 2014, the **HIV/AIDS Asia Regional Program (HAARP)** was brought to a successful conclusion six months ahead of its scheduled end date consistent with a structured exit/sustainability strategy. Positive regional and country outcomes were achieved in the program's final year; program beneficiaries received lifesaving HIV harm reduction services, and in all five target countries elements of service delivery were either sustained or transitioned, including the transfer of Methadone Maintenance Treatment in Vietnam and

Cambodia and the transition of Needle & Syringe Programs in Laos. Substantial and promising changes to government acceptance towards harm reduction were also documented in Cambodia, Vietnam, and China (HAARP Outcomes and Lessons Assessment Report, 2015). All end-of-program performance targets under HAARP were also met and/or exceeded; HIV/AIDS harm reduction services were accessed by drug users and their partners over 814,000 times in the final years of HAARP (end of program target exceeded by 19 per cent), and 3,130 police and law and order officials were trained in harm reduction (end of program target exceeded by over 25 per cent).

Entering its second year, the **East Asia Vision Program (EAVP)** improved during 2014-15 as planned outcomes for training, capacity building and service delivery came to fruition. Reporting demonstrates the program is tracking well and is scheduled to be completed as planned by early 2016. According to program reporting (AQC: 2014) both components of EAVP (managed by the Vision 2020 Global Consortium and the International Agency for the Prevention of Blindness (IAPB)/WHO ) have well-constructed M&E frameworks, clear program logic and realistic outcomes. In WHO's Western Pacific and Asia region (IAPB/WHO component), 11 out of 15 countries are on track to committing to national/provincial assessments to measure avoidable blindness rates. Vision 2020 activities are on track in Vietnam, Cambodia and Timor Leste. Reporting indicates that across all three countries 1,407 capacity strengthening activities have been completed, 13,171 patients were screened and 447 treated in Vietnam, and 14,821 patients were screened and 8,581 treated in Timor Leste. The program maintained a strong focus on including disability in data collection and delivery of program outputs.

## Performance Benchmarks

The program met six and partially achieved four of the pilot performance benchmarks outlined in the 2013-14 APPR (see Annex B). During the reporting period there were no significant changes to the benchmarks. Due to the shift in programming priorities in the revised program, a more relevant PAF has been developed for the 2015-16 reporting period which includes a new set of performance indicators.

For human security, the benchmark of 500 law enforcement offices trained was exceeded. A total of 568 government officials were trained including border guards (330), justice prosecutors (136), judge and court officials and (54) other public servants (48).

The Water Program did not meet the performance benchmark on accountable water governance which had a target of a 10 per cent increase in the value of new investments that adhered to environmental and social standards. This was due to delays in negotiations and changes to the investment pipeline. For example, in Vietnam, 424 hydropower projects have been cancelled from a list of 1,239 that had been previously approved.

## Mutual Obligations

Unlike bilateral country programs which have direct partnerships with partner governments, Australia's South-East Asia regional aid program utilises existing regional frameworks applicable to ASEAN countries, as well as sub-regional frameworks and groupings such as the GMS and the MRC. The 2014-15 reporting period is the first year the South East Asia regional program has articulated its mutual obligations. A judgement will be made in next year's APPR regarding how performance has progressed.

For 2014-15 reporting period, ASEAN programs have used the Plan of Action (2008-14) to implement the ASEAN- Australia Comprehensive Partnership and the subsequent Plan of Action (2015-19) to implement the ASEAN-Australia Strategic Partnership. ASEAN and Australia report progress against the Plan of Action to Ministers annually. The AECSP references the AANZFTA Agreement as its key framework document and reports progress to the AANZFTA Joint Committee.

In 2015, GMS governments universally ratified the Cross Border Transport Agreement – the key regional agreement underpinning regional coordination. Australia attended the GMS Ministerial Conference in Thailand (December 2014), which launched the GMS Regional Investment Framework (RIF). The RIF holds partner government's accountable to existing and proposed funding investments in the GMS (2015-2020). Supporting the RIF, the meeting also discussed development partner coordination through a partnership program on trade facilitation which was subsequently initiated by Australia and the ADB in March 2015 to enable development partners to better define their roles and responsibilities in the development and implementation of the RIF. Australia holds annual high-level consultation with the Asia Development Bank. The meeting held during the reporting period (November 2014) involved positive discussion on ADB's performance and the progress of TTF and newly established program, the MBI.

