

# **AusAID Mekong Water Resources Program**

## **Delivery Strategy 2009-2012**

**28 March 2009**

## Executive Summary

Water resources use lies at the heart of development challenges in the Mekong Region. Quality of life can be improved if Mekong Region societies make wise choices about how to further develop, share and manage water for the production of food, energy and to maintain prodigious ecosystem services.

Dams and diversions, if built, will transform the waterscapes of the Region. Substantial economic benefit could be derived, but these need to be thoroughly scrutinised, as there are multiple drivers for infrastructure development. Inappropriate or unwise infrastructure development could undermine existing ecological, social and economic values.

Geopolitical, economic, social and environmental change continues across the Region. Current hot topics include the increasing influence of China on its neighbours, regional implications of the global financial crisis such as on migrant labor, and climate change. This is the wider context of the political economy of water. Influential actors abound – bureaucrats, politicians, financiers (private and public), developers and civil society movements.

Responding to this context, this Delivery Strategy (DS) provides an update on how AusAID will implement the Australian Mekong Water Resources Strategy 2007-11 (AMWRS). The past two years of AMWRS implementation have sharpened AusAID's understanding. Decisions taken in country and provincial capitals of the Region that direct water resources development are heavily influenced by the finance and construction sector, governors, non-water Ministries.

AusAID can't fund everything and does not try to do so. AMWRS activities – pursuing our strategy objectives related to institutions, knowledge and decision-making – will contribute to one or more of the following important issues in order to optimise the AusAID contribution:

- Capacity building: technical and social capacity building for IWRM;
- Environmental change: climate and other environmental change adaptation;
- Food security: avoiding food insecurity for vulnerable and marginalised people;
- Hydropower assessment: comprehensive assessment of options, including alternatives;
- Transboundary engagement: more constructive water-related engagement between all six countries of the Region; and
- Corporate social responsibility: encouraging private sector leadership and accountability

Activities have been designed and are underway since 2007 with traditional development partners, specifically Mekong River Commission (MRC) and ministries with water mandates, in partnerships with the World Bank, Asian Development Bank and other traditional donors. However, to be more effective AusAID intends to establish new partnerships with other actors that will provide greater opportunity to improve Mekong Region water resources development decision-making and management. These new partners that we collectively refer to as 'non-state actors' include: science, advocacy, civil society and the private sector.

The modality of our support will be grant financing, with a strong emphasis on providing programmatic support using, where prudent, partner government systems.

The quality of the program will be assessed through monitoring and evaluation at the program, partner and activity levels. Performance and impact information will be captured and used to inform annual AusAID quality reporting mechanisms. The Performance Assessment Framework for the DS will be the key tool to measure impact and effectiveness at the program level.

The DS foreshadows an AUD 40 million, four-year suite of development assistance focused on improving institutions, knowledge and decision-making. Engagement, program development, monitoring and evaluation will continue to be led by the AusAID Mekong Water Unit at the Vientiane Post, under the supervision of the AusAID Mekong hub in Bangkok.

# AusAID Mekong Water Resources Program - Delivery Strategy 2009 – 2012

## Table of contents

|   |           |
|---|-----------|
| <b>INTRODUCTION</b> .....                                       | <b>1</b>  |
| <b>GOAL, OBJECTIVES, RATIONALE</b> .....                        | <b>2</b>  |
| GOAL .....  | 2         |
| OBJECTIVES .....  | 2         |
| <b>CONTEXT</b> .....  | <b>3</b>  |
| <b>ACTIVITIES</b> .....   | <b>5</b>  |
| MEKONG RIVER COMMISSION (MRC) .....                             | 5         |
| NATIONAL GOVERNMENTS AND IFIS .....                             | 5         |
| NON-STATE ACTORS .....  | 5         |
| ALIGNMENT .....   | 6         |
| <b>MONITORING AND EVALUATION</b> .....                          | <b>7</b>  |
| MEASURING SUCCESS .....   | 7         |
| PARTNER M&E .....   | 7         |
| ACTIVITY M&E .....  | 7         |
| PROGRAM M&E .....   | 8         |
| MILESTONES (INTERMEDIATE INDICATORS) .....                      | 8         |
| SUCCESS (TARGET INDICATORS) .....                               | 8         |
| <b>IMPLEMENTATION</b> .....                                     | <b>9</b>  |
| PARTNERSHIPS .....  | 9         |
| MODALITIES .....  | 10        |
| CROSS-CUTTING OBJECTIVES .....                                  | 10        |
| RISK .....  | 11        |
| FINANCING .....   | 11        |
| MANAGEMENT .....  | 12        |
| <b>ANNEX 1   ACTIVITY SUMMARY</b> .....                         | <b>13</b> |
| <b>ANNEX 2   PERFORMANCE ASSESSMENT FRAMEWORK</b> .....         | <b>16</b> |
| <br>  |           |
| FIGURE 1   MEKONG REGION .....                                  | 1         |
| FIGURE 2   LINKS BETWEEN STRATEGY OBJECTIVES .....              | 3         |
| <br>  |           |
| TABLE 1   PROGRAM SUMMARY 2008/09 TO 2011/12 (FOUR YEARS) ..... | 6         |
| TABLE 2   PROGRAM BUDGET 2008/09 TO 2011/12 (FOUR YEARS) .....  | 12        |

## Abbreviations

|        |   |
|--------|---|
| ACIAR  | Australian Centre for International Agricultural Research                               |
| ADB    | Asian Development Bank  |
| AHNIP  | Appropriate Hydrological Network Improvement Project                                    |
| AMWRS  | Australian Mekong Water Resources Strategy 2007–2011                                    |
| APPR   | Annual Program Performance Review   |
| CCAI   | Climate Change Adaptation Initiative of the MRC   |
| CGIAR  | Consultative Group on International Agricultural Research. Members include: IWMI, ICRAF |
| CSIRO  | Commonwealth Scientific and Industrial Research Organisation                            |
| DS     | Delivery Strategy of the AusAID Mekong Water Resources Program                          |
| GMP    | Gender Mainstreaming Project of MRC, part of the ICBP                                   |
| GMS    | Greater Mekong Subregion  |
| ICBP   | Integrated Capacity Building Program of the MRC   |
| ICRAF  | World Agroforestry Centre   |
| IFI    | International Financial Institutions, such as ADB and the World Bank                    |
| IOs    | International Organisation eg. UNDP, IUCN   |
| IWMI   | International Water Management Institute  |
| IWRM   | Integrated Water Resources Management   |
| JCG    | Joint Contact Group of donors to the MRC  |
| M&E    | Monitoring and Evaluation   |
| MDBA   | Murray Darling Basin Authority (formerly Commission) in Australia                       |
| MEM    | Lao Ministry of Energy and Mines  |
| MoWRAM | Cambodian Ministry of Water Resources and Meteorology                                   |
| MRC    | Mekong River Commission   |
| NGOs   | Non-Government Organisations eg. Oxfam  |
| PAF    | Performance Assessment Framework  |
| QAE    | Quality At Entry process of AusAID  |
| QAI    | Quality at Implementation process of AusAID   |

## Introduction

This Delivery Strategy (DS) outlines the approach to implementing the AusAID Mekong Water Resources Program. The rationale is elaborated in the *Australian Mekong Water Resources Strategy 2007-11* (AMWRS)<sup>1</sup> that forms part of the *Australian Greater Mekong Subregion Strategy 2007-2011*. These strategies were endorsed and launched by the former Foreign Minister, Mr Downer, in September 2007. The AMWRS established the AusAID Mekong Water Unit, located in Vientiane.

The AMWRS widened the scope and potential scale of the Australia's development assistance for water resources management in the Mekong Region. It identified the Mekong River Commission (MRC), the World Bank and the Asian Development Bank (ADB) as key partners to work with governments. The strategy was silent about the important role of non-state actors in the political economy of water resources development. By non-state actors, we mean: science, advocacy, civil society and the private sector. These were omissions that the DS will rectify. AusAID is now of the view<sup>2</sup> that we must engage more directly with these actors to achieve our desired results.

The DS will drive stakeholder engagement, program development, implementation and performance assessment for the period 2009-12. The structure and content of the DS is based on guidance from the AusAID Office of Development Effectiveness (current as of February 2009). The DS consolidates AusAID Mekong Region water resources activities under one implementation framework. Once approved it will be used to apply for multi-year funding to support our forward engagement from 2008-09 to 2011-12.

**Figure 1 Mekong Region**



There are many Mekongs: the river, the basin, and the region (with the latter sometimes called the Greater Mekong Subregion, or the Mekong Subregion).

