

**Australia China Environment Development  
Partnership**

**Aidworks Initiative ING522**

**INDEPENDENT COMPLETION REPORT**

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## Aid Activity Summary

<b>Aid Activity Name</b>			
AidWorks initiative number	ING522		
Commencement date	1 July 2007	Completion date	30 June 2012
Total Australian \$	\$24.6 million AusAID		
Total other \$	N/A		
Delivery organisation(s)	Managing Contractor GHD Ltd		
Implementing Partner(s)	MWR, MEP SFA & NDRC (China); DAFF, SEWPAC, MDBC, CSIRO, NWC		
Country/Region	China		
Primary Sector	Environment		

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The views expressed in this report are those of the independent consultants, and do not necessarily represent the views of AusAID, MofCOM, or any associated Chinese or Australian Government Department.

### Author's Details

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## Executive Summary

Australia China Environment Development Partnership (ACEDP) commenced in July 2007, completed in June 2012 and had a budget of AUD 24.6 million. This was a large, ambitious bilateral facility with 5 core Australian partners and 4 core Chinese partners at the national level. Australian partners were: The National Water Commission (NWC); Department of Sustainability, Environment, Water, Population and Communities (SEWPaC); Department of Agriculture, Forestry and Fisheries (DAFF); Commonwealth Scientific & Industrial Research Organization (CSIRO); Murray-Darling Basin Authority (MDBA) and, Observer status Department of Climate Change and Energy Efficiency (DCCEE). Chinese partners were: National Development and Reform Commission (NDRC); Ministry of Water Resources (MWR); Ministry of Environmental Protection (MEP) and State Forestry Administration (SFA). The high number of partners on both sides underscores the program's potential complexity. Australia has almost completed the phase out of its bilateral program with China. The initial program objectives fitted within the overall goal of the Australia China Country Strategy (2006-2010): **to further mutual national interest by supporting China's balanced development policies and working together in the region.** The ACEDP initial Program Components and Objectives were:

Component 1: Environmental Governance and Dialogue- Component Objectives: To demonstrate methods and applications of improved environmental governance in China; and, to develop and enhance the environment policy dialogue between China and Australia.

Component 2: Integrated River Basin Management- Component Objective: To assist with the practical application of Integrated River Basin Management principles in China

Component 3: Program Management- Component Objective: To provide strategic direction, and effective coordination and efficient management of, ACEDP.

Initial implementation and expenditure of ACEDP was slow, lacked focus and was too front-loaded. Most funds were committed through slow contracting processes in the first two years of the program with significant implementation only starting in the program's second half. The Independent Progress Report (IPR) completed in May 2010 highlighted significant shortcomings with management and implementation. AusAID, with the support of Ministry of Commerce (MoFCOM), initiated significant, timely and welcome changes including the establishment of the Operations Committee to oversee activities and the Synthesis Review process to draw together outcomes and best utilize remaining time and resources. The High Level Round Table in 2010 refocused efforts at developing durable partnerships among and between the Australian and Chinese core partners and implementing agencies.

The China Country Program Strategy (CPS) for the period 2006 to 2010 emphasized three broad result areas – influencing policy, fostering partnerships and building technical and managerial capacity. Although ACEDP was designed before 2006, AusAID took recommendations from the 2010 IPR to realign the program to reflect these revised aims. As a result, ACEDP outcomes were condensed into: 1 Influencing policy; 2 Developing and sustaining bilateral partnerships; 3 Strengthening technical and managerial capacities. The change process and revised outcomes turned the program around. This greatly enhanced the effectiveness of the program despite the initial problems. The ICR focuses more on the post IPR while considering the early phase where appropriate.

The unusually long-lead times and high costs associated with contracting the first half of the program's life were partially due to the PCO's technical focus and lack of understanding of its facility/program management role. It misconstrued its role as a technical advisor and an implementer – rather than a facilitator - of the program. Consequently, initial communication between partners, implementing agents and activities was haphazard; activities were selected without regard to existing activities or the programs' wider objectives. With shift in emphasis and direction following the IPR, many of these problems were rectified and the program's final outcomes demonstrated, on balance, an overall successful program.

ACEDP's goal, objectives and revised outcomes reflected the interests of both countries. Partners' and implementation agents' common view was the program provided a solid platform for future work in the environment field, primarily through shared experiences and lessons learned. MoFCOM and AusAID both identified ACEDP (with the health facility) as a

generator of trust and partnerships that enabled both sides to parlay their bilateral cooperation into the regional and international sphere.

ACEDP was reasonably effective in achieving its partnership and capacity building outcomes but truncated timeframes limited its capacity to influence China's national-level environmental policies. Notwithstanding, there was some policy impact through the No. 1 Document of 2011 – Decision from the CPC Central Committee and the State Council on Accelerating Water Conservancy Reform and Development. The 12<sup>th</sup> Five Year plan also included outcomes informed by work undertaken through the River Health and Environmental Flows activities.

The end of the bilateral program and associated funding presented a major challenge to sustainability of the gains made under ACEDP but there are some promising signs of ongoing collaboration that will be self-funded (e.g. a number of government agencies have signed MOUs since the program's end). The sustainability of ACEDP will ultimately rest on the depth and character of the relationships developed between partners over the life of the program. For AusAID, there are many positives in the relationships with MoFCOM, MWR, MEP, NDRC and SFA and ongoing cooperation in the region has a basis to move forward built on the relationships and lessons from ACEDP and other related activities preceding, during and since.

However, partners agreed the impact would have been much greater with more implementation time and less front-loading by the PCO. The learning from the early issues was built into the program changes and this supported a greater impact in the closing phase.

Gender was poorly integrated in early activities and was not accorded sufficient priority, especially by the bulk of Chinese partners. There was improvement over the life of the project but in future, gender will require earlier focus and mainstreaming for a more successful outcome.