The ASEAN Ministers of Finance established a financial inclusion working committee under the ASEAN Finance Ministers' and Central Bank Governors' Meeting. SHIFT's advocacy efforts contributed to this, and it demonstrates partner governments' commitment to increase financial inclusion in the region. As well as ensuring mutual accountability with government, the program is geared towards maximising private sector engagement and attracts private sector finance and capabilities to achieve shared development objectives. The program includes a Challenge Fund Facility which utilises matching grants to encourage financial service providers (private sector banks, non-bank financial institutions and microfinance institutions) to expand and develop new innovative commercial financial products and services that improve financial inclusion for the poor, particularly women, as well as medium and small enterprises in Cambodia, Laos, Myanmar and Vietnam. Those recipients not meeting milestones including contributions will cease to be supported by SHIFT if the situation is not resolved. In line with DFAT's decision to increase its financial commitment to SHIFT, DFAT successfully negotiated the establishment of Programme Management Committee to provide strengthened and more responsive corporate governance.

Australia continues to be a leader on water issues in the GMS through active engagement in both bilateral and regional forums, including EAS Environment and energy meetings, Australia's International River Symposium, and the Mekong Basin Development Forum. Australia is also currently funding the largest forum on food, water and energy issues, the Greater Mekong Forum on Food, Water and Energy. Australia's leadership on water issues has also resulted in the development of a new partnership with the Government of Myanmar on water. This support will draw on Australia's own water expertise, such as in hydropower, modelling and basin management.

Australia's regional human security programs ensure accountability through program specific governance mechanisms that operate at national and regional levels, convened by partner governments. Australia will continue to collaborate with appropriate ASEAN bodies, including the Senior Officials Meeting on Transnational Crime and the Senior Labour Officials Meeting, and enhance our engagement with other relevant fora such as the ASEAN Forum on Migrant Labour, ensuring our activities are closely aligned with ASEAN priorities.

## Program Quality and Partner Performance

During the reporting period the South East Asia regional program made significant progress to address Australia's agenda to consolidate the aid program. The new policy direction of the program has ensured that for the first time all South East Asia regional aid investments are captured under one regional program strategy.

Program PAFs, AQCs and other relevant documents such as program evaluations were used to assess progress for 2014-15. During 2014-15, six evaluations were planned with eight evaluations undertaken. The evaluations are scheduled to be published on the DFAT website in December 2015. Three evaluations (for AAPTIP, TRIANGLE and MTV EXIT) were not undertaken during the reporting period: the evaluation for AAPTIP was pushed back due to delays in initiating implementation, and the final evaluation for TRIANGLE is

currently underway; MTV EXIT was cancelled in 2014 due to change of business strategy which meant MTV were no longer delivering EXIT programs in DFAT priority countries. Four evaluations are planned for 2015-16 (see Annex C).

Recommendations from all evaluations are being assessed and, where appropriate, evaluations are complemented by a DFAT management response. At the investment level, systems were put in place to collect sex-disaggregated data and report on key performance indicators. The quality of M&E at the investment-level varied (see below analysis of AQC reports).

## Analysis of Aid Quality Checks (AQCs)

In 2014-15, a total of 18 AQC reports were provided, equalling a total value of $35.4 million (67 per cent of the program value). Analysis of results demonstrates increases in effectiveness and efficiency and substantial improvements in monitoring and evaluation and gender equality.

For investments requiring improvement, in 2013-14 two investments were highlighted: GMS TTF and Project Childhood. GMS TTF improved performance by implementing recommendations outlined in the mid-term review relating to monitoring and evaluation of the program. The ADB management team also responded robustly to the recommendation to improve program management by moving implementation management responsibility to ADB headquarters (Manila) and establishing a dedicated team to deliver the second phase of the program (SP2). GMS TTF is now considered adequate, and Project Childhood was completed in 2014. In 2014-15, two investments are considered to require improvement – the PREVENT program, and the TAF partnership. Both programs have established remediation plans to improve performance until their scheduled completions in 2015-16.

When assessing changes in the relevance of the investments to Australia's aid policy and the regional context, AQC ratings demonstrate a decrease in performance. On balance the economic growth investments sustained a high degree of relevance, human security investments slightly improved and the health investments decreased.

With the DFAT performance target that all programs, irrespective of objectives, effectively address gender inequalities, the regional program embarked in 2014-15 on a systematic approach to bolstering the gender responsiveness of investments. This involved gender analysis of the investment contexts and the available evidence base, ongoing gender advice to program managers and the development of program tools, such as the Guidance Note for integrating gender into economic sector programs. Programs also undertook partner dialogue about DFAT quality expectations, which resulted in selected partners budgeting for their own gender expertise. Programs also undertook in-house AQC gender equality health checks on a quarterly basis and actively engaged with gender technical gender specialists used by partners. Compared to 2013-14, the number of investments considered to have an inadequate rating decreased from 45 per cent to 21 per cent, with further improvement in the outcomes expected as a result of the concerted efforts in 2015.