The Mekong is the longest river in Southeast Asia, with an estimated length of nearly 4,900 kilometres and is the epicentre of contemporary debates about 'water resources development' in the wider region.

The Mekong River Basin (watershed or catchment) is 795,000 km<sup>2</sup> and comprises a very small percentage of the territory of China, 4% of Burma, 97% of Laos, 36% of Thailand, 86% of Cambodia, and 20% of Vietnam. There are about 70 million people living in the basin, but strikingly only 9 cities with >100,000 people.

To a certain extent all regions are imagined, but the Mekong 'region' is increasingly becoming an institutionalised reality. There are different territorial definitions of 'the region' and various initiatives target or privilege different sets of regional actors and issues. Most commonly, the Mekong Region is taken to encompass the territory, ecosystems, people, economies and politics of Cambodia, Laos, Burma/Myanmar, Thailand, Vietnam and China's Yunnan Province. This region covers 2.3 million km<sup>2</sup> and is home to more than 240 million people.

Increasing in profile is the Greater Mekong Subregion (GMS) cooperation, chaperoned by the Asian Development Bank which includes a focus on a 7<sup>th</sup> economy, China's Guangxi Zhuang Autonomous Region.

<sup>1</sup> The AMWRS starts on p.20 in the pdf found at:  
<[http://www.ausaid.gov.au/publications/pubout.cfm?id=8695\\_9692\\_6167\\_925\\_24](http://www.ausaid.gov.au/publications/pubout.cfm?id=8695_9692_6167_925_24)>

<sup>2</sup> The strategic direction outlined in the DS was informed by a program review undertaken by the incoming AusAID Mekong Water Resources Advisor (Dore). The review analysed the program context and made suggestions about program adjustments to better achieve the goal and strategic objectives of the AWMRS.

## **Goal, objectives, rationale**

The impact (attainment of the goal) and outcomes (attainment of the strategy objectives) of the **AusAID Mekong Water Resources Program** are as follows:

### **Goal**

*To promote regional cooperation to reduce poverty and achieve sustainable development through equitable and efficient use and management of the water resources of the Mekong Region.*

The focus is especially on the iconic Mekong River and its tributaries, in the Mekong River Basin. However, it is impossible to separate the Mekong River Basin development from the wider political context of the Region within which countries and corporations operate in the pursuit of water for human settlements and industry, water for food, and water for energy. Water remains a major human and national security issue.

### **Objectives**

The three primary strategy objectives are introduced below, with summary comments. The PAF provides more detail (Annex 2), including on cross-cutting objectives for gender, corruption, monitoring and evaluation, and donor coordination.

#### ***Institutions***

*Strengthened institutional framework to improve Integrated Water Resource Management (IWRM) in the Mekong Region.*

Equitable and efficient use and management of water resources will contribute to improved regional cooperation, poverty reduction and sustainable development. IWRM can be a pathway to more efficient use and management of water and related resources. However, the institutional framework for IWRM in the Mekong Region remains weak.

#### ***Knowledge***

*Improving availability of reliable knowledge about water resources use and further development.*

There is insufficient reliable scientific data to underpin consideration and decision-making associated with water resource management in the Mekong. What data does exist is often not shared, peer-reviewed, integrated and synthesised. The outcome is decision-making that is insufficiently informed by science and technical understandings. Improving this situation is possible and worthwhile.

#### ***Decision-making***

*Informed deliberations, so as to constructively influence negotiations and policy of public, private sector and civil society actors.*

The constraints noted above have led to rudimentary transboundary, basin-wide planning processes in the Mekong that have been largely disconnected from national water resources development agendas. When attempted, basin-scale planning efforts are generally disconnected from individual project decision-making. Improving basin development planning is needed; but making this planning relevant is also essential. To do so planning must be connected to more informed negotiation processes. This in turn can influence and shape decisions by State actors, civil society and the private sector. The emphasis of this objective should be to support informed decision-making, rather than just the MRC's basin planning process, recognising that decisions of most significance are being taken in national and provincial capitals and company board rooms, not within MRC processes.

## Context

A new water governance paradigm is needed in the Mekong Region to assist societies make better choices about how to share and manage water for production of food and energy, and the maintenance of ecosystem services. On mainstems and tributaries, disputes exist, resulting from interventions to natural flow regimes and overt or default management decisions. These interventions are justified on grounds of: flood control; more irrigation for food or fibre production; urban or industrial supply; improving ease of navigation; or, boosting energy production through hydropower expansion. There are associated disputes about altered sediment and nutrient loads, groundwater use, water re-use, and diversions (inter-state, intra-state, inter-basin and intra-basin). Integrated Water Resources Management (IWRM) can exemplify a required shift in approach<sup>3</sup>, but it is only part of the ‘solution’.

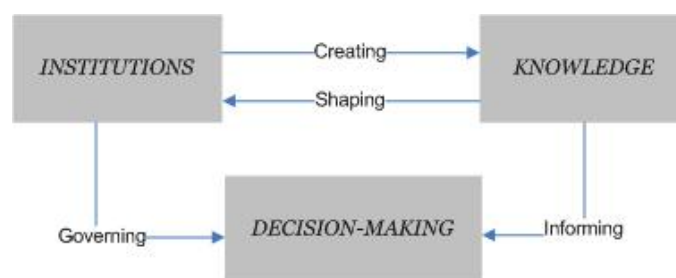
Numerous dams and water diversions are on the agendas of mobile private and quasi-public sector developers, transnational capital providers, and the six governments of the Region. A recent count found 82 existing and 179 potential hydropower projects in the wider Region, many on Mekong River tributaries. Planned dams and diversions would transform the waterscapes of the Region. In the case of hydropower, the recent push for dozens of new projects will likely be postponed by the drying up of private sector financing since the beginning of the global economic crisis.<sup>4</sup> In the case of water diversions and irrigation, construction could be hastened by reactive public spending on mega-projects.

The Region is beginning to deal with changes in climate which is likely to have significant impacts on water and related resources in the medium to long term. Early steps by Mekong Region governments are focused on adaptation as the political priority before mitigation. Delta areas are expected to be severely affected, evoking serious debate about the most appropriate responses. While there are prominent discussions about surface water – due to visibility and the more obviously transboundary character of the resources – ground water will also be increasingly exploited.

Elements of uncertainty and the presence of dominant actors is not unusual in water resources management. However, these are not the only problems plaguing water resources planning and decision-making in the Mekong Region. Knowledge-driven decision tools, when applied, are often disconnected from politically-driven decision-making. Higher order problems include a usual lack of transparency within and between countries, resistance to advocacy of changes to correct this situation, sometimes perverse ‘development’ incentives and a deliberation-deficit.

The AusAID Mekong Water Resources Program has been focused on partnerships with MRC and the IFIs. Moving forward there will be increasing emphasis on partnerships that recognise the important, multiple roles of non-state actors. These actors can contribute to the provision of a more accountable and effective institutional framework. They can also increase the extent to which interdisciplinary, evidence-based scientific and situated knowledge is being generated and put into the public space.

**Figure 2 Links between Strategy Objectives**



<sup>3</sup> Supporting IWRM as an approach does not mean AusAID does so uncritically. There is an emerging body of experience around the world regarding IWRM implementation. We are familiar with the various critiques and watchful on its implementation in the Mekong Region.

<sup>4</sup> A counter-view is that state-based sources of capital (eg. Chinese state-based enterprises and Sovereign Wealth Funds, especially from the Middle East) are poised to buy assets and drive forward with projects. This is playing out in Laos with the offer in February 2009 to purchase the Australian mining company Oz Minerals by the Chinese metal trader Minmetals Corp. There is no sign yet of this occurring in the hydropower industry.