M&E for facilities is difficult at the best of times. ACEDP did not have a set path or framework to guide it that resulted in lackluster performance measurement, particularly in the early years. In the absence of a robust M&E whole-of program framework in the ACEDP design, performance was largely measured by the sum achievement of the subprojects. The Activity Completion Report relies heavily on the Synthesis Report for performance data, recognising that was not the Synthesis Report's purpose.

In the final two years of the activity AusAID (with support and endorsement from MOFCOM) drove significant improvements to the program that led to better and more measurable outcomes, particularly through the IPR and subsequent changes. Important lessons from the activity were that:

- all partners and stakeholders must develop a common understanding of objectives and expected outcomes very early in the process to achieve the best outcome
- that large facilities need independent and strong administrative and technical oversight to generate and maintain a common understanding of the objectives during implementation of all activities. Reducing the complexity, number of partners and ambition of the outcomes would also help.
- that change in context and priorities is inevitable and flexibility is therefore essential to effective implementation. The large, early investments in the early stages of ACEDP limited the extent to which it could react to a changing environment As situations change and information and understanding generated is reinvested in activities that can best meet the needs during the program life, rather than large early commitments that may lack relevance later in the program life.
- use ACEDP as a learning experience to build upon for future cooperation in areas of mutual interest; take time to build the understanding necessary in the early phase of a program/activity and, remain open to the broad range of possibilities and options for cooperation as situations can be fluid and context can change. Flexibility and an open minded approach are necessary in management mindset, dialogue, design and implementation. The overall lesson is that process is important in building partnerships, relationships and undertaking activities of mutual interest to achieve a common objective.

## Evaluation Criteria Ratings

Evaluation Criteria	Rating (1-6)
Relevance	5
Effectiveness	4
Efficiency	3
Sustainability	4
Gender Equality	3
Monitoring & Evaluation	3
Analysis & Learning	5

*Rating scale: 6 = very high quality; 1 = very low quality. Below 4 is less than satisfactory.*

## Introduction

### Activity Background

ACEDP commenced in July 2007 and ran for 5 years, finishing in June 2012 and had a budget of AUD \$24.6 million; overseen by AusAID and Ministry of Commerce (MoFCOM). This was a large, ambitious bilateral facility with 5 core Australian partners and 4 core Chinese partners at the national level with significant roles in environment and water in both countries at policy and operational levels.

These were from Australia:

The National Water Commission (NWC)

Department of Sustainability, Environment, Water, Population and Communities (SEWPaC)

Department of Agriculture, Forestry and Fisheries (DAFF)

Commonwealth Scientific & Industrial Research Organization (CSIRO)

Murray-Darling Basin Authority (MDBA)

*Observer status Department of Climate Change and Energy Efficiency (DCCEE)*

From China:

National Development and Reform Commission (NDRC)

Ministry of Water Resources (MWR)

Ministry of Environmental Protection (MEP)

State Forestry Administration (SFA)

Australia has since pulled back from bilateral programs with China although this was not the case when the program was designed and in some ways the ambitious nature of ACEDP almost assumed a follow up program to build on the initial program objectives that fitted within the overall goal of the AusAID's China Country Strategy at that time, given below:-

The goal of the China Country Program Strategy (2006 – 2010) was **to further mutual national interest by supporting China's balanced development policies and working together in the region.**

These goals were agreed at the annual consultations between Australia and China in November 2005 and fitted within the 11<sup>th</sup> Five Year Plan for improving environment and water resource management in China. The directions for the CPS had been agreed in April 2004 for the period 2006 to 2010.

The expected outcomes of the program were:-

**OUTCOME 1.1: Improved environmental governance in China, initially in relation to water resource management**

**OUTCOME 1.2: Scientific and technological tools that can enhance environmental management in China are more integrated with policy processes, initially in the area of water resource management**

**OUTCOME 1.3: Improved models to address environmental impacts that exacerbate poverty, and integration of these models in policy processes**

**OUTCOME 1.4: Strong bilateral linkages for dialogue in the environment**

**sector, enhancing existing engagement between Chinese and Australian agencies,**

**and shared knowledge on a range of environmental management issues of mutual interest**

**OUTCOME 1.5: Active high level policy dialogue to promote/develop priorities for ACEDP**

**OUTCOME 2.1: Shared understanding of IRBM principles and practices in Australia and China**

**OUTCOME 2.2: Practical application of IRBM principles in China**

ACEDP is acknowledged to have had a slow start with a lack of focus at higher levels and slow initial contracting process that committed most of the funds in the first half without significant implementation until after the midway point. The above objectives were ambitious and it was difficult to demonstrate progress on these in the initial years. The Independent Progress Report (IPR) completed in May 2010 highlighted significant challenges with management and implementation with recommendations for significant change in the objectives and approach. AusAID contracted the "Strategies for Taking ACEDP Forward" paper and AusAID with the support of MOFCOM initiated significant, timely and welcome changes including the establishment of the Operations Committee to oversee activities and the Synthesis Review process to draw together outcomes from the remaining time and activities. The High Level Round Table was re-focused on the development of partnerships between the core partners and implementing agencies.

The revised outcomes brought ACEDP more in line with the 2006 to 2010 CPS of influencing policy, building partnerships and capacity building at technical and managerial levels. This generated considerable debate and discussion within AusAID to realign programs within the frameworks. ACEDP had vague initial objectives that were interpreted differently by AusAID and the PCO hence the revised outcomes were a better fit of expected outcomes and the CPS. The revised Outcomes were:-

**1 Influencing policy;**

**2 Developing and sustaining bilateral partnerships**

**3 Strengthening technical and managerial capacities**

The revised outcomes represent a more realistic approach and still retain the intent of the program goal and objectives.