## Performance of key delivery partners

In 2014-15, evidence from the Partner Performance Assessments (PPAs) demonstrates that on balance DFAT had a strong working relationship with partners implementing our aid priorities in the region. In total the regional program conducted 14 PPAs which included six multilateral organisations and four non-government organisations[7].

Non-government partners reported consistently adequate to high quality performance across the assessment criteria. Out of the nine investments implemented by multilateral organisations, five PPAs reported consistent performance of adequate or above. Four PPAs did not meet the minimum criteria in

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[7] ADB delivered 3 investments and 2 investments were delivered through the Mekong River Commission

one or more of the assessment criteria. Management plans have been put in place to ensure partnerships can operate more effectively in the forward reporting period.

## Risks

**Table 3 - Management of Key Risks to Achieving Objectives:**

| Key risks | What actions were taken to manage the risks over the past year? | What further actions will be taken to manage the risks in the coming year? | Risk rating |
|---|---|---|---|
| Inefficient program planning, monitoring and decision making due to uncoordinated planning, performance reporting and expenditure tracking | A restructure of management arrangements was undertaken which involved a wide consultation process across all relevant Posts. Senior management approved the approach and key risks to program management were managed. | Finalise restructure and include regular updates in the SEA Aid Operations Dashboard and program-level meetings. Develop a communication strategy for regular engagement with Posts. Improve the AIP PAF and the linkages of the water program to Objective 1 and monitor the efficiency of programs being completed I 2015-16. | Moderate |
| Influencing improved gender equality within our programs will be limited by lack of buy-in from implementing partners, and limited interest at ASEAN level | DFAT engaged M&E and gender specialists in several investments to ensure gender was addressed. DFAT led advocacy on gender equality and women's empowerment and disaggregated data used to inform programs | Program manager will monitor the implementation of gender equality in program operations, supported by a gender action plan to accompany Regional AIP. The independent evaluations planned will include a focus on gender equity. Investments with an inadequate gender rating will be improved the development of a gender action plan and assistance from the regional DFAT gender specialist. | Moderate |
| The ability to engage in effective policy dialogue with key partners is compromised, impacting our ability to influence development programming and planning. | Resourcing attendance of senior management at key partner meetings in the region. The undertaking of independent evaluations which assess program-level performance and initiating internal partner performance assessments, which helps identify ways of improving partnership. | Maintain resourcing for staff engagement at key partner meetings and joint assessments of partner performance. Strengthen investment-level M&E tools and systematically communicate Australia's agenda to increase private sector linkages and gender equity across all programs. | Moderate |
| Natural disasters disrupt and potentially negatively impact our regional aid investments and/or our aid investments create new (or exacerbate existing) disaster risks | Departmental standard operating procedures are in place at all Posts. A designated contact in Canberra for the regional program was established. | Posts will continue to monitor emerging risks for their specific countries. Desk to monitor emerging risks in the region. | Moderate |

## Management Responses

Overall, management responses from 2013-14 were addressed. This included the key achievement of the program to:

- Apply new Australian government policy priorities (such as gender equity), consolidate the aid program, streamline internal management efficiency and revise programming objectives as outlined in the 2015-19 AIP;

- Strengthen regional institutions and partnerships, illustrated by the results of the ASEAN program and the ADB's Transport and Trade Facilitation Partnership Program in 2014-15, and

- Improve program performance through the ongoing implementation of recommendations from eight independent evaluations and other relevant reviews.

A description of progress against management responses is included in Annex A[8]. Taking into consideration the performance of the program during 2014-15 and associated risks, the program has identified management issues to be addressed in 2015-16:

1. Monitor and mitigate risks associated with the changes in the policy objectives and internal management of the program. This includes:

   a) Improving the AIP PAF to ensure targets are accurate and in-line with program priorities;

   b) A Regional Gender Action Plan which outlines strategy-level targets and actions to support the implementation of the AIP;

   c) A communications strategy for the AIP which enables regular dialogue with bilateral Posts in the region on the value of the program and country-level challenges for engagement, and;

   d) Strengthening communication on the breadth and depth of Australia's water engagement in the Mekong region.