The original AMWRS strategy objectives related to institutions, knowledge and decision-making (shown in Figure 2) remain valid. In their pursuit, program activities will address one or more of the following important issues:

- *Capacity building: technical and social capacity building for IWRM*  
IWRM is more than a technical matter. Water resources allocation and management is an intensely political affair. Therefore, in addition to increasing technical capacity, AusAID will focus on building the social capacities required for success.
- *Environmental change: climate and other environmental change adaptation*  
The Mekong Region is undergoing extraordinary, rapid change to its economies and societies. AusAID is focusing on the environmental changes wrought by land and water management transformations.
- *Food security: avoiding food insecurity for vulnerable and marginalised people*  
Since the AMWRS was first launched in 2007, food security has soared on the Mekong Region political agenda, primarily as a result of escalating food prices and fears of scarcity. The Mekong freshwater fishery, valued at upwards of USD 3 billion per annum, is threatened by some of the current water resources development plans. It is one area where knowledge remains uncertain and trade-off discussions, when they take place, are hampered by data unreliability. AusAID support to increased understanding of poverty and livelihoods dynamics would contribute to the filling of a gap.
- *Hydropower assessment: comprehensive assessment of options, including alternatives*  
As mentioned earlier, hydropower expansion and diversions could have massive impacts on existing natural systems. Expansion is already well underway in all six countries of the Region. The current global financial crisis may result in a pause that provides an opportunity for higher quality, comprehensive assessment of options. However, the IWRM agenda in Mekong countries is often quarantined from hydropower discussions. AusAID promotion of a ‘real’ IWRM which brings in all sectors and perspectives could be a major contribution the politics of the Region, especially in Laos and Cambodia.
- *Transboundary engagement: more constructive water-related engagement between all six countries of the Region*  
Momentum for more constructive transboundary engagement about water is increasing. The role of the Mekong River Commission (MRC) should not be over-stated, as its activities are restricted primarily to the lower part of the Mekong River Basin. There are other pathways to impact due to increasing exchange between financiers, builders, consultants, NGOs and research networks which are much more advanced in their transboundary exchanges. Transnational civil society is an emerging force in water governance.
- *Corporate social responsibility: encouraging private sector leadership and accountability*  
The AMWRS was silent about the role of the private sector, a key actor in Mekong water resources development. Criteria and monitoring for financing of large-scale energy and water related infrastructure in the Mekong Region needs to be greatly strengthened. Policy must take into account the rise in Asian commercial lending by private banks and the roles played by private corporations in large public-private partnerships. Commitment to Corporate Social Responsibility (CSR) needs to be secured and adherence publicly monitored. Improving and applying transnational codes of conduct can be a mechanism to ‘ratchet-up’ CSR commitment.

In summary, building an institutional framework which can generate and exchange the knowledge required for informed and equitable IWRM and decision-making is a major challenge in any multi-country setting negotiating about national and transboundary waters. The Mekong Region is no exception and the stakes are high. The politics of water should not be underestimated, and there are many actors with influence – bureaucrats, politicians, financiers (private and public), builders, and civil society movements (in some of the Mekong countries). Less influential are international development donors like AusAID and so our program activity interventions are being carefully chosen to make a constructive contribution to improving Mekong water governance and promoting greater cooperation between the countries.



## Activities

The AusAID Mekong Water Resources Program will have seven (7) key activities, as follows:

### **Mekong River Commission (MRC)**

Three (3) activities<sup>5</sup> with the MRC:

1. Integrated Capacity Building Program (ICBP), including Phase 3 of MRC cooperation with Murray Darling Basin Authority (MDBA), and also with New Zealand.
2. Mekong Integrated Water Resources Management (M-IWRM) Support Program (including Phase 2 of the Lower Mekong water utilisation negotiations), with World Bank.
3. Climate Change Adaptation Initiative (CCAI), possibly with USAID and others.

*Status: Design preparation complete; implementation subject to AusAID quality processes*

### **National governments and IFIs**

Two (2) activities with national governments<sup>6</sup> and the IFIs:

4. Lao IWRM Support Program, working with the Water Resources Environment Administration (WREA) and the Ministry of Energy and Mines (MEM), ADB, World Bank and likely Finland.
5. Cambodia IWRM Support Projects, working with Ministry of Water Resources and Meteorology (MoWRAM), in partnership (yet to be finalised) with ADB and possibly France.

*Status: Design preparation underway, implementation subject to AusAID quality processes.*

### **Non-state actors**

Two (2) activities with non-state actors:

6. CSIRO-AusAID Alliance ‘Exploring Mekong Region Futures’ – regional scenario-building and policy-informing grounded with a local focus in each country, possibly with The Rockefeller Foundation and Sweden.
7. A Facility which manages engagement with a broader set of stakeholders and funds activities such as commissioned<sup>7</sup> research and/or action (focused on environmental change, food security, hydropower assessment, fostering constructive transboundary engagement) and CSR.

*Status: Preparation beginning, implementation subject to quality processes.*

The activities, lead partners, key issues being addressed, and example content are summarised in Table 1.

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<sup>5</sup> A pre-requisite to funding MRC has been enhancement of M&E and procurement systems.

<sup>6</sup> The current focus on Laos and Cambodia acknowledges they are the weakest countries in the Mekong Region in terms of water resource planning and management capacity. Thailand, is not eligible for bilateral development assistance, but will still receive benefit from much of the work, such as through the MRC activities. Following a recent review of IWRM in Vietnam a country-level IWRM activity in Vietnam could also be considered, but is yet to be discussed in detail with AusAID Vietnam or Government of Vietnam. This review was led by ADB, and co-financed by AusAID and DANIDA. Further information can be found at: < <http://www.vnwatersectorreview.com/detail.aspx?pid=104&r=1> >

<sup>7</sup> Discussions are underway with CGIARs such as International Water Management Institute (IWMI Vientiane), World Fish (Phnom Penh), and World Agroforestry Centre (ICRAF Beijing and Kunming) and networks of: national universities, policy research institutes, civil society organisations and international NGOs. A possible delivery mechanism is via the CGIAR Challenge Program on Water and Food, or via direct contracts.

**Table 1 Program Summary 2008/09 to 2011/12 (four years)**

| <i>Activities</i>                              | <i>Lead partners</i>          | <i>Key issues being addressed, include:</i>      | <i>Example content</i>  |
|--|-------------------------------|--|---|
| 1. Integrated Capacity Building Program (ICBP) | MRC                           | Capacity building                                | MRC – Council, Joint Committee, MRC Secretariat, National Mekong Committees, and National Mekong Committee secretariats – organisational and individual enhancement                 |
| 2. Climate Change Adaptation Initiative (CCAI) | MRC                           | Environmental change                             | Moving beyond vulnerability assessment to adaptation.   |
| 3. Mekong IWRM Support Program                 | MRC, WB                       | Transboundary engagement                         | Water utilisation negotiations governed by agreed procedures  |
| 4. Lao IWRM Support Program (WREA + MEM)       | National govt, ADB, WB        | Capacity building<br>Hydropower assessment       | 10 component program for WREA including strategic planning and assessment<br>Decision making for MEM including hydropower planning, concessioning etc..                             |
| 5. Cambodia IWRM Support Projects              | National govt, ADB            | Capacity building<br>Food security               | Assisting Cambodia make decisions between major choices for water resources development options inc. potentially huge irrigation expansion/refurbishment                            |
| 6. CSIRO-AusAID Alliance                       | CSIRO, other non-state actors | Environmental change<br>Transboundary engagement | Exploring Mekong Region Futures via place-based scenario-building and policy-informing, multi-stakeholder processes   |
| 7. Non-state actor facility                    | Non-state actors              | Hydropower assessment<br>Food security<br>CSR    | Complementary assessments of key developments<br>Further developing and applying transnational codes of conduct for CSR, such as Equator and IHA Sustainability Assessment Protocol |

### **Alignment**

The DS for the AusAID Mekong Water Resources Program complements and is aligned with the following strategies, policies and key programs:

- AusAID Cambodia Country Strategy that has a focus on rural poverty reduction through agriculture development and sustainable economic and natural resource management, which in turn align with the Government of Cambodia’s National Strategic Development Plan 2006-15;
- AusAID Vietnam Country Strategy that maintains a focus on environmental change adaptation, as evidenced by its investments in Mekong delta society’s adaptation to climate change, which is also a priority of the Government of Vietnam;
- AusAID Laos Country Strategy which includes a focus on environment and sustainable resource management in alignment with the Government of Lao PDR’s National Socio-Economic Development Plan for 2006-10;
- AusAID Australia China Environment and Development Program (ACEDP), and its aim for heightened regional cooperation between China and its southern neighbours; and
- AusAID Environment and Climate Change Strategy which will maintain AusAID thematic support for IWRM as a contribution to fair and effective water governance.

## Monitoring and evaluation

### **Measuring success**

The AusAID Mekong Water Resources Program is ultimately focused on supporting Mekong Region countries to make more effective use of their water resources to alleviate poverty and achieve sustainable development.

Given the goal and objectives, program success in the year 2012 would see the Mekong Region evidencing:

- strengthened institutional framework for IWRM;
- improved availability of reliable knowledge about water resources use and further development options; and,
- informed deliberations, so as to constructively influence negotiations and policy of public, private sector and civil society actors.