ACEDP required a large amount of communication and facilitation because of its complexity, ambitious objectives and many partners. This is difficult for a contractor to undertake when guidelines and responsibilities are not clear. Similarly, the role of contractors is not usually to represent government yet the facilitation between partners could be viewed as a government to government role, hence the hiatus between AusAID and the contractor in this regard. Refocusing the program allowed ACEDP to more effectively build relationships and produce outcomes that were achievable and worthwhile within the context that existed and did not require a new context to be built.

The IPR and the Synthesis Review have both informed this ICR.

## **Evaluation Objectives and Questions**

The objectives of the ICR are to assess the following aspects of the Program:

i) **Relevance of program objectives/activities:** assess whether the objectives/activities of ACEDP were relevant and focused enough on priorities and mutual interests of both China and Australia.

ii) **Effectiveness in achieving the stated objectives:** assess the extent to which ACEDP activities attained their individual and the Program objectives.



iii) **Efficiency of management/implementation:** assess whether the ACEDP was managed to get value for money from inputs of funds, staff and other resources, and to continually manage risks.

iv) **Impact:** assess whether there is evidence of significant results/changes produced by the Program, directly or indirectly, intended or unintended.

v) **Sustainability of what is being achieved:** to assess whether the Program achievements are likely to continue beyond ACEDP life. Assess whether individual activities appropriately addressed sustainability so that the benefits of the activities will continue after funding has ceased.

vi) **Monitoring & Evaluation:** to assess whether the monitoring and evaluation framework effectively measured progress towards meeting objectives.

vii) **Analysis & Learning:** assess whether the activity is based on sound technical analysis and continuous learning. Identify most successful elements of ACEDP for the future environment programming in the region.

The key Issues to be assessed as part of the above are:

- a) **Design and Responsiveness.** The 'facility' design of ACEDP was intended to ensure the flexibility to respond to emerging issues and evolving priorities of both Chinese and Australian governments. On the other hand, the program has witnessed insufficient direction especially in its early phase. The IPR identified a number of design factors that contributed to limited progress and delays, including: the contractor/sub-contractor model; limited analysis of context; and limited integration of lessons from previous experience into the design. In addition, the IPR made recommendations on: program oversight; policy and partnership strategic approaches; progress reporting; allocation of remaining funds; and monitoring and evaluation (M&E). The commissioning and implementation of the *Strategy for Moving ACEDP Forward* and establishment of OPSCOM achieved several improvements.
- b) **Monitoring & Evaluation.** As a facility, linking activity level M&E to program level outcomes remained a challenge throughout the program. An M&E framework was produced in March 2008. The IPR concluded that the M&E framework, activity level M&E, and the reporting quality were inadequate. Following the IPR recommendation, resources were allocated toward a revised M&E approach for the program's remainder. In 2011, an M&E specialist was engaged to develop a simple monitoring system for the activities, evaluate program outcomes, and support the program completion.
- c) **Contractor Model.** The IPR raised a number of concerns regarding the model of contractor and subcontractor which ACEDP adopted. The whole-of-program contractor model posed a barrier between partners, and misperceptions that the PCO was a proxy representative of the Australian Government. The IPR also questioned value for money. The suitability of a private contractor to implement a facility model such as ACEDP warrants careful consideration in the future.
- d) **Program Achievements.** The synthesis review concluded that ACEDP's key achievement has been to cultivate a network of multi-level partnerships between Australia and China on environmental policy and technical issues. ACEDP has made progress towards the long-term change in environment. ACEDP provided options and insights for policy reform in China, and to some extent, Australia.

The Terms of Reference are included in Annex 1.

## Evaluation Scope and Methods

The evaluation method was to undertake a review of reports and develop a set of common questions for distribution to core partners and implementing agents in China and Australia. This was followed up through interviews and meeting with the partners and implementation agents in China and Australia. In addition, Program Coordinating Office (PCO) staffs were interviewed including the Manager; representatives of GHD Ltd, the Managing Contractor (MC); AusAID staff and Ministry of Commerce (MoFCOM) staff as AusAID counterparts.

As outlined above ACEDP had been through an Independent Progress Review (IPR) completed 2010 that was critical of several areas of management and implementation and recommended AusAID develop a strategy to move ACEDP forward to achieve a better outcome. This was undertaken and recommendations implemented in late 2010 and carried through to the program completion. This led to the establishment of the Operations Committee to support day to day management of the program through partner representatives, in particular, the selection of new activities and professional/technical oversight and; the Synthesis Review process to bring together outcomes from activities culminating in the Hangzhou Workshop and Synthesis Report undertaken by independent chairperson and partner representatives.

The ICR has overlap with the Synthesis Report but goes further to consider the questions and objectives outlined above from the Terms of Reference. The ICR will concentrate on the outcomes of ACEDP post the IPR as significant changes were made and these flowed through into completion. In this way, ACEDP can be viewed in two Phases, the pre IPR and post IPR and the ICR will focus on the post IPR because the changes made were significant and changed the course of the program,

An Aid Memiore was presented in Beijing to MOFCOM and AusAID that outlined the key finding prior to preparation of the draft ICR. The evaluation plan with the questions in included in Annex 2

## **Evaluation Team**

The team comprised two independent consultants with complementary skills and experience in China in the environment fields.

Dr Hancock has participated in program designs and implementation in China since 2002 and has undertaken a previous ICR for the Qinghai Forestry Resource Management Project (QFRMP) for AusAID. He has also worked for the Asian Development Bank in developing a Drought Management Strategy for China and Water Demand Management in Guiyang in Southern China. Following the Independent Progress Report, he prepared the Strategy for Moving ACEDP forward for AusAID and following the QFRMP he prepared the background for two new activities for ACEDP but was not involved in the implementation of the strategy or the new activities.