2. Maintain resources to enable strong policy dialogue with partners, which contribute to informing the broader development policy context and influencing the implementation of investments.

3. Strengthen investment level M&E tools to ensure programs can explain progress towards outcomes (AECSP; TRIANGLE; AAPTIP)

4. Explore private sector linkages with all investments. This includes building on existing efforts to forge working relationships between the SHIFT Program, the MBI, and the Australian and ASEAN financial services sector.

5. Continue to improve the integration of appropriate gender equality interventions into all programs, noting the need for pragmatism.

6. Ensure an effective process for the transition/completion of programs in 2015-16. Ensure financial transparency and final reporting meets the expected outcomes of the investments

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[8] Given the Mekong Water Resources Program reported through its' own APPR in 2013-14, management responses have been added to the South East Asia regional program management responses from 2013-14.

# Annex A - Progress in Addressing Management Responses

| Management responses identified in 2013-14 APPR | Rating | Progress made in 2014-5 |
|---|---|---|
| **Apply new aid policy priorities to East Asia Regional program**<br><br>› Finalise the Aid Investment Plan (AIP) for regional East Asia by mid-2015, clarifying objectives and ensuring complementarity with the AIPs of bilateral programs in the region.<br><br>› Through the AIP identify and articulate the alignment of the East Asia regional program's investments with new aid policy priorities including gender equality, private-sector engagement and opportunities for innovation in existing and new investments. | Achieved | The South East Asia regional aid program has addressed this issue by integrating new Government aid policy priorities for the region into the South-East Asia Regional Economic Growth and Human Security Aid Investment Plan for 2015-2019. The program consulted comprehensively within DFAT and received senior management input from relevant Posts. This ensured program alignment with the Government's overarching agenda in the region.<br><br>The AIP and accompanying Performance Assessment Framework clearly articulate how the program plans to address priorities such as gender equality, private-sector engagement and opportunities for innovation in existing and new investments. Where programs do not have M&E processes supporting the collection of sex-disaggregated data for these areas, program managers are committed to addressing these priorities in future designs. |

**Implement recommendations from evaluations and undertake further reviews**

› Engage actively with implementing partners (including through at least two field monitoring visits per initiative) to fine-tune the M&E frameworks for TRIANGLE, STANDZ and GMSTTF by end 2014, so that data generated is high quality, outcome-focused and meets DFAT and other stakeholders' needs.

› Implement recommendations of the GMS TTF mid-term review to accelerate progress against stated objective of the project in its second and final phase, with a focus on supporting CLMV countries to fully participate in the ASEAN Economic Community.

› For programs ending in 2014-15, ensure sustainability plans are in place and undertake appropriate communications with stakeholders of the MTV EXIT program, Project Childhood, HAARP and PREVENT.

› Undertake annual stocktake of program achievements and challenges in 2014 for both AADCPII and AECSP.

› Implement the AECSP communications plan presented to program partners in June 2014.

**Achieved**

Under GMS TRIANGLE, following the recommendation to strengthen the monitoring of project activities and shifting from measurement of outputs to asses impact, an M&E consultant developed a Results Assessment Framework, new M&E guidelines and tools for Migrant Resource Centres, and conducted end-line surveys to measure impact of project activities.

A stocktake of program achievements and challenges was conducted under the 2014 Annual Reviews for both AADCPII and AECSP ad included in the report. Results were communicated to stakeholders in ASEAN-Australia meetings.

The AECSP Communication Plan was presented in the FTA Joint Committee meeting (June 2015) and AECSP distributed results listed in the Communication Plan to the Ministers at the 20th AEM-CER (ASEAN Economic Ministers - Close Economic Relations) Consultations (August 2015).

Under HAARP a formal exit/sustainability strategy minute was agreed between the regional program and, country program Posts. Throughout the reporting period the exit strategy was successfully implemented and the program closed responsibly. Project Childhood undertook completion of activities as planned. MTV EXIT ended prior to the anticipated due date due to changes in the overall strategic direction of the investment.

Due to unforeseen circumstances PREVENT activities were concluded ahead of the scheduled end date. USAID provided appropriate communication throughout this period to the implementing partner.

**Improve the quality of attention to achieving gender equality outcomes**

› Program managers to reinforce with partners the expectation for inclusion of gender issues, such as women's economic empowerment, and outcomes in regular progress reporting.

› Australia's mission to ASEAN to commission a study by end 2014 on how Australian economic development programs such as AADCP II can better address gender equity.