This poses some challenges for measuring ‘success’. While it would be relatively simple to report on the *outputs* of the activities supported under the DS, evaluating and attributing the *outcomes* is more difficult, but most important.

The challenge of Monitoring and Evaluating (M&E) will be tackled via the Quality At Entry (QAE) processes and when striking contractual agreements with partners. AusAID will use both its intellectual resources and potential financing to ensure high quality M&E approaches for funded activities and funded partner organisations.

The M&E mechanisms outlined below for the partners, activities and the overall program will be used to make judgements about whether success has been achieved.

### **Partner M&E**

For AusAID funded partner organisations:

- each AusAID funded partner must have their own M&E framework;
- these M&E frameworks are critical for both accountability (‘to prove’) and for internal organisation learning (‘to improve’); and
- where partner organisation M&E frameworks are weak or absent, AusAID will endeavour (preferably in collaboration with other development partners) to provide targeted assistance to address M&E deficits.<sup>8</sup>

### **Activity M&E**

For AusAID funded activities:<sup>9</sup>

- each AusAID-funded activity will have its own M&E framework that is designed, appraised and in-place before implementation begins;
- these M&E frameworks will be used to collect and analyse data on performance, including outcomes and impact/ outcomes; and
- QAE processes will ensure activity-level objectives are achievable and measurable. Particular attention will be paid to ensure activity-level M&E frameworks are conceived at the design stage to generate the information needed for Quality at Implementation (QAI) processes.

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<sup>8</sup> For example in partnership with Germany, AusAID is currently supporting the MRC to develop its organisational M&E framework from the ‘ground-up.’ This includes providing in-kind technical assistance in the form of periodic in-country inputs by the AusAID Asia Division Quality Advisor (Rady).

<sup>9</sup> In this context, an ‘activity’ refers to a discrete program, initiative or project AusAID provides financial support to under the DS.

Through the QAE process, AusAID will ensure that activity-level M&E is conceived with the appropriate level of rigour and focus for AusAID's strengthened quality reporting processes. This will include ensuring that activities have sufficient financial resources within their budgets to establish base-lines and to gather M&E data (noting the current accepted benchmark is 5 – 7 % of over-all activity budgets to support M&E functions).

It will be the responsibility of the activity managers and their organisations to gather and analyse information to report on performance and impact. This data will be complemented, where necessary, by other relevant information. The Advisor in the AusAID Mekong Water Unit will be tasked annually to gather information on overarching trends and development in the Mekong water resources sector to complement information generated by activity and partner M&E systems.

### ***Program M&E***

For this AusAID Mekong Water Resources Program:

- with the assistance of the AusAID Mekong Quality Officer and other internal expertise, a Program Assessment Framework (PAF) for the DS has been developed (Annex 3);
- using information from QAI processes and supplementary data produced by partner and activity M&E assessments, the PAF will track performance; and
- this data and analysis will be used for both adaptive management and as the key source of information for the Mekong Annual Program Performance Review (APPR).

### ***Milestones (intermediate indicators)***

On an annual basis (and closely linked to the QAI/ APPR process), the DS PAF will be refined to define key intermediate indicators for the next 12 month period. These will be linked to the three strategic objectives of the DS. Intermediate indicators will be used to make judgements on the short- to medium-term performance and impacts of AusAID's development. The 2009 milestones can be viewed in the PAF (Annex 3).

### ***Success (target indicators)***

As outlined in the DS PAF at Annex 3, target indicators have been identified for assessing end-of-program performance. In summary, these are:

### ***Institutions***

The extent to which.....

1. MRC member countries policies, legislation, regulations and practice reflect adoption of IWRM.
2. MRC is an effective, efficient, viable organisation and represents a serious attempt to embody IWRM-in-action.
3. Lao Water Resources and Environment Administration (WREA) is an effective, efficient, viable organisation.
4. Lao Ministry of Energy and Mines (MEM) incorporates IWRM perspectives into its support of the hydropower and mining sectors.
5. Cambodia's water resources sector is capably implementing the IWRM components of the Strategy for Agriculture and Water, and is progressing well with general sector strengthening, assisted substantially by the ADB, AusAID et al. support.
6. AusAID working in effective and efficient partnerships with MRC, IFIs and governments to promote and exemplify IWRM.
7. AusAID working in effective and efficient partnerships with non-State actors to promote and exemplify IWRM.

## **Knowledge**

The extent to which.....

1. AHNIP<sup>10</sup> stations are functioning efficiently and providing high quality flows information to all Mekong countries.
2. MRC is a respected knowledge broker. Its programs are coordinated, producing and sharing knowledge.
3. Government of Lao PDR has sufficient water resources knowledge to guide its decision-making.
4. Government of Cambodia has sufficient water resources knowledge to guide its decision-making.
5. Next generation of Mekong water decision makers receiving training and education in Australia.
6. Mekong and Australian organisations are tangibly collaborating.
7. Critical regional water resources development debates informed by high-quality knowledge inputs.

## **Decision-making**

The extent to which.....

1. There is full disclosure of national water resources development plans with neighbours.
2. There is high-quality analysis of the transboundary impacts of water resources development plans.
3. Lao National Sustainable Hydropower Policy (led by MEM) is deliberated and implemented, in concert with the Lao National Water Policy (led by WREA).
4. Cambodian water resources policy, planning and decision-making integrates hydropower, irrigation and ecological (food security) concerns.
5. Transnational codes of conduct established and applied resulting in improved projects.

## **Implementation**

### **Partnerships**

We recognise there are many actors (bilateral and multilateral donors; NGOs; private sector; academic/research organisations) in the water resources ‘space’ in the Mekong Region. While AusAID currently coordinates its assistance closely with many of these actors, we will deepen our approach. In the spirit of ‘Paris and Accra’<sup>11</sup>, strengthened collaborations, including ‘divisions of labour’ and coalitions among development partners, will improve existing and emerging partnerships. This will contribute to ensuring AusAID’s assistance is aligned to the principles of aid effectiveness.<sup>12</sup>

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<sup>10</sup> Appropriate Hydrological Network Improvement Project: six year AUD6 million AusAID-funded project; concluded in late 2007. Established a network of 16 Mekong mainstream hydrological measuring stations throughout the Lower Mekong Basin. A major achievement of AHNIP was the placement of two stations on the Mekong River within China’s territory, and the establishment of a Data Sharing Agreement between China and the MRC.

<sup>11</sup> The Australian Government views the Paris Declaration and Accra Agenda for Action as a critical opportunity for the international community to implement concrete actions that will accelerate our efforts to make aid outcomes stronger - being more effective in aid delivery and in achieving aid results. This includes striving for the Millennium Development Goals (MDGs). For the AusAID Mekong Water Resources Program, the key MDGs are Goal 1: Eradicate extreme poverty and hunger, and Goal 7: Ensure environmental sustainability.

<sup>12</sup> Aid needs to reduce poverty and contribute to progress against the MDGs. Measuring aid effectiveness is undertaken to help program managers and partners; focus on results and improve quality, and learn more about what does and does not work well. It is also undertaken to ensure accountability to the Australian public and aid partners about the results obtained with Australian taxpayer funds.

Dialogue with implementing partners and stakeholders will continue to be led by the Mekong Water Unit. This in-region presence allows for regular, sustained formal and informal negotiation with stakeholders. The DS is based on strong implementation partnerships with national governments, the MRC; IFIs, non-state actors and other donors. This is underpinned by an approach to activity planning that is driven by the declared needs and demands of Mekong Region governments and their societies.

Regular interaction with MRC and NMC staff and officials is ‘normal business’ for the Mekong Water Unit. More formally, this is complemented by two annual MRC donor meetings. In addition, AusAID will continue to play a proactive role in the MRC Joint Contact Group<sup>13</sup> which meets quarterly to discuss key issues associated with MRC reform, renewal and performance. There are also other opportunities taken for regular engagement with other donors to the Mekong Region.

Regular, operational interaction with IFI representatives is enhanced by the annual Mekong dialogues now held with the World Bank and ADB on Mekong issues. These meetings provide an opportunity to engage at high-levels with IFI partners on regional water issues. Interaction with non-state actors is being developed through AusAID participation in various networks. Interaction with the private sector – active and driving much water resources development in the Mekong – is also being expanded.

For any partners we are funding, AusAID will participate in activity cycle processes: concept shaping; activity design processes; design quality assurance (both AusAID and partner processes); and periodic supervision. The Water Unit’s capacity to undertake these roles is enhanced on the technical side by the services of the AusAID Mekong Region Water Resources Advisor.

### **Modalities**

Australian aid to implementing partners will be delivered as grant financing. All activities supported under the DS will try to use partner systems for implementation, where feasible.

