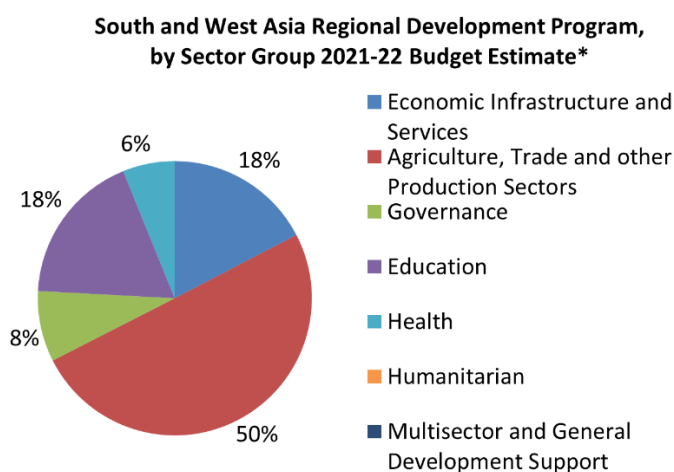


2021-22 SOUTH ASIA REGIONAL DEVELOPMENT PROGRAM PROGRESS REPORT

The COVID-19 Development Response Plan for South Asia Regional has been extended through 2022-23. In 2022-23, the South Asia Regional program will have a stronger focus on trade facilitation and infrastructure investments in energy, transport and water security in support of sustainable and inclusive trade and cooperation within the region.

| Program Budget | 2021-22 Budget Estimate \$m* |
|-------------------------|------------------------------|
| Bilateral | 0.7 |
| Regional | 25.4 |
| Global | 4.2 |
| Other Govt. Departments | 0.8 |
| Total ODA | 31.1 |



*Actual expenditure is expected to be available in early 2023. Due to rounding, totals may not match the sum of components.

Our development program to the South Asia region contributes towards achieving the following Sustainable Development Goals:




The 2021-22 South Asia Regional Development Program Progress Report summarises progress with implementation of the Australia – South Asia Regional COVID-19 Development Response Plan and highlights program results.

CONTEXT

The COVID-19 pandemic severely affected South Asia during 2021-22, particularly in India. By June 2022, cases in the region exceeded 53 million, with 42 million in India alone. By June 2022, India had fully vaccinated 900 million people in accordance with its national vaccine protocol, and the vaccination rate in the region ranged from 61.8 per cent in India to 88.9 per cent in Bhutan. Management of the pandemic and provision of essential services remained challenging in South Asia throughout 2021-22. A June 2022 Lancet study that included Bhutan, India, Nepal and Sri Lanka, among the countries assessed, found that **responding to the pandemic had disrupted prevention and management of tuberculosis (TB), HIV and dengue fever** with potential to set back gains in infectious disease control.

Economic recovery from the pandemic is fragile and uneven with the region experiencing lower investment, supply chain disruption, reduced capital accumulation, and increased debt. Rising inflation in South Asia and globally, has lowered purchasing power, disproportionately affecting the poor. India and Bhutan were particularly affected with estimated negative growth of – 7.3 per cent and – 3.7 per cent in 2020-21 respectively. However, India’s economy is forecast to grow by 8 per cent in 2022-23, while Bangladesh is forecast to grow by 6.9 per cent due to continued recovery in exports and consumption. Despite this growth, economic output in 2023 is expected to be about 8 per cent less than had been projected before the pandemic. It is estimated that South Asia will need an additional 250 million jobs by 2030 to manage pandemic losses and to absorb new labour entrants.



Notwithstanding the COVID-19 related health and economic challenges, the overall political environment for sub-regional cooperation remains positive as countries in the Bangladesh, Bhutan, India, Nepal (BBIN) sub-region of South Asia recognise the potential of regional trade to progress their epidemic recovery plans.