› Align findings of GMS Trade and Transport Facilitation gender study into the M&E framework and the redesign of the next phase of the program.

| Achieved |
|---|

The GMS TRIANGLE project began to place more emphasis on a clearer articulation of gender issues among staff and implementing partners, especially governments. The project revised the M&E Framework to include gender-sensitive indicators and outcomes. This includes Migrant Resource Centres' monitoring of services through the collection and reporting of sex disaggregated data on beneficiaries and capacity building participants. Disaggregated reporting has led to the adjustment of approaches where inequitable results were found.

A report on "Enhancing Gender Equality and Women's Empowerment in the ASEAN-Australia Partnership" was produced in December 2014, and found no references on gender in the 2015 AEC Blueprint. DFAT continued to advocate for inclusion of gender language in Post-2015 AEC Blueprint. The AANZFTA Free Trade Agreement Joint Committee agreed to the inclusion of gender considerations as appropriate in new project designs.

DFAT has successfully made the case for greater incorporation of gender into the GMS TTF Program. DFAT and the ADB implementing team are working closely to identify strategic entry points with the highest prospects for yielding results in practice within the remaining timeframe of the investment.

**Manage and strengthen partner relationships**

› Finalise AAPTIP agreements with at least five partner governments by end 2014 through active engagement and advocacy on Australia's anti-trafficking interests.

› Southeast Asia Regional Branch to improve internal communication with Australia's bilateral missions in ASEAN countries to build understanding and promote complementarity through key meetings/regular updates.

› Southeast Asia Regional hub to coordinate with ADB and development partners (Japan, US, EU, ASEAN, World Customs Organisation) to develop a common Trade and Transport Facilitation regional strategy to promote alignment with ASEAN economic community blueprint by November 2014.

› Manage relationships with program stakeholders (particularly ASEAN Dialogue partners and ASEAN) in light of forward pipeline, including leveraging the role of Australian Ambassador to ASEAN.

| Partly achieved |
|---|

AAPTIP has signed agreements with six partner governments. Through active engagement with bilateral partners and in regional forums including ASEAN and the Bali Process, Australia continues to be a leader in addressing trafficking in persons in South-East Asia.

DFAT was instrumental in the ADB developing the Transport and Trade Facilitation Partnership Program, which coordinates donor-funded transport and trade facilitation projects in ASEAN. This Partnership Program triggered a new collaboration between our TTF program and the EU supported ARISE program to support implementation of a common customs transit system in the Mekong region.

Australia's support to regional economic integration through the aid program has been discussed at Summit level, and ASEAN plus consultations with the Foreign Minister and Trade Minister's, as well as on a regular basis by Australia's Ambassador to ASEAN.

**Mekong Water Resources Program**

› The main priority for the program will be to ensure effective implementation of the new program alongside the conclusion of activities under the previous strategy. This will require strong engagement between the Mekong Water Unit and our partners, which will be challenging given the additional responsibilities of the Mekong Water Unit staff (First Secretary has new trade and development responsibilities and Senior Specialist will be undertaking more work for the South Asia Program).

› Another management response will be Australia's policy engagement on significant MRC priorities over the next reporting period, including the MRC Council Study, Don Sahong Prior Consultation and organisational reform. MRC performance will affect Australia's decision to provide additional funding.

› The development of a strong M&E system that is capable of showcasing the results of our program will be a major focus and the Mekong Water Unit will work closely with performance and quality specialists in its development.

› Finally, through a strengthened partners' approach, the Mekong Water Unit will work to continue to strengthen communication across posts and desk on the Mekong Water program's work.

**Achieved**

During this period, the Mekong Water Unit has moved forward with effectively implementing the 2014-2018 Sector Investment Plan. HOM, Counsellor, First Secretary, Senior Specialist and Senior Program Officer have worked efficiently with Desk to keep all parts of the program moving forward.

Activities from the previous strategy period are almost concluded, and we have worked creatively with implementing partners to achieve outcomes, for example, the Integrated Water Resources Management (IWRM) support activities in Cambodia and Laos.

Steering committee arrangements – and regular, less formal engagement – with all partners is working smoothly and ensuring that DFAT can be fully informed about activity progress and emerging issues.

Mekong River Commission Secretariat (MRCS) is under extreme pressure and DFAT has worked closely with the MRCS in the past year as it grapples with strategic planning and decentralisation. The previous CEO departed at the end of 2014, the new CEO from Vietnam has been appointed and will take over in late 2015. Performance in the first half of 2015 has been admirable with professional leadership being provided by rotating Officers-In-Charge as political challenges associated with appointing a new CEO have played out.