Grant financing will be provided to three MRC programs/initiatives. This assistance will be provided as ‘programmatically support’ ie. not ear-marked to any specific component or sub-component. For the IFIs work with governments, this will be pooled financing to fund activities, with the intention – where feasible – of supporting Program Based Approaches (PBAs) with key line ministries (with a focus on Laos and Cambodia). However, we will continue to use AusAID, ADB and World Bank systems to manage financial, corruption and other risks, as circumstances require.

For non-state actors, financing will be channelled as input/output contractual arrangements. The probable modality for this support (budgeted for AUD 6 million) is a Facility. The Water Unit, in collaboration with the AusAID Operations Policy and Management Unit, will develop a concept note for peer review by July 2009.

### **Cross-cutting objectives**

The PAF also addresses cross-cutting objectives (Annex 3). Gender issues are a key consideration as we work with partners to develop both the concepts and the designs for activities to be supported under the DS, and will be considered formally through our QAE and ongoing QAI processes. Of particular note is the inclusion of the MRC’s Gender Mainstreaming Project (GMP) into the ICBP. The GMP is the flagship gender activity for the MRC; Australian programmatic support for the ICBP will see our assistance supporting the GMP over the next four years. Beyond ICBP, gender issues will be actively considered in all activities.

Anti-corruption steps are also being actively taken. Anticipating greater use of MRC’s systems for procurement through programmatic support, we are working closely with AusAID Procurement Advisor (Rawden) to undertake an assessment. Review findings will guide our risk management approach to MRC funding, and could point to gaps in the MRC’s systems that we will ensure are addressed.

With financial resources channelled through the IFIs, we will rely on their anti-corruption measures. Grants and contracts with national governments and non-state actors will only be made after careful examination of their normal systems of financial management, accountability and auditability of funds.

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<sup>13</sup> The MRC Joint Contact Group (JCG) consists of: four development partners (Australia, Germany, Sweden and Denmark): representative from each of the four MRC member nations; and, the MRC Secretariat. The JCG meets quarterly to discuss: donor harmonisation and coordination; and, MRC organisation reform and renewal. ToRs for the MRC JCG are available on request.

Beyond the administration of our program's financial resources, we recognise the bigger picture of corruption in water resources development. For this reason we are supporting government actors committed to reducing corruption. For example in Laos, an activity with the Ministry of Energy and Mines includes scope for improving the hydropower concessioning process.

In addition to governments, in the Mekong Region civil society – where it has political space and safety – is providing an important 'check and balance' in the governance system. Scrutiny by civil society actors, where it has been possible, has forced greater examination of project justifications, and improved project implementation. AusAID is supportive of the role of the Mekong civil society in increasing transparency, the range of perspectives considered in decision-making, and in monitoring compliance. Many of these actors are calling for a Mekong equivalent of Europe's Aarhus Convention<sup>14</sup> but this type of international agreement is far from being adopted by the country governments of the Region. Hence, the active and worthy pursuit of other avenues, such as via transnational codes of conduct for the private sector.

## **Risk**

Partner, activity and program risk is being actively considered. These risks include:

- a decline in political stability in the region, always a possibility as recently shown in Thailand and between Thailand and Cambodia;
- reduced commitment to regional cooperation and integration caused by multiple driver, such as the current Global Economic Crisis;
- increasing tension over access to water and competing interests for water use, whereby the politics of water resources development decision-making overwhelms the program activity efforts before they are able to have their intended impact etc.
- partner organisation/s becoming marginalised and less influential; for example, due to a decline in confidence in regional organisations, especially the MRC, ADB and World Bank
- partner organisation/s becoming less effective due to key personnel changes; for example, key leadership changes in national government water-related ministries that might cause disruption and delays
- activity/s being disconnected from sites of power and influence; and
- activity/s management and coordination being sub-optimal.

Risk is and will continue to be managed through the use of a Risk Matrix. Using and updating this matrix is the responsibility of the Mekong Water Unit Team in Vientiane, with regular oversight by the AusAID Regional Counsellor in Bangkok.

## **Financing**

The majority of financing is expected to come from the AusAID Mekong Base Allocation, supplemented by AUD 4 million from the AusAID Climate Change Adaptation fund. Beyond these, the Water Unit is actively exploring additional financing that might be available from the new CSIRO AusAID Alliance. Early indications are that AUD2.5 million may be available over 3 years commencing 2009-2010 to finance an activity 'Exploring Mekong Region Futures'. A feasibility assessment of this CSIRO-led activity is being undertaken – funded by the AusAID Sustainable Development Group – between April-June 2009.

If all three MRC activities are approved (budget AUD 18 million), Australia will become the highest, pledged contributor to the forward agenda of this prominent international river basin organisation.

The Australian contribution to the WREA component of the Lao IWRM Support Program (budget AUD 5 million) would be on a par with that being pledged by the World Bank, the other principal donor. The hydropower-focused Australian contribution to the MEM component of the Lao IWRM Support Program (budget AUD 3 million) would be tripled by, but constructively complement and influence the contribution of the World Bank to both the hydropower and mining sectors.

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<sup>14</sup> UNECE (1998) 'Aarhus Convention: Convention on access to information, public participation in decision-making and access to justice'. United Nations Economic Commission for Europe. <http://www.unece.org/env/pp/>.

The initial Australian contribution to the Cambodia IWRM Support Projects may lead to a new partnership with AFD and ADB supporting the Government of Cambodia.

Activities, levels, partners, indicative budget and the proposed sources of funding are outlined in Table 1. Summary descriptions of activities can be found in Annex 1.

**Table 2 Program Budget 2008/09 to 2011/12 (four years)**

| <i>Partners, activities</i>                    | <i>AUD m</i>             | <i>Funding source</i>     |
|--|--------------------------|---------------------------|
| <b>MRC</b>                                     |                          |                           |
| 1. Integrated Capacity Building Program (ICBP) | 6.0                      | Mekong Base               |
| 2. Climate Change Adaptation Initiative (CCAI) | 4.0                      | Climate Change Adaptation |
| 3. Mekong IWRM Support Program                 | 7.0                      | Mekong Base               |
| <b>National governments and (IFIs)</b>         |                          |                           |
| 4. Lao IWRM Support Program (WREA + MEM)       | 8.0                      | Mekong Base               |
| 5. Cambodia IWRM Support Projects              | 5.0                      | Mekong Base               |
| <b>Non-state actors</b>                        |                          |                           |
| 6. CSIRO-AusAID Alliance <sup>15</sup>         | -                        | CSIRO AusAID Alliance     |
| 7. Non-state actor facility                    | 6.0                      | Mekong Base               |
| <i>Program management</i>                      | 4.0                      |                           |
| <b>Total</b>                                   | <b>40.0<sup>16</sup></b> |                           |

## **Management**

### **Staffing**

The current team of three staff at the Vientiane Post, supervised by the AusAID Regional Counsellor and supported by a Mekong Desk officer is sufficient for the size and level of engagement suggested by the DS. The multi-year financial approvals, to be sought subject to DS approval, will include provision to continue the position of Water Unit Manager (A-based at Vientiane Post) and the Mekong Water Advisor (also at the Vientiane Post), plus funding to retain the O-based position. The level of engagement envisaged by this DS, across the Region, and with three partnership groups, could not be sustained without the continuity of these human resources. These costs will be included in the FMA 9/10 to be submitted to DDG Asia in early May 2009. Based on the actual costs incurred for 2008/09, and anticipating some additional expenses, about AUD1 million per annum will be needed to cover these functions. This takes the overall budget for the delivery of the four-year Mekong Water Resources Program to AUD 40 million.

### **Internal communication**

Care will be taken to ensure that activities are complementary to the activities of AusAID posts in Cambodia, China, Laos and Vietnam. For example, to date the Water Unit has worked closely with the AusAID Phnom Penh Post to ensure that scoping and design work is done with the full knowledge and support of AusAID leadership at that Post. Also, relevant AusAID thematic areas, especially those within the Sustainable Development Group, will be engaged at critical times in the activity cycle (concept shaping; design appraisal; supervision/monitoring and evaluation missions).

Quarterly program updates will be sent to all Mekong Posts, and Canberra-based colleagues. Regular feedback and exchange will be welcomed.

<sup>15</sup> Activity 6 should be separately funded via the CSIRO AusAID Alliance and the AusAID Sustainable Development Group but will be driven and oversighted by the AusAID Mekong Water Unit.