AUSTRALIA'S RESPONSE AND PROGRAM HIGHLIGHTS

In 2021-22, Australia's South Asia Regional Development Program supported longer-term pandemic recovery and ongoing development efforts. We worked with development partners, including the World Bank and the International Finance Corporation (IFC), to support the region's vulnerable communities, women, people with disabilities and marginalised groups. This included through **water and sanitation initiatives, assisting returning migrants displaced by COVID-19, supporting women entrepreneurs, and providing technical assistance for a range of infrastructure initiatives in transport and energy**. These efforts assisted in economic recovery from COVID-19 and enabled increased intra-regional trade and cooperation.

Health Security

Australia, through either its bilateral initiatives, or its contribution to multilateral organisations, supported the South Asia region's immediate health needs, both to address COVID-19 or in longer term assistance for health security.

The Indo-Pacific Sexual and Reproductive Health and Rights (SRHR) COVID-19 Response (C-Surge) provides sexual and reproductive health services and information in 22 countries in the Indo-Pacific including Bangladesh, Bhutan, Maldives, Nepal, Pakistan, and Sri Lanka. In 2021-22, **4,601,687 sexual and reproductive health services were delivered to 1,304,458 clients in South Asia**, and SRHR information was provided through digital platforms.


In 2021-22, Australia supported the Asia-Pacific Leaders Malaria Alliance (APLMA) and the Asia-Pacific Malaria Elimination Network (APMEN) to undertake a research study on community engagement in two villages in Mugu and Bajura districts of Nepal that complement the National Malaria Elimination Program. Similarly, Australian support enabled a surveillance expert to be embedded in the Indian National Vector Borne Disease Control Program to support the development of **cross-border malaria control and elimination strategies for the India-Bhutan and India-Nepal border regions**.

Maintaining broader health security beyond COVID-19 remained a priority for Australia. Through our funding to Gavi, the Vaccine Alliance, Australia supported **routine immunisation in Bangladesh, Nepal, Pakistan and India** and access to COVID-19 vaccines in Bangladesh, Bhutan, India, Nepal, Pakistan, and Sri Lanka through the COVAX Advance Market Commitment. We are a longstanding partner with the Global Polio Eradication Initiative (GPEI), and Australia's ongoing investment has contributed to **polio eradication and health emergency response efforts in Pakistan** which, like Afghanistan, is one of two remaining polio endemic countries globally. GPEI supported Pakistan's COVID-19 response by optimising polio infrastructure and personnel for COVID-19. In October 2022, Australia pledged \$43.55 million to GPEI over five years to implement the Polio Eradication Strategy (2022-2026) and our renewed commitment will support GPEI's capacity to sustain regular immunisation campaigns in Pakistan until 2025.

The fight against HIV, TB and malaria benefited from Australia's contribution of \$242 million to the Global Fund (GFATM) for 2020-2022. In 2020-22, the GFATM allocated US\$2.1 billion to South Asia, which is nine per cent of its portfolio. In 2021 the GFATM delivered **HIV related anti-retroviral treatment to 1,660,360 people; TB treatment to 2,583,950 people, and distributed 17,439,500 mosquito nets in Bangladesh, Bhutan, India, Nepal, Pakistan, and Sri Lanka**. South Asia continues to bear the largest burden of TB across the globe. Australia's \$18.75 million (2018-2023) contribution to the Tuberculosis Alliance (TBA) is contributing to **development of new TB treatments**.

Stability

The South Asia Regional Trade Facilitation Program (SARTFP) supported Bangladesh and Nepal's **reintegration of migrants** who returned due to the pandemic. It examined the debt burdens caused by this early return, designed new government programs, and facilitated knowledge exchange on social protection. SARTFP prepared two technical notes



on aspects of the **service delivery chain implementation plans** for the World Bank COVID-19 recovery operation in Bangladesh, the Recovery and Advancement of Informal Sector Employment (RAISE) program (US\$200 million).