The Performance Assessment Framework (PAF) was finalised, drawing on in-house professional supports from colleagues at Hanoi Post, in transparent cooperation with key implementing partners. There is no ambiguity about what individual partners and the overall program is trying to achieve.

Communication across Posts and with Desk was strengthened via regular cabling, program newsletter and tangible co-operations between the Mekong Water Unit and staff from other Posts in the region (Yangon, Beijing, Bangkok, Phnom Penh and Hanoi). Turnover at the Mekong Desk and unwinding of the regional hub has been managed.

**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 - Progress towards Performance Benchmarks in 2014 -15

## South East Asia Regional Program 2013-14 Performance benchmarks

| Aid objective | 2014-15 benchmark | Rating | Progress in 2014-15 |
|---|---|---|---|
| Objective 1: Strengthened regional economic integration | Quality engagement with ASEAN in the development of *Initiative for ASEAN Integration* work plan 3 for adoption by leaders (June 2015) | Partly achieved | Through AADCPII, we are supporting work planning assistance for the Initiative for ASEAN Integration to support ASEAN with its goal of narrowing the development gap and accelerating economic integration in ASEAN. ASEAN has extended the timeframe for adoption by leaders to 2016. Our support of economic integration programs, especially in Cambodia, Laos PDR, Burma and Vietnam has developed technical expertise among ASEAN officials in the areas of investment, competition, tourism, consumer protection and trade in goods. It has also helped develop a better knowledge and evidence base for regional policy making and regulation of the AEC. |
| Objective 2: Priority trans-boundary development challenges are addressed effectively | At least 500 law enforcement officials trained (data to be sex disaggregated). | Achieved | A total of 568 government officials were trained including border guards (330), justice prosecutors (136), judge and court officials and (54) other public servants (48). |
| | Six FMD-free countries (or areas in South East Asia countries) have FMD-free status (5 maintained, 1 new) | Achieved | OIE reports that 5 countries (Brunei, Indonesia, Philippines, Singapore and Malaysia (zones of Sabah and Sarawak) have maintained FMD free status. One new FMD free region was declared during the reporting period (Region 2 Thailand), This means the programs annual performance benchmark target was fully achieved. |
| | The momentum of our regional programs is maintained as a result of quality and sustained partnerships and effective policy dialogue | Achieved | The ASEAN program (through feedback form ASEAN Member States, the FTA Joint Committee and the AANZFTA Free Trade Agreement Joint Committee) sub-regional economic programs (GMS Ministerial meetings) and the Water Program (key Ministerial engagement and facilitation of the Greater Mekong Food, Water and Energy Forum) made substantial in-roads for comprehensive policy dialogue outcomes over the reporting period. The AAPTIP program demonstrated successful engagement with the Senior Officials Meeting on Transnational Crime. Regional health programs maintained effective partnerships with the World Organisation for Animal Health (OIE), the United States Agency for International Development (USAID), and introduced strong partnerships under its portfolio with the World Health Organisation (WHO) and the Bill and Melinda Gates Foundation. |
| | Training delivered to least 4200 public servants charged with delivering the targets set in the ASEAN Community (across all 3 objectives). Data to be sex disaggregated. | Partly achieved | The numbers of officials trained in 2014-15 were in-line with program estimates for AECSP and APPDCP II. Total officials trained under the AECSP program equalled 1,613 participants (776 female; 837 male) and 200 participants (no sex-disaggregated data available) under AADCP II; totalling 1,813. The benchmark was partially met because the pilot benchmark noted in the 2013-14 APPR was not aligned with program-level targets. |