Dr Yu was the Chinese national member of the Independent Progress Review (IPR) Team and has insight into the overall program and the changes that occurred over time with ACEDP. He has considerable experience in environment in China across the water and wider environment issues in China and internationally.

These experiences provide the team with insights into the progress of ACEDP and supported the ICR process while neither was directly involved in implementation of any activity within ACEDP that could constitute a conflict of interest for independence.

# Evaluation Findings

## Relevance

The program goal was relevant in 2006 and remains relevant in 2012 moving forward. Partners contacted agreed this is a very important area for further cooperation, dialogue and scientific/technical interactions.

The program objectives were relevant although the focus on Integrated River Basin Management may have been narrow, given the wider scope of new activities initiated after the IPR and subsequent changes. Australia has much to learn from China on IRBM and the more relevant broader environment issues and this has been recognised by Australian partners in responses to questions in the ICR.

The 12<sup>th</sup> Five Year Plan for China has a much great emphasis on improving the environment and conserving water resources and this requires cooperation between Ministries such as MWR and MEP. ACEDP was able to support this through the Environmental Flows and River Health Activities. New Activities towards the end of ACEDP included activities on Community Compensation Mechanisms such as upstream/downstream compensation for water conservation and improving water quality and, the use of carbon sequestration as a community compensation mechanism. These and other emerging issues demonstrate the relevance of ACEDP in building partnerships in new areas for Australia and China.

The learning experience for Australia partners in engaging with Chinese partners for future activities in each country and within the region is particularly important moving forward. As China moves further into aid cooperation this will benefit both countries. From an Australian perspective, the experience of working with and coming to understand the scale and scope of very large systems such as national level river basins in China (such as the Yellow River Commission through to the smaller Gui River within the Pearl River Basin Commission) provide opportunities lacking in Australia yet relevant for engagement elsewhere in the region. The Chinese partners and implementers also expressed very positive responses from engagement with Australian counterparts and valued and respected the inputs and cooperation from ACEDP.

The ongoing relevance is demonstrated by the positive approach to regional cooperation in AusAID discussions with MoFCOM and MWR and, the expressed desire to continue dialogue between partners and implementing agents. A number of MOU's have been signed to this effect and some technical papers and journal articles have been or will be published on specific aspects of the cooperation supported by ACEDP. However, the process of subproject selection and relevance in a broader sense is dependent on the perspective taken. The Chinese partners argued the program and subprojects were relevant and beneficial and this can be seen from the perspective of subproject self-interest as the initial subprojects that fitted within the scope of technical and capacity building activities similar to previous activities. Australian partners had little involvement in these and saw less relevance. The later smaller initiatives were more relevant to Australian partners and fitted better with the revised outcomes so were rated as more relevant while still having the support of the Chinese partners. The design and subsequent cancellation of the large scale irrigation subproject highlights the different approach. This sub project was initially designed but not implemented and was cancelled by the Operations Committee as not being relevant. The savings were used in part for new activities. The Mekong Subregion Professional Development Program in Integrated Groundwater Management (A1003) was a small activity that has relevance for the current AusAID initiatives in the region and was well received by both partners groups. If the Operations Committee had been formed earlier, it is likely more subprojects would have been cancelled or modified to improve relevance and effectiveness.

The change in the CPS away from these types of activities does reflect a shift in thinking and recognition of a changing context and approach in cooperation between the two countries. While not all individual activities within ACEDP may be relevant moving forward, the broader environment and need for cooperation remains relevant. In reality, Australia can learn much

from China in water resource management as well because China has a very large and diverse water situation compared to Australia and this is also relevant although not in the conventional aid sense. Chinese partners and implementers can now access Chinese funds to support cooperation and inputs from foreign organisations and individuals under newly introduced funding pools within China. Several partners and implementers raised this as an ongoing option to support MOU's and activities of mutual interest, supporting the relevance of ACEDP.

Environment will continue to be a major issue at local through to national and regional level in both countries. Australia has an ongoing interest in working across the region and ACEDP has provided valuable lesson in taking this forward within the environment sphere. China is changing its approach to engagement on environment and cooperation across the region and AusAID has a role in this cooperation with China where appropriate. Similarly, Australian government agencies have an ongoing role across the region and ACEDP provided a valuable learning platform for working with international partners.

## **Effectiveness**

ACEDP had many positive outcomes and these were expressed by the partners and participants in response including the building of relationships and partnerships and starting the process of more effective dialogue particularly later in the program life. These were not as effective as it could have been largely because the managing contractor (MC) through the PCO and AusAID who did not undertake sufficient time to facilitate a common understanding of the program objectives in the initial phase. However, the positive outcomes represent a major change in attitude and understanding among the partners and participants, particularly the Australia partners who had little previous engagement with China.

Many donors have made contributions to the approaches used in China through the piloting of different ideas and methodologies and ACEDP was another of these with an Australian perspective. The smallness of the Australian system leads to a greater cooperation between agencies and this was fostered by ACEDP such as MWR and MEP working on River Health and acknowledged by both ministries as positive outcome in discussions during the ICR. The Pearl River Commission emphasised the value of the capacity building and appropriateness of the scale during discussions. These contributions add to the effectiveness and enhance the reputation of Australia as a place to seek environmental support, ideas and methodologies.

The notion that the High Level Round Table (HLRT) process would automatically guide the program was false and partners indicated they had little understanding of the overall program in the initial phase leading to a serious mismatch of expectations and inputs into the HLRT in Beijing in 2008. This changed after that meeting with the agenda's more in line with policy related issues and the establishment of the Operations Committee that incorporated partner members was much more effective at keeping issues in focus and improved management efficiency.