<sup>16</sup> It is important to note that the total budget of AUD 40 million would leverage, or at least influence, the spending of larger sums being assembled in various donor partnerships. For example, the AusAID contribution to MRC-led Activity 3 is budgeted for AUD 7 million but the total budget, including World Bank grants, is USD 88 million. The AusAID contribution to the Cambodian Activity 5 is budgeted for AUD 5 million but the total budget being earmarked by ADB for a followup-activity is USD 40 million.



## **Annex 1 Activity summary**

### **1. Integrated Capacity Building Program (ICBP) – up to AUD 6 million**

The MRC ICBP aims to improve the efficiency of the MRC secretariat (currently in Vientiane), the National Mekong Committee (NMC) secretariats in Bangkok, Hanoi, Phnom Penh and Vientiane and associated line agencies by developing a critical mass of qualified and competent people to ensure effective and efficient operation of the MRC.

The ICBP focuses on:

- IWRM competencies: to improve IWRM understanding and practice at the MRC
- Organisational competencies/ knowledge: to improve in organisational skills, knowledge and systems (with a focus on annual capability assessments for MRC, NMCs and line agencies).
- Gender: to develop gender responsive development practices in water resources development projects in the Lower Mekong Basin.
- Integration of capacity building activities and resources: to integrate all capacity building initiatives of the MRC under one umbrella programme.
- Improvement of capacity building policies, systems and procedures: to further develop MRCs policies, management and information systems for capacity building, with a strong focus on building institutional M&E capacity.

### **2. Climate Change Adaptation Initiative (CCAI) – up to AUD 4 million**

The MRC CCAI will improve the capacity of Mekong Governments to manage and adapt to Climate Change impacts to secure a balance between water resources development and protection of the environment.

The CCAI focuses on:

- Assessment of water-related climate change impact and adaptation: to project future climate impacts on the hydrological regime, ecosystems and people in the Mekong River basin using an integrated systems assessment approach.
- Climate change policy planning: to establish and strengthen institutional framework for climate change planning in the Mekong Region and improve the knowledge and capacity of MRC, NMCs and line agencies in the member countries to assess and mitigate future climate change impacts.

### **3. Mekong IWRM Support Project (M-IWRM SP) – up to AUD 7 million**

The MRC-World Bank M-IWRM SP will assist the MRC and its member countries to implement IWRM.

The M-IWRM SP focuses on:

- Strengthening the regional enabling framework for the implementation of IWRM: through the development and implementation of procedures, guidelines, tools created through under the 1995 Mekong Agreement.
- Contributing to the implementation of IWRM at the national scale: through institutional development, training, sub-basin planning and pilot projects in all four MRC nations.
- Demonstrating mechanisms for the implementation of IWRM at the transboundary scale: through the joint planning and implementation of projects identified through the MRC Basin Development Plan process.

#### **4. Lao IWRM Support Program (WREA + MEM) – up to AUD 8 million**

##### ***WREA: Lao IWRM Support Program (L-IWRM SP)***

The L-IWRM SP will strengthen the capacity of the Water Resources and Environment Administration (WREA) to implement IWRM approaches at the national, provincial and district levels. The support is being structured so development partners can harmonise their support to WREA

The L-IWRM SP focuses on:

- Institutional strengthening: through national policy and strategy formulation; and, reforming legislation and regulations.
- Technical capacity building for stronger: hydrological and metrological data handling; hydrological modelling; ecological and water quality protection; and, ground water management etc.
- Educating the next generational of Lao water professionals: by supporting the development and implementation of targeted university courses at the National University of Laos.

##### ***MEM: Mining-Hydropower Technical Assistance Project (MHTAP)***

This project will strengthen the capacity of the GoL Ministry of Mines and Energy to develop and operate the mining and hydropower sectors. The hydropower portion of the project would provide support to the GoL to develop a comprehensive national hydropower planning and management capacity to ensure long-term sustainability of the hydropower sector.

The hydropower components of this project focus on:

- Hydrological data collection and management to enhance the national system;
- New efforts to improve the efficiency, transparency of hydropower governance to ensure the social, economic and environmental sustainability of the sector, including: review existing concession-granting, and concession-oversight process; identify bottlenecks in the implementation of safeguards policy and regulations; develop an action plan to ensure full implementation of the National Policy on Environmental and Social Sustainability of the Hydropower Sector; and build capacity in hydropower concessioning analysis, negotiation, enforcement and monitoring.
- Establishing a joint Mining-Hydropower Learning Centre: to provide professional training complementary to university and professional school educations; and, facilitate information disclosure on hydropower development to wide range of stakeholder.

#### **5. Cambodia IWRM Support Projects – up to AUD 5 million**

##### ***MoWRAM: Cambodia IWRM Support Program (C-IWRM SP)***

The C-IWRM SP will increase Cambodian IWRM capacity so that its water resources can be managed sustainably and to balance economic, environmental and social outcomes according to national level goals and policies.

Working with the Ministry of Water Resources and Meteorology (MoWRAM), the components of the C-IWRM SP would focus on: building national IWRM capacity; building information and technical capacity; and implementing pilot IWRM approaches. The project will prepare the ground work for a larger ADB-led activity (see below).

##### ***Cambodian Water Resources Management Project (C-WRMP)***

The C-WRMP is a +USD 40 million project currently under preparation by the ADB. Financing is likely to come from ADB, AFD and OPEC. Implementation should begin in 2010. This project will support the National Sustainable Development Plan target of reducing poverty in selected rural areas through enhanced agricultural production and diversification. AusAID will consider providing finance to the C-WRMP to continue the work started under the C-IRWM SP.

In line with the National Water Resources Policy and MoWRAM's Sector Development Plan, the C-WRMP will strengthen the Government's capacity to manage water resources in a sustainable, participatory, and transparent way, focusing on improving irrigation facilities and river sub-basin management. The C-WRMP will also fund investments in physical infrastructure for irrigation rehabilitation and expansion.

## **6. CSIRO-AusAID Alliance – up to AUD 2.5 million (from Sust. Dev. Gp)**

The CSIRO AusAID Alliance Mekong component could provide welcome evidence to constructively influence national and regional decision-making about complex issues in 'the Mekong' countries by Exploring Mekong Region Futures. This activity is focused on the energy, climate change, food security, waters nexus. A Concept Note was approved by the CSIRO AusAID Alliance steering committee in February 2009, and feasibility assessment is scheduled for April-June 2009.

This activity could provide support and enhance the implementation of AusAID country programs in Cambodia, Laos and Vietnam, plus the transnational/regional programs, such as the Mekong Water Resources Program. The project could carry out a high quality, joint, analysis of a set of contrasting possible futures for the Mekong Region. In addition to 'whole of Region' analysis, it is intended the activity would zoom-down to local level at one or more places in each of the Mekong Region countries. The focus could be to inform and constructively influence deliberations and negotiations in regional, national and local forums on energy development, climate change mitigation and adaptation actions, food security; and the further use, development and management of water resources.

## **7. Non-State Actor Facility – up to AUD 6 million**

*Commissioned research and/or action (focused on environmental change, food security, hydropower assessment and/or fostering constructive transboundary engagement)*

If we are to achieve our strategy objective in relation to knowledge, we need to expand our range of partners as MRC, IFIs and national governments do not, on their own, have the capacity to provide all that is required for more informed negotiations and decisionmaking about water resources development options. There are various options for how we should proceed, and the Mekong Water Unit is assessing the critical knowledge gaps and ways to support the Mekong Region 'knowledge community'. Discussions are underway with CGIARs such as International Water Management Institute (IWMI Vientiane), World Fish (Phnom Penh), and World Agroforestry Centre (ICRAF Beijing and Kunming) and networks of: national universities, policy research institutes, civil society organisations and international NGOs. Networks prominent in water governance include M-POWER (Mekong Program on Water Environment and Resilience), and the Wetlands Alliance.

Probable delivery mechanism is via an AusAID facility. Other options include the existing CGIAR Challenge Program on Water and Food which commences its second 5 year phase in the Mekong later in 2009, and by direct contracts.