In the last year **99 per cent of Australia Award Scholars who were due to graduate did so**. Due to COVID-19 travel restrictions, several scholars extended their stay in Australia, but returned home after border restrictions and flight issues eased. The 2022 Australia Awards intake was 128 scholars, including 69 women (54 per cent) and eight people living with a disability (6 per cent). In the reporting period, six short courses and six Australian Professional Opportunities were delivered for a total of 215 recipients (116 women).

In 2021-22, the South Asia Regional Water Security Initiative (SAWASI) engaged with communities and local governments through **demonstration projects in India and Pakistan prioritising safe and reliable access to water for vulnerable or disadvantaged communities**. Additionally, Australia provided **demand-driven technical assistance** to the Governments of Pakistan and India to support flood prevention and management; and city water actions plans.

In 2021-22, the Australian Water Partnership (AWP), through the International Centre for Integrated Mountain Development, strengthened water management, **supported river basin governance and inter-basin cooperation between eight countries of the Hindu Kush Himalaya region**. Additionally, the Water for Women Fund provided **water, sanitation and hygiene (WASH) services to 532,821 people in Bangladesh, Bhutan, India, Nepal, and Pakistan**; in addition, services were provided in 191 schools and 117 health care facilities; and 1,028 women were supported in WASH related leadership roles.

Australia Assists continued to provide technical expertise to governments in India and Bangladesh with 11 individuals deployed (55 per cent female) for a total of 70.8 cumulative months in 2021-22. Assignments included **disaster risk reduction and resilient infrastructure, strengthening government social workers' case management skills**, assisting the UN High Commissioner for Refugees' refugee programs in Bangladesh, and flood management.

Economic recovery

Australia worked with South Asian governments to **reduce barriers to trade and prepare quality transport and energy infrastructure investments** that involve both the public and private sector and have lasting economic impact, and to facilitate intra-regional trade.

In 2021-22, the South Asia Regional Infrastructure Connectivity (SARIC) program, with World Bank and IFC partners, commenced projects to improve transport and energy infrastructure. The Nepal Civil Aviation Project is **enhancing airport efficiency, aviation safety, essential air services, and development planning for several new airports**. The IFC completed a range of critical **preliminary studies for the privately financed upgrade of the Chattogram port in Bangladesh including environment and safeguards**, critical habitat screening, land acquisition and livelihoods, shoreline change modelling, impacts on biodiversity, dredging impact, and climate change resilience. SARIC's Training and Networking team developed policies, processes, and approaches. It will mobilise its first cohort of trainees in early 2023.

SARTFP continued to identify barriers to regional integration and trade, and gender-sensitive outcomes. It recognised that **preserving cross-border connectivity is vital for post-pandemic recovery and for building resilience to meet future pandemics and crises**. In response, SARTFP repositioned to include new activities to support country-led responses and recovery efforts from the COVID-19 pandemic, as well as to identify specific issues of vulnerability faced by women, small businesses, and households from loss of livelihoods. In 2021, SARTFP activities contributed to implementation of \$1.76 billion of World Bank investment in South Asia.

ANNEX 1: PROGRESS AGAINST COVID-19 DEVELOPMENT RESPONSE PLAN RESULTS INDICATORS

Health Security

| Key Results Indicators | Progress/Result |
|--|---|
| Number of people immunised with Australia's support | COVAX delivered 4,327,052 COVID-19 vaccines to eligible countries in South Asia. Australia supported the GAVI program in South Asia which delivered \$90,101,876 worth of vaccinations and capacity building in 2021 in Bangladesh, India, Nepal, and Pakistan. |
| Number of people provided with emergency health assistance | In 2021 the Global Fund for AIDS, Tuberculosis and Malaria (Australia is a significant funder) delivered HIV antiretroviral treatment to 1,660,360 people; TB treatment to 2,583,950 people; and distributed 17,439,500 mosquito nets in Bangladesh, Bhutan, India, Nepal, Pakistan, and Sri Lanka. |
| Number of people provided with sexual and reproductive health services | The Indo-Pacific Sexual and Reproductive Health and Rights program provided 4,601,687 sexual and reproductive health services for 1,304,458 people across Bangladesh, Bhutan, Maldives, Nepal, Pakistan and Sri Lanka. |