However, ACEDP was innovative in nature and while it did suffer from implementation issues, the latter half of the program showed the value of flexibility with the new activities, though relatively small, were able to address issues and demonstrate methods and approaches that were relevant in the Chinese context. A good example is the State Forestry Administration, Qinghai Forestry Administration, Department of Agriculture Forestry and Fisheries and Southern Cross University carbon sequestration and large scale monitoring through MCAS activities that became one of three carbon sequestration national level pilots for China. SFA and DAFF have signed MOU resulting from the activities in monitoring and the use of MCAS program. As a program approach that was meant to have built in flexibility, ACEDP objectives were vague yet the overall program had positive outcomes and the model itself suffered from management and attitude issues rather than conceptual issues. This demonstrates the program model can be successful if the right approach to management, facilitation and flexibility are used.

The following statements in the design took some time to be embedded into activities:-

“Initial activities will be strategic and short term, drawing on specific areas of Australian expertise to support and complement existing IRBM initiatives in China. Successful activities may be scaled up through, for example, leveraging the work of multilateral organisations, such as the development banks” (Objective 2).

This is supported by the approach to program management outlined in the design “Appropriate Program management structures and contractual arrangements will ensure AusAID retains overall control of the ACEDP and that there is flexibility to respond to emerging priorities”.

The above deficiency was largely corrected by the Operations Committee and is demonstrated by the spread of new activities contracted in the post IPR phase that had a wider environmental and co-operations focus. This change in approach greatly enhanced the flexibility and the effectiveness of those activities and as a result the overall effectiveness of the program,

The initial activities generated competition between the Chinese partners rather than cooperation. Australian partners, with the exception of CSIRO had minimal involvement in the process and expressed doubts about some of the choices in responses. However, the new activities provided a much wider scope in activities and the selection through the Operations Committee was also kept Australian partners involved. The IPR and subsequent changes did have a very positive impact but it was not possible to recover the time lost and this reduced the overall effectiveness to some extent.

The PCO manager took the view that ACEDP was a technical assistance program similar to other earlier AusAID programs and this had a significant impact on effectiveness because the PCO did not undertake the facilitation necessary to support the development of understanding particularly among Australian partners. The PCO focused on the subcontracting of activities to ensure the allocation of funds and then on the management of those funds rather than the wider and arguably more important program outcomes. The limited use of the EAT were addressed through the Operations Committee post IPR that did have a positive impact and greatly improved the effectiveness.

An important point post IPR is the increased dialog between partners at all levels the increased effectiveness and improved understanding of common issues, needs and outcomes. This usually takes time to develop anyway although could have been more effective if it had started much earlier and actively fostered by the PCO.

The summary list of the 23 activities or sub projects is in Annex 3. The ICR team felt some of these did not contribute to the effectiveness of the Program and were repetition of and or overlapped with other activities from different donors. This reduced overall effectiveness. The following activities has significant overlap with other donor funded activities or in the case A1001 were not seen as having an identifiable outcome in the Chinese context.

- Australia–China Legal Profession Development Program (A1001-\$32,000)
- Lake Tai Water Pollution Treatment (P2002-\$2,550,00)
- Integrated River Basin Management: Managing the Threats to Sustainable Water Resources Development (P0006- \$500,000)
- Improving water use efficiency through better irrigation district management and water right trading (LIS) (P0017- \$541,000)
- Countermeasures for long-lasting Severe Drought in China and Australia (P0046-\$161,000)

A1001 is seen as having limited impact on processes in China because the legal frameworks are not in place to undertake the work. P2002 is a repetition in many ways of several other donor funds activities aimed at pollution in Lake Tai. P0006 was an addition to World Bank and DFID programs that ended with little local support and not much chance of significant sustainable change in practices. P0017 has been done in different areas of China by other donors including ADB, World Bank and MWR and the lessons were already learned. P0017 was an overlap of the ADB TA Drought Management Strategy for China (already part funded by Australia) although it did lead to an MOU. The other subprojects and activities were seen as relevant and contributing to objectives and outcomes. The initial contracting process was

particularly forward looking although sub projects such as River Health and Environmental Flow in China (P0018), Wetlands Management Policy, Guidelines and Capacity Building (P0001); Capacity Building on Adaptation to Climate Change in the Field of Water Environment (P0037) have far reaching policy implications and have been used in policy within China and to support Chinese compliance with international requirements on wetlands management listed through the Ramsar Convention (International Convention on Wetlands of International Importance) , relevant to both China and Australia.

A more rigorous selection process that considered the context should have eliminated these and allowed resources to be allocated elsewhere. These are significant resources (\$3.88 Million) that could have been used elsewhere but were contracted by the time changes were made through the Operations Committee. The ongoing impact of capacity building is difficult to measure pre-program completion although this aspect of activities was highlighted by Chinese partners as very significant from their perspectives. Australian partners, who learned a very different set of lessons, also spoke highly of the capacity building from involvement with ACEDP. Similarly, it was difficult to see the effectiveness of many activities that were compressed into the final two years as most activities had to be completed by the end of March 2012 and the impacts are being seen post program completion. The initial delays in contracting and implementation had a major impact on early effectiveness and it has taken time for outcomes to filter through the systems. This is the reason for the improvement in effectiveness from 3 to 4 over previous assessments and is supported by feedback from partners on effectiveness.

Effectiveness as mentioned in Relevance above is affected by ongoing context and perspective. Chinese partners were much less worried about effectiveness and gained more from the activities through involvement in the earlier contracted major subprojects while Australian partners had a more ambivalent view and would have chosen a different group of subprojects and or implementers. The latter activities did reflect a more nuanced context and greater relevance looking forward and were more acceptable to all parties. This supports the improvement in the relevance of the overall program despite the difficulty associated with the compression of activities into the final years and poor selection of some activities.

## **Efficiency**

The initial phase of ACEDP did not represent good value for money because of the time taken in subcontracting of activities and the mismatch between program objectives and outcomes and the approach taken by the PCO management. This is highlighted in the IPR that commented on the large number of manuals and frameworks were prepared although some of these were of poor quality and not effectively integrated into activity design.