*Private sector influencing focused on Corporate Social Responsibility*

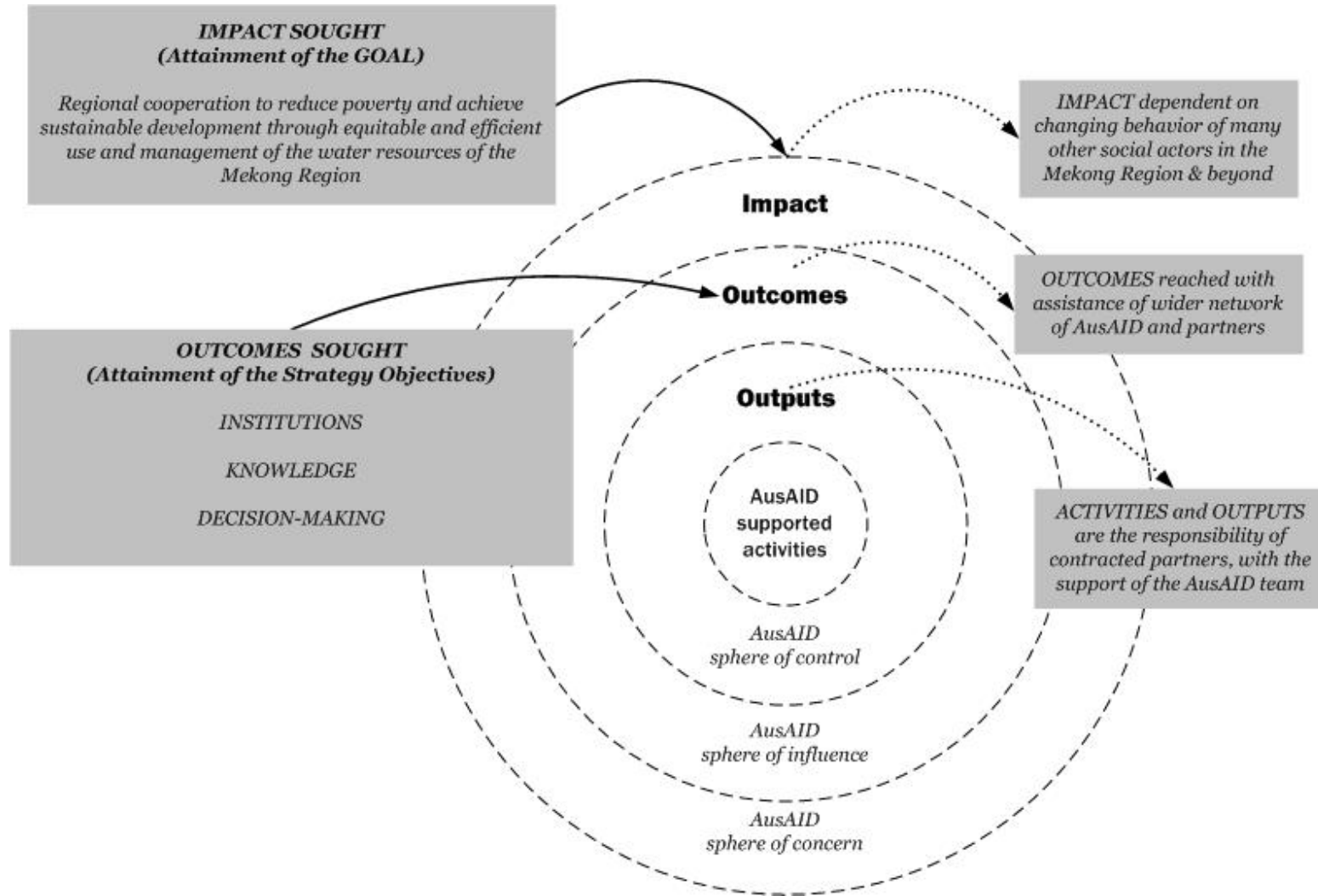
Criteria and monitoring for financing of large-scale energy and water related infrastructure in the Mekong Region needs to be greatly strengthened to take into account the rise in Asian commercial lending by private banks and the roles played by private corporations in large public-private partnerships. Commitment to Corporate Social Responsibility (CSER) needs to be secured and adherence publicly monitored. Improving and applying transnational codes of conduct can be a mechanism to 'ratchet-up' CSER commitment.

Two such codes are the Equator Principles and International Hydropower Association (IHA) Sustainability Guidelines and Assessment Protocol. An Equator bank is the ANZ, active in the Mekong Region hydropower sector as the lead in the consortium to finance the building of the Theun Hinboun Expansion Project in southern Laos. A current global review – the Hydropower Sustainability Assessment Forum<sup>17</sup> – will generate recommendations for future actions that will likely present opportunities for AusAID support. Oxfam Australia is an active participant in the forum as a representative of NGO voices.

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<sup>17</sup> [http://www.hydropower.org/sustainable\\_hydropower/HSAF.html](http://www.hydropower.org/sustainable_hydropower/HSAF.html)

## Annex 2 Performance assessment framework



| Strategy Objective   | Success indicators (targets)  | Milestones (intermediate measures)  | Australian assistance   |
|--|---|---|---|
| <p><b><u>INSTITUTIONS</u></b></p> <p><b>Strengthening the institutional framework to improve IWRM in the Mekong Region</b></p> | <p><u>Indicators</u></p> <p><i>The extent to which.....</i></p> <ol style="list-style-type: none"> <li>1. MRC member countries policies, legislation, regulations and practice reflect adoption of IWRM.</li> <li>2. MRC is an effective, efficient, viable organisation and represents a serious attempt to embody IWRM-in-action.</li> <li>3. Lao Water Resources and Environment Administration (WREA) is an effective, efficient, viable organisation.</li> <li>4. Lao Ministry of Energy and Mines (MEM) incorporates IWRM perspectives into its support of the hydropower and mining sectors.</li> <li>5. Cambodia’s water resources sector is capably implementing the IWRM components of the Strategy for Agriculture and Water, and is progressing well with general sector strengthening, assisted substantially by the ADB, AusAID et al. support.</li> <li>6. AusAID working in effective and efficient partnerships with MRC, IFIs and governments to promote and exemplify IWRM.</li> <li>7. AusAID working in effective and efficient partnerships with non-State actors to promote and exemplify IWRM.</li> </ol> | <p><b>2009</b></p> <p>Finalise design and commence implementation of:</p> <ul style="list-style-type: none"> <li>– MRC-WORLD BANK Mekong IWRM Support initiative</li> <li>– MRC Climate Change initiative</li> <li>– MRC Integrated Capacity Building Program (incorporating the next phase of MRC-MDBA Cooperation)</li> <li>– Lao IWRM Support Program (to WREA and MEM)</li> <li>– Cambodia IWRM Support Program (Phase 1).</li> </ul> <p>Establish links between AusAID and the:</p> <ul style="list-style-type: none"> <li>– banking industry active in Mekong Region water resources development</li> <li>– construction industry active in Mekong Region water resources development e.g. Italian-Thai, Theun Hinboun Power Company</li> <li>– Chinese academic advisors to the Chinese hydropower industry e.g. Hohai University, Nanjing.</li> </ul> | <p><b>Current</b></p> <p><u>First-tier</u></p> <p>Support MRC as a knowledge-based river basin organisation with riparian ownership and engagement.</p> <p>Support the establishment of the Laos Water Resources Environment Administration (WREA).</p> <p><b>Future</b></p> <p><u>First-tier</u></p> <p>Identify and proceed to develop and support appropriate and relevant work of non-state actors such as CGIARs, NGOs, international organisations, and networks.</p> <p>Enhance constructive cooperation between China and the Lower Mekong countries about transboundary water-related issues.</p> <p><u>Second-tier</u></p> <p>Integrate the subregional program of support for IWRM and the MRC into the AusAID bilateral country strategies.</p> |