Stability

| Key Results Indicators | Progress/Result |
|--|--|
| Four communities implementing climate-sensitive approaches to urban water management | In its first year, South Asia Regional Water Security Initiative (SAWASI) commenced implementation of water sensitive cities demonstration projects across four communities in India and Pakistan that prioritise safe and reliable access to water for disadvantaged or vulnerable communities. |
| Evidence of women and girls, and those with disabilities, are participating in planning processes in support of improved access to water and sanitation services | The Water for Women program supported projects in Bangladesh, Bhutan, India, Nepal, and Pakistan, providing access to water, sanitation and hygiene services to 532,821 people in 2021. |
| New or improved social protection programs | The South Asia Regional Trade Facilitation Program supported Bangladesh and Nepal to reintegrate returned overseas workers and address debt burden caused by return; the design of new government programs; and facilitated knowledge exchange on social protection to support immediate needs and employability. It prepared two technical notes on the service delivery chain of implementation plans of the World Bank COVID-19-recovery lending operation in Bangladesh. |
| Improved urban water resource governance at the community level for four communities | The SAWASI engagement with the four communities has progressed well in Pakistan and more slowly in India in a year complicated by COVID-19 related delays, and slower partner government engagement in India. However, necessary arrangements were in place by the end of the review year. |

Economic Recovery

| Key Results Indicators | Progress/Result |
|---|--|
| Increased projects reported by IFC and WB approved for financing that enhance low carbon and climate resilience energy and transport infrastructure | The South Asia Regional Infrastructure Connectivity (SARIC) completed designs and preparatory arrangements for four World Bank and IFC projects in India, Nepal, Bhutan and Bangladesh with implementation underway for the Nepal Civil Aviation Project (World Bank) and the Chattogram Port Upgrade Project in Bangladesh (IFC), and the Sustainable Hydropower Development Project in Bhutan (World Bank). |
| Value of World Bank linked investment in energy and transport | SARIC supported the preparation of infrastructure pipelines. Following completion of the SARIC activities, the World Bank intends to consider providing investments to allow host governments to implement these pipelines. |
| Value of private financing facilitated | SARIC supported the preparation of infrastructure pipelines. Following completion of the SARIC activities, the IFC intends to facilitate private sector investments to allow companies to participate in the implementation of these pipelines. |
| Projects reported by IFC and WB to be at implementation plan or post-concept stage | SARIC supported the preparation of infrastructure pipelines. By the end of the reporting period the World Bank had completed concept and design for the Nepal Civil Aviation Project and the Bhutan Sustainable Hydro-Power Development Project and the IFC had similarly completed the early-stage environment and social work on the Chattogram Port Upgrade Project and South Asia Power Project (involving Bangladesh, Nepal and India). |

ANNEX 2: INVESTMENT PERFORMANCE RATINGS

| Investment Details | Year | Effectiveness | Efficiency | Gender Equality |
|---|------|---------------|------------|-----------------|
| Trade Facilitation and Infrastructure Investment duration: 2013-23; Budget: \$39.3m | 2022 | 4 | 4 | 4 |
| | 2021 | 4 | 5 | 4 |
| South Asia Regional Infrastructure Connectivity Investment duration: 2019-25; Budget: \$32.0m | 2022 | 3 | 3 | 3 |
| | 2021 | 4 | 4 | 4 |
| Australia Awards in South Asia and Mongolia Investment duration: 2019-28; Budget: \$39.4m | 2022 | 5 | 5 | 4 |
| | 2021 | n/a | n/a | n/a |
| South Asia Water Security Initiative Investment duration: 2019-25; Budget: \$22.0m | 2022 | 4 | 3 | 3 |
| | 2021 | n/a | n/a | n/a |

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.