The notion that the High Level Round Table (HLRT) process would automatically guide the program was false and partners indicated they had little understanding of the overall program in the initial phase leading to a serious mismatch of expectations and inputs into the HLRT in Beijing in 2008. This changed after that meeting with the agenda's more in line with policy related issues and the establishment of the Operations Committee that incorporated partner members was much more effective at keeping issues in focus.

The M&E for the overall program was not well articulated or implemented hence it was difficult to effectively monitor the program as a whole and although this was addressed to some extent later with a revised M&E platform, the ability to effectively analyse value for money remained problematic.

The Gender and Public Participation and Social Impact (GPS) Framework is another example where the framework was not integrated into the subproject designs or effectively followed through by the PCO. This was revised later and a discrete activity initiated in GPS that was more effective although limited in scope.

The second phase did bring significant outcomes. New activities and improved and refocused dialogue between partners represented a good basis for moving forward beyond ACEDP and this is a worthwhile outcome for AusAID in further cooperation with China and within the region. This compensates to some extent for the earlier period although cannot regain all of that lost value.

The IPR and subsequent intervention by AusAID indicated that risk was not well managed and the attitude of the PCO management was a factor in poor risk management. The PCO had a relatively high staff turnover and the national staffs had a clear focus on activities and management of day to day issues, a task that was well done in general. However, the higher level management, integration, interpretation of wider issues and policy initiatives were less well done and the associated risks were not addressed by management.

Overall, it is difficult to say that ACEDP gained the most from the inputs provided or made available and, administration costs were high. However, it was a complex program that took time to establish and the eventual outcomes provide AusAID with a sound basis for moving forward. Both Australian and Chinese partners expressed their appreciation for the program and support provided, particularly later in the program through the Operations Committee and the Synthesis process. The outcomes do justify the means but could have been done more efficiently

## Impact

ACEDP did have a positive impact in three key areas-

- Built support for high level dialogue once a common platform and understanding had been found and these are part of building relationships;
- Built support for technical and scientific linkages on areas of mutual interest through implementation of activities and exchange;
- Supported the development of the understanding of Australian partners and implementing agents of the value of partnerships, dialogue and exchange with Chinese partners on different levels leading to an appreciation of a two way exchange and learning approach beyond the technical and or policy input role common in previous engagement.

These are important in moving forward in maintaining dialogue across the scope of environment issues facing Australia, China and the region. ACEDP has laid the groundwork for future cooperation in this area and that is significant although the impact will be short lived unless there is some ongoing focus of activity to maintain the connections going forward.

Impacts on influencing policy and policy development are more difficult to judge. Activities that were aligned with the Chinese five year planning process did allow Australia ideas and approaches to be tested and piloted for adaptation by the Chinese and probably did have some impact on some areas of the next planning cycle such as the Environmental Health and River Monitoring activities. These and some others have had an impact on the 2011 Number 1 Document – Decision from the CPC Central Committee and the State Council on Accelerating Water Conservancy Reform and Development and some aspects were included in the 12<sup>th</sup> Five Year Plan. Considerable adaptation is required for ideas and concepts to fit into the Chinese context and that takes time. In essence, the time frame for most activities implemented by ACEDP was from less than 3 years down to less than two years and it's difficult to get impacts on that time scale within a very large system such as China.

However, apart from the impact mentioned earlier of the carbon sequestration pilot becoming a national level pilot other impacts include the Qinghai Forestry Department using involvement with ACEDP and the early AusAID funded Qinghai Forestry Resource Management Project (QFRMP) as justification for a Global Environment Fund (GEF) project for the province and to initiate a much larger provincial level pilot program in carbon sequestration funded by the province. These outcomes and impacts were not planned for but flowed from the introduction of ideas and methods that were initiated through ACEDP. The

commercial use of irrigation canal monitoring and control devices was another of these adopted by the relevant provincial administration and the Satellite Imaging Institute/CSIRO initiative has flow on to improved image quality using Chinese sourced data for Australian use.

The impact on Australian partners was probably greater than on the Chinese partners from a policy and cooperation perspective and this is very important in regional cooperation because Australian partners now have a better understanding on engagement and dialogue to work on wider regional issues. Similarly, the impact for AusAID in achieving a worthwhile outcome is important in ongoing regional cooperation where discussion between AusAID and MWR are progressing well for further cooperation.

## **Sustainability**

ACEDP was the last of this type of bilateral environment program with China. This was well known to partners although many requested further support as a worthwhile ongoing support for current and future activities. The Hangzhou workshop brought partners and implementation agents together to discuss ideas and ways to cooperate in the future and was regarded as a success by partners. This, as part of the Synthesis review process, was beneficial but not a phase out strategy in its self. AusAID was hamstrung in that the Country Program Strategy had changed and moved away from the bilateral program approach making a phase out strategy difficult due to funding constraints.

Sustainability then comes down to the relationships built and other outcomes that are of mutual interest and will maintain ongoing dialogue, exchange and support from outside of the AusAID funding mechanisms. These are evidenced by the signing of MOU's in several areas such as DAFF and SFA; DAFF and MWR and, CSIRO and the Spatial Mapping Institute. At the provincial level, the Pearl River Commission expressed a willingness to maintain cooperation built on the success of the support from ACEDP and appropriateness of the scale of operation at that level.

The Synthesis Report highlighted achievements and also pointed to key areas of under achievement that reduced impact. Most notable among these was the lack of integration and connectedness between activities that could build outcomes into a more comprehensive output. There was little cross fertilisation between activities and little communication between activities ( note the earlier point regarding the competition between Chinese partners for funds in the initial phase) even though there an estimated 2000 Chinese and Australian experts involved in ACEDP. Although the Synthesis process was initiated in part to address this issue, it came too late in the process with a limited budget to overcome the existing disparity between activities where a more defined communication strategy was needed.