## Australian Mekong Water Resources Program 2013-14 Performance Benchmarks

| Aid objective | 2014-15 benchmark | Rating | Progress in 2014-15 |
|---|---|---|---|
| Objective 1: Effectively managed water governance | Number of Australian-funded laws/regulations/amendments/codes/projects enacted (Laos: Policy for Sustainable Hydropower) | Achieved | Laos: Policy for Sustainable Hydropower approved, small hydropower policy developed, Cambodia: Subdecree on river basin management and farmer water users approved. |
| | Effective completion by MRCS of the Don Sahong Prior Consultation process (by February 2015, which includes common understanding on mitigation measures. | Partly achieved | MRC Secretariat successfully discharged their duties and transboundary fish monitoring system set up as a mitigation measure. However, countries still can't decide on whether further studies are required outside the prior consultation process. |
| Objective 2: Accountable water governance | Increase in the number of investments that adhere to good practice environmental and social standards increases. | Achieved | In Laos, the Xayaburi hydropower project has spent an additional USD 200 million to change the design and construction to reduce impact on fisheries and sediment transfer.  In Vietnam 424 hydropower projects have been cancelled from a list of 1,239 that had been previously approved for not meeting environmental and social standards. |
| Objective 3: Inclusive water governance | VN Mekong Delta Study and MRC Council Study both involve public participation processes in inception report (June 2015). | Achieved | Civil society consultation on the Delta Study was held in June 2015 in Hanoi. Approach to the Council Study was presented at a multi-stakeholder forum in Cambodia in October 2015. |
| Objective 4: Informed water governance: | Evidence of new Mekong policies and projects informed by Australian-funded research (Mekong country development plans informed by MRC Council Study, VN Mekong Delta Study). Basin Development informed by river basin profiles. | Partly achieved | Australian funded research on the Nam Ngum river basin in Laos is informing basin development, leading to a coordinated water monitoring regime. Vietnam policy on Mekong Delta management is being informed by early Delta Study findings.  Council Study still not further enough progressed to inform policy decisions. |

**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**

# Annex C - Evaluation and Review Pipeline Planning

## List of evaluations completed in the reporting period

| Name of Investment | AidWorks number | Name of evaluation | Date finalised | Date Evaluation report Uploaded into AidWorks | Date Management response uploaded into AidWorks | Published on website |
|---|---|---|---|---|---|---|
| Laos Hydropower & Mining Technical Assistance | INJ043 | Lao PDR: Technical Assistance for Capacity Building in the Hydropower and Mining Sectors Project (HMTA) (IDA Grant H539-LA and AusAID TF99572) Final Evaluation Report | 30-Sep-14 | 13-Nov-14 | N/A | December 2015 |
| GMS Trade and Transport Facilitation project | INJ585 | Mid Term Review - Support for Implementing the Action Plan for Transport and Trade Facilitation in the Greater Mekong Subregion | 09-Apr-14 | 15-May-14 | 19-Jan-15 | December 2015 |
| Mekong River Commission Improving Mekong Water Resource Management | INI651 | MRC Mid-Term Review of the MRC Strategic Plan2011-2015 Draft Final Report February 2014 | 28-Mar-14 | 17-Sep-15 | N/A | December 2015 |
| Mekong River Commission Climate Change Adaptation Initiative | INI946 | Mid-Term Review of the MRC Programmes Climate Change and Adaptation Initiative April 2014 Final Report | 30-Apr-14 | 24-Jul-14 | N/A | December 2015 |

| | | | | | | |
|---|---|---|---|---|---|---|
| AANZFTA Economic Cooperation Support Program | INI358 | 2014 AECSP Annual Review ASEAN-Australia-New Zealand Free Trade Area Economic Cooperation Support Program (AECSP) Peter van Diermen Economic Development Services Pty Ltd March 2015 ASEAN-Australia Development Cooperation Program II Quality & Performance | 25-Mar-15 | 09-Apr-15 | N/A | Applicability to be determined |
| ASEAN Australia Development Cooperation Project: Phase II | INH157 | | 15-Feb -15 | 9-April-15 | N/A | Applicability to be determined |
| HAARP – HIV/AIDS Asia Regional Program | ING221 | | 30-Mar-15 | 01-May-15 | N/A | December 2015 |
| WHO Global Malaria Program | INK875 | HAARP Outcomes and DFAT Lessons Assessment Coordination of the Emergency Response to Artemisinin Resistance in the Greater Mekong Subregion: Independent Mid-Term Review | 12-Jun-15 | 23-Jul-15 | N/A | Applicability to be determined |

## List of evaluations planned in the next 12 months

| Name of Investment | AidWorks number | Type of evaluation | Purpose of evaluation | Expected completion date |
|---|---|---|---|---|
| AANZFTA Economic Cooperation Support Program | INI358 | Independent  Annual Review | to identify improvements for existing investments and demonstrate achievements for accountability | Feb 2016 |
| ASEAN Australia Development Cooperation Project: Phase II | INH157 | Independent Annual Review | independent assessment of programs progress against objectives | Feb 2016 |
| Mekong Water Resources Program[1] | MW1 | Mid-term Independent Progress Review | independent assessment of programs progress against objectives | Mar-2016 |
| Australia-Asia Program to Combat Trafficking in Persons | INK642 | Independent Progress Review | independent assessment of programs progress against objectives | Feb 2016 |

# Annex D - Aid Quality Check ratings

The previous investment level performance assessment system utilised Quality at Implementation (QAI) reports. Two criteria, Risks and Safeguards and Innovation and Private sector were not assessed in QAI reports and there have been significant changes in AQC reporting this year. Innovation and Private Sector is not a quality standard.