| Strategy Objective  | Success indicators (targets)   | Milestones (intermediate measures)  | Australian assistance   |
|---|--|---|---|
| <p><b><u>KNOWLEDGE</u></b></p> <p><b>Improving availability of reliable scientific data about the water resources of the Mekong Region, especially in the Mekong River Basin.</b></p> | <p><u>Indicators</u></p> <p><i>The extent to which.....</i></p> <ol style="list-style-type: none"> <li>1. AHNIP stations are functioning efficiently and providing high quality flows information to all Mekong countries.</li> <li>2. MRC is a respected knowledge broker. Its programs are coordinated, producing and sharing knowledge.</li> <li>3. Government of Lao PDR has sufficient water resources knowledge to guide its decision-making.</li> <li>4. Government of Cambodia has sufficient water resources knowledge to guide its decision-making.</li> <li>5. Next generation of Mekong water decisionmakers receiving training and education in Australia.</li> <li>6. Mekong and Australian organisations are tangibly collaborating.</li> <li>7. Critical regional water resources development debates informed by high-quality knowledge inputs, that include analysis of gender.</li> </ol> | <p><b>To end of 2008</b></p> <p>AHNIP installation completed.</p> <p>MRC Senior Technical Program coordinator appointed.</p> <p>MRC-MDBA Phase 3 scope agreed.</p> <p>AYADs and ALA applications approved.</p> <p>MRC Basin Development Program (phase 2) establishment supported.</p> <p><b>2009</b></p> <p>CSIRO AusAID Alliance 'Exploring GMS Futures' activity designed and commenced.</p> <p>MRC Climate Change Adaptation Initiative commenced.</p> <p>Design underway of new initiatives with non-state actors.</p> | <p><b>Current</b></p> <p><u>First-tier</u></p> <p>Complete and integrate the Appropriate Hydrological Network Improvement Project (AHNIP) with the MRC hydrological cycle observing system (HYCOS).</p> <p><u>Second-tier</u></p> <p>Provide the MRC with a Senior Technical Program Coordinator until end 2009.</p> <p>Maximise linkages with, and promote IWRM through, other AusAID funded programs such as scholarships, ALA's and AYADs.</p> <p><b>Future</b></p> <p><u>First-tier</u></p> <p>Encourage collaboration between Australian research institutions (e.g. ACIAR, CSIRO, ICEWaRM) and CGIARs (e.g. IWMI) with MRC and other institutions and networks.</p> <p><u>Second-tier</u></p> <p>Facilitate the partnership between the MRC and the Murray Darling Basin Authority.</p> |

| Strategy Objective  | Success indicators (targets)   | Milestones (intermediate measures)   | Australian assistance   |
|---|--|--|---|
| <p><b><u>DECISION-MAKING</u></b></p> <p><b>Supporting decision-making via more relevant basin development planning, and informed negotiations and decision-making for the use and further development of the water resources of the Region.</b></p> | <p><u>Indicators</u></p> <p><i>The extent to which.....</i></p> <ol style="list-style-type: none"> <li>1. There is full disclosure of national water resources development plans with neighbours.</li> <li>2. There is high-quality analysis of the transboundary impacts of water resources development plans. This analysis is inter-disciplinary and includes gender dimensions.</li> <li>3. Lao National Sustainable Hydropower Policy (led by MEM) is deliberated and implemented, in concert with the Lao National Water Policy (led by WREA).</li> <li>4. Cambodian water resources policy, planning and decision-making integrates hydropower, irrigation and ecological (food security) concerns.</li> <li>5. Transnational codes of conduct established and applied resulting in improved projects.</li> </ol> | <p><b>2009</b></p> <p>High quality Strategic Environment Assessment (SEA), commissioned by MRC designed and commenced, complemented by independent work by other research organisations.</p> <p>Improved awareness of the potential of transnational codes of conduct for the Mekong Region.</p> <p>Publicly shared due diligence of projects, evidencing use of: World Commission on Dams strategic priorities, sustainability assessment protocol of the IHA, and/or the finance industry’s Equator Principles.</p> <p>Design underway of new initiatives with non-state actors.</p> | <p><b>Current</b></p> <p><u>First-tier</u></p> <p>Regional component of Mekong-IWRM Support Program</p> <p><u>Second-tier</u></p> <p>Phase 2 of the MRC Basin Development Plan.</p> <p><b>Future</b></p> <p><u>First-tier</u></p> <p>Encourage better understanding and more routine use of decision-making processes and tools, such as scenarios and strategic environment assessment to inform negotiations and public policy.</p> <p>Encourage greater corporate social responsibility, e.g. improved awareness of the potential of transnational codes of conduct for the Mekong Region.</p> |

| <b>Cross-cutting Objectives</b>  | <b>Indicators of success</b>  | <b>Milestones</b>   | <b>Government of Australia assistance</b>   |
|--|---|---|---|
| <p><b><u>GENDER EQUALITY</u></b></p> <p><b>Women and men in Mekong countries have equal opportunities to realise their individual potential, to contribute to economic and social development and to benefit equally from their participation in society.</b></p>                    | <p>Gender policy of MRC is implemented - women are able to participate and lead in decision-making, there is respect for the human rights of women, and an increased organisational capacity to tackle gender inequalities.</p> <p>Decision-making arenas are gender-sensitive, and analysis of options includes analysis of gender dimensions.</p> | <p><b>2009</b></p> <p>NZAID join MRC ICBP and contribute to ensuring gender is taken seriously in MRC capacity development.</p> <p>NZAID join WREA IWRM support and contribute to ensuring gender is taken seriously in WREA capacity development.</p> <p>Strategic Environmental Assessment of Mekong mainstream dams evidences substantive attention to gender.</p> | <p>Mainstreaming gender equality into the operations of the MRC via the Integrated Capacity Building Program (ICBP).</p>  |
| <p><b><u>ANTI-CORRUPTION</u></b></p> <p><b>Assist Mekong countries bring about a sustainable reduction in corrupt behaviour for the purpose of improving economic and social development, and improved management of natural resources.</b></p>                                      | <p>Implementation of recommendations of review of MRC procurement system.</p> <p>Implementations of recommendations of review of M&amp;E systems of other AusAID partners.</p> <p>Efficient and effective operation of non-state actors facility.</p>   | <p><b>2009</b></p> <p>Completion of MRC procurement system review and enhancement (June).</p> <p>Review of lessons learned from the funding and operation of other facilities.</p> <p>Simple system for commissioning non-state actors to undertake work designed (Oct).</p>  | <p>Enhancement of procurement and audit preparation system at MRC.</p> <p>Allocation of budget and advice to implementing partners requiring procurement and audit preparation assistance.</p>  |
| <p><b><u>MONITORING &amp; EVALUATION (undertaken by implementing partners)</u></b></p> <p><b>M&amp;E systems that provide financial accountability, extend beyond dollars/inputs/outputs, into the realms of 'outcomes and impact assessment.</b></p>                                | <p>Implementation of recommendations of review of MRC M&amp;E.</p> <p>Implementations of recommendations of review of M&amp;E systems of other AusAID partners.</p>   | <p><b>2009</b></p> <p>Completion of MRC M&amp;E review and enhancement.</p> <p>Completion of WREA M&amp;E review and enhancement.</p>   | <p>Enhancement of M&amp;E system at MRC</p> <p>Allocation of budget and advice to implementing partners requiring M&amp;E assistance.</p>   |
| <p><b><u>DONOR COORDINATION (with other funding partners)</u></b></p> <p><b>The Mekong Water Resources Program is implemented in partnership and collaboration with relevant stakeholders in pursuit of the objectives of the Paris Declaration and Accra Agenda for Action.</b></p> | <p>AusAID Mekong Water Program contributes to efficient and effective development cooperation and coordination between donors.</p>  | <p><b>2009</b></p> <p>Funding coalitions formed for IWRM support.</p> <p>MRC Donor Contact Group (core) and Development Partners (wider) meetings.</p> <p>Lao Informal Water Exchange and Roundtable established.</p>   | <p>Put the Paris and Accra accords into practice in the Mekong Region by:</p> <ul style="list-style-type: none"> <li>▪ Active engagement in coordination and oversight activities with donor partners.</li> <li>▪ Coalition building with other donors to explore options for co-financing, mingling, pooling and program support to partners.</li> </ul> |



| <b>Enabling Program Management Objective</b>  | <b>Indicators of success</b>   | <b>Milestones</b>  | <b>Means of verification</b>  |
|---|--|--|---|
| <p><b><u>STRATEGY IMPLEMENTATION</u></b></p> <p><b>Enable strategy implementation through adaptive management, responding to the evolving context of AusAID and the Mekong Region</b></p> | <p>Desired outcomes reached.</p> <p>Demonstrated and validated content, presentation and responsiveness.</p> | <p><b>To end of 2008</b></p> <p>Team in place in Vientiane and Bangkok</p> <p>Operational support provided from CBR and Post-based colleagues.</p> <p><b>2009</b></p> <p>DS preparation meetings engaging Mekong country offices, Mekong hub and Canberra colleagues (Feb).</p> <p>Peer review involving all relevant AusAID actors, plus invited external expertise and critique (Mar).</p> <p>QAIs (Mar)</p> <p>APPR for 2008 (Apr)</p> <p>QAEs (May-June)</p> | <p>Wise, effective and efficient adaptation and implementation of a program of activities to implement the strategy validated via:</p> <ul style="list-style-type: none"> <li>▪ APPRs</li> <li>▪ Delivery Strategy peer review</li> <li>▪ QAEs</li> <li>▪ QAIs</li> <li>▪ Activity evaluations (internal and external)</li> <li>▪ Strategy evaluation (internal and external)</li> <li>▪ Evaluations contributed to by self-assessments from AusAID staff and implementing partners.</li> </ul> |