The partners expressed the desire to maintain communication and the build on areas of mutual interest; the key is that areas of mutual interest, personal contacts and issues of government to government significance will be maintained because there is an ongoing rationale for doing so. Funding for these will be sort to facilitate this.

Another area for ongoing cooperation is the through the China Council for International Cooperation on Environment and Development (CCICED). CCICED has a mandate to provide policy advice and support for environment issues in China and AusAID provides some funding for CCICED. This body can be a conduit for activities requested by AusAID of behalf of partners in areas of specific interest with Australian expertise. It can also be a means of integrating more international partners into the activities to have a policy influence on environment in China.

It must be recognised that MOU's are only sustainable if actioned and supported by partners. A change in the initial subprojects may have increased sustainability although the understanding of the changing context at a higher level takes time to filter through into changes in perspective at operational level. The ongoing dialogue between AusAID, MoFCOM and MWR on cooperation and new activities in the region are the best indicator of



sustainability moving forward and have the potential to involve several ACEDP Australian partners and organisations that can build on the ACEDP experiences.

The High Level Water Policy Meetings between SEWPaC and MWR support the sustainability at that level while the interest generated lower in the system will see more initiatives arise from Chinese partners able to access local funds for cooperation. A major change in approach from China in funding cooperation and supporting the use of foreign nationals and organisations in Chinese activities has taken place and Chinese counterparts are considering applications to use this funding pool and support ongoing cooperation, particularly on relevant technical issues. This also supports the relevance of ACEDP and increases the sustainability.

## **Gender Equality**

ACEDP had a Gender mainstreaming Framework prepared in 2008. The IPR concluded this was not well prepared or implemented. This clearly limited the effectiveness of the gender mainstreaming and as a result Gender equity was not integrated into any of the major technical subprojects effectively. The Evaluation Study of ACEDP in 2011 made this observation – ‘The very limited GPS (Gender, Public Participation and Social Impact) results are largely attributable to a combination of a lack of clear design parameters and, crucially, different levels of understanding and evident cultural sensitivities’. The IPR recommended a discreet activity be developed for GPS and this was done and implemented effectively.

The Sub Project implementation team for the Gender Mainstreaming, Public Participation and Social Impact Management Project indicated they were limited in scope because Gender had not been actually mainstreamed into the technical assistance activities initiated early in the program. There were positive outcomes from the sub project in terms of supporting women’s participation in environment assessment activities and these were incorporated into the River Environmental-Health Score cards.

Chinese partners dismissed gender as an issue in their response to questions given in the ICR, supporting the findings of the Evaluation Study. Australian partners did not focus on gender as an issue apart from the inclusion in the sub project outlined above where some Chinese and Australian respondents acknowledged there was value in including the voice of women in participatory activities.

The design of future cooperation activities needs to take a different approach if gender is to be mainstreamed into activities. Similarly, the MC and PCO must be proactive in supporting the gender initiatives to get positive outcomes. The technical focus of the initial core subprojects failed to address gender effectively although some women did participate in the capacity building activities through study tours and similar support in Australia and China where approximately 33% of participants were women. This does not cover the GPS expected sufficiently.

## **Monitoring and Evaluation**

M&E for ACEDP remained a contentious issue throughout the program largely because the program lacked an overarching context and framework that was understood by all partners and implementing agents at the start. This meant that it was difficult to get an M&E framework that allowed sub projects and other activities to feed into outcomes and support the achievement of objectives. ACEDP M&E focussed primarily on evaluation of subprojects although the sum of these did not constitute a Program framework or a complete set of outcomes. The Activity Completion Report relies heavily on the Synthesis Report for outcomes although the Synthesis Report was not meant to be a substitute for program M&E.

M&E remained a weak point for ACEDP and a different approach is needed for future activities that are less onerous for implementation agents at operational level and more focused on overall project objectives and outcomes. The weakness of the Activity Completion report and its reliance on the Synthesis Review process and report demonstrate this weakness. The Synthesis Review was not meant to replace M&E, rather it was to bring together outcomes and participants for ideas and future engagement options as well as

provide an outcomes review of the dispersed sub project activities. The Synthesis review was a response to the lack of communication and coordination between activities, also indicating an M&E failure. The Environment Advisory Team (EAT) contracted by the Managing Contractor (MC) was meant to provide technical and professional support of ACEDP through its objectives:

- The strategic focus and objectives of ACEDP remain appropriate;
- A range of agencies are consulted and engaged in activity identification and development;
- Activities selected contribute to the objectives of the Environment Strategy; and
- The Program remains responsive through appropriate management systems.

EAT had difficulty in fulfilling its role and at times was in conflict with the PCO management. There was difficulty in recruiting a suitable Chinese EAT member that was acceptable to Chinese partners and finding the right mix of skills in individuals was a complaint expressed by the PCO for some of the EAT difficulties. This reduced the effectiveness of EAT and the Operations Committee took over much of the EAT role in the later part of the program. EAT as a process was not necessarily flawed but its operation and use was. AusAID had a greater role to play in supervision and involvement in the EAT process and did not do this well in the early years. This shortcoming highlights the need for AusAID to maintain close supervision and have the ability to provide technical support independent of contractors. **In this case EAT should have been independent of the contractor** and used in a different way to provide oversight. Other key result areas expected by AusAID such as GPS also were unable to support the M&E approach as the program Gender Mainstreaming Framework was not effectively implemented in subprojects leaving a hole in the M&E structure. The later revised M&E framework as recommended by the IPR did provide some basis for supporting M&E in the later part of ACEDP although resources were limited by then and the PCO seemed to have limited capacity to bring the M&E together into a comprehensive document.