## AQC ratings

| Investment name | Approved budget and duration | AQC/QAI year | Relevance | Effectiveness | Efficiency | Monitoring and Evaluation | Sustainability | Gender equality | Risks and Safeguards |
|---|---|---|---|---|---|---|---|---|---|
| AADCP II | $60,000,000.00 11/04/2007-31/12/2019 | 2014 AQC | 6 | 5 | 5 | 5 | 5 | 3 | 5 |
| AANZFTA Economic Cooperation Support Program | $19,787,288.05 3/11/2008-31/12/2015 | 2014 AQC | 6 | 5 | 4 | 4 | 5 | 3 | 5 |
| Asia Partnerships - The Asia Foundation | $19,505,645.22 20/09/2011-15/12/2015 | 2014 AQC | 4 | 3 | 3 | 3 | 4 | 2 | 2 |
| East Asia Avoidable Blindness Initiative | $11,399,520.70 1/07/2012-30/06/2016 | 2014 AQC | 4 | 5 | 5 | 4 | 4 | 4 | 4 |
| Mekong Trade and Transport Facilitation | $6,000,000.00 1/11/2010-31/12/2016 | 2014 AQC | 5 | 4 | 4 | 4 | 5 | 4 | 5 |
| AM-NEP | $14,754,600.02 10/08/2012-30/06/2018 | 2014 AQC | 4 | 5 | 4 | 5 | 5 | 6 | 5 |
| Improving Mekong Water Resource Management | $14,267,497.76 8/06/2009-31/12/2015 | 2014 AQC | 5 | 4 | 4 | 4 | 4 | 4 | 4 |

| Program | Amount / Dates | Type | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| National Integrated Water Resources Management | $3,200,000.00 16/02/2011-30/10/2015 | 2014 AQC | 4 | 3 | 3 | 3 | 3 | 4 | 3 |
| Cambodia WRMSD Program | $5,000,000.00 15/02/2011-28/02/2016 | 2014 AQC | 5 | 4 | 5 | 4 | 4 | 4 | 4 |
| Oxfam-Civil Society Engagement in Water Governance | $6,000,000.00 1/07/2013-30/06/2017 | 2014 AQC | 4 | 4 | 4 | 5 | 4 | 4 | 4 |
| IFC Sustainable Hydropower in the Mekong Countries | $6,000,000.00 1/07/2013-30/06/2017 | 2014 AQC | 5 | 5 | 5 | 5 | 4 | 4 | 5 |
| Research for Development on Water Governance | $6,000,000.00 1/07/2014-30/06/2018 | 2014 AQC | 4 | 5 | 5 | 6 | 5 | 4 | 5 |
| HIV/AIDS Asia Regional Program (HAARP) | $37,688,752.24 21/07/2005-31/07/2015 | 2014 FAQC | 5 | 4 | 3 | 4 | 4 | 4 | 5 |
| ILO TRIANGLE Project | $9,430,520.16 13/05/2010-31/08/2015 | 2014 AQC | 5 | 5 | 5 | 4 | 4 | 4 | 5 |
| Stop Transboundary Animal Disease & Zoonoses | $12,870,000.00 20/05/2011-30/06/2016 | 2014 AQC | 5 | 5 | 4 | 5 | 3 | 4 | 4 |
| PREVENT Emerging Disease Risk Reduction - Mekong | $5,892,442.65 18/10/2011-31/12/2015 | 2014 AQC | 4 | 3 | 3 | 4 | 4 | 4 | 4 |
| AAPTIP Australia-Asia Program to Combat Trafficking In Persons | $50,000,000.00 1/07/2013-30/06/2018 | 2014 AQC | 5 | 4 | 4 | 5 | 4 | 4 | 5 |
| WHO GMS Malaria Program | $4,588,396.00 1/01/2013-31/12/2016 | 2014 AQC | 5 | 4 | 4 | 4 | 4 | 3 | 4 |

**Definitions of rating scale:**

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

■ = 6 = Very good; satisfies criteria in all or almost all areas

■ = 5 = Good; satisfies criteria in most 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 but does not fail in any major area

■ = 2 = Poor; does not satisfy criteria in major areas

■ = 1 = Very poor; does not satisfy criteria in many major areas