The lack of an overarching context for the program coupled with a lack of a common understanding of the objectives among core partners meant a sound M&E framework was difficult to build in the initial phase. However, the PCO focus on subproject activity and the wider lack of facilitation to gain that higher level context meant that much of the implementation was locked in before the focus was reaffirmed and simplified after the IPR. At this point, time was limited and the potential for change also limited and the M&E became the sum of the sub project parts and missed much the higher level outcomes.

A longer inception phase may have overcome this problem where initial design and implementation strategies are clarified and the M&E frameworks are structured into the documentation at that point when the common understanding of the context is clearer to all parties. However, the 2010 Environment QAI indicated the long inception phase of some of the larger planned core activities did not seem to lead to faster implementation as many of these had not commenced in January 2010, the halfway point of the program.

## **Analysis and Learning**

The ACEDP design allowed flexibility within a set of broad objectives and this was interpreted in a narrow manner by the MC and PCO leading the conflict between the facility approach desired by AusAID and the technical assistance approach pursued by the PCO in the initial phase. The contracting of the initial activities followed a technical assistance approach and was both slow and expensive. These were slow to start and had little connection with each other for cross fertilization of ideas and support. Following the IPR, a different approach was initiated that supported the development of new initiatives and small activities more focussed on environment and emerging issues, in line with the revised program objectives. These were supported by the establishment of the Operations Committee that included partner

representatives and a review process to try to bring together the different parts of ACEDP into a more comprehensive whole, named the Synthesis Review. This change process initiated by the Beijing Post and supported by MoFCOM turned ACEDP around to produce viable outcomes for partners and implementers.

The fact that the changes above had to be forced by AusAID was indicative of the resistance from the PCO to its approach and the Activity Completion Report still has a statement from the PCO indicating the PCO felt that AusAID had “involved itself too often in management issues that should remain the domain of the PCO, resulting in a blurring of responsibilities and sub-optimal outcomes”. While the Chinese partners felt reasonably well served by the PCO in an administrative way, the wider consensus is that the changes were necessary to get an outcome from ACEDP that went beyond the technical support activities that consumed money and time yet were not well integrated into the wider picture.

The management of risk by the PCO was not effective in ACEDP because issues were not addressed in a timely manner, hence the need for interventions. This also means that the analysis of risk, analysis of issues and discussion of mitigation based on sound judgement was inadequate in the early phase of ACEDP. Otherwise, subprojects selection, both process and approach would have been different.

However, the changes made to ACEDP supported the implementation of existing contracted activities and the new activities supported more positive outcomes from ACEDP, despite the compressed timeframe. The lessons were taken and change implemented by AusAID and supported by MoFCOM.

The environmental issues facing China and Australia continued in the same general direction although emerging issues such as climate change did become more significant during the life of the program. Chinese partners and agencies have a five year plan they have to follow and changes within that are small. Pilots and experiments are acceptable as a way of testing ideas within that planning framework. Policy is developed through that process where linked Institutes and Agencies within Ministries undertake pilots and analysis of these informs policy and activities for the next 5 year plan. ACEDP Objectives remained relevant throughout the life of the program and emerging issues fitted within the flexible scope and wider environment focus. Partners on both sides emphasised the relevance of the scope of ACEDP in interviews.

ACEDP has many lessons on “interpretation” and implementation for a complex program; the following are important observations -:

- interpretation of roles and modes of action should not be left to the contractor and PCO equivalent, AusAID must have an active role in this;
- facilitation is needed to achieve high level outcomes and this is a discreet, explicit activity regardless of who does this role;
- an inception phase that brings together the partners and builds the context and common understanding that is necessary with complex programs that seek to operate on multiple levels is necessary, This can take some time but would minimise some of issues encountered in the early phase of ACEDP;
- high level discussions and associated MOUs that are not linked to implementation or areas of mutual interest do not build partnerships without facilitation and a common understanding of issues to maintain interest in an ongoing partnership;
- independent oversight is necessary for sound implementation and more administrative oversight may be required in the early phase to ensure the interpretation of designs is on track and;
- multi-actor programs or facilities such as ACEDP will have short comings but these can be minimised with more focus on the initial process that builds towards common understanding before implementation of activities commences. With many partners, finding areas of mutual interest and managing the communication/facilitation necessary to make a facility manageable is a key issue.

## Evaluation Criteria Ratings

Evaluation Criteria	Rating (1-6)
Relevance	5
Effectiveness	4
Efficiency	3
Sustainability	4
Gender Equality	3
Monitoring & Evaluation	3
Analysis & Learning	5

### Rating scale:

Satisfactory		Less than satisfactory	
<b>6</b>	Very high quality	<b>3</b>	Less than adequate quality
<b>5</b>	Good quality	<b>2</b>	Poor quality
<b>4</b>	Adequate quality	<b>1</b>	Very poor quality

## Conclusion and Recommendations

ACEDP suffered from a slow and confused start up where national level partners did not have a clear understanding of the program or much ownership. The Chinese partners were competing for what they understood were technical assistance funds and the Australian partners were largely disconnected from the program and the process. The High Level Round Table process was not able to provide the oversight of the on ground activities while it did provide strategic direction. The EAT did not function as intended because its composition was difficult to establish with the Chinese member not well accepted by the Chinese partners and the Australian member in conflict with the PCO management. Its use and function were compromised, The PCO focused on administration, in particular on supporting Chinese partners and notion that ACEDP was another technical assistance project made up of sub-projects.

The above meant that the Australian partners had minimal communications with the PCO and there was little communication apart from the HLRT process in the initial phase. Hence the common understanding of the overarching context of the program, necessary to guide activities and maintain flexibility was lacking. The second HLRT process showed the significant mismatch in understanding and approach from the Chinese and Australian partner agencies.

AusAID was aware of the issues and raised these while PCO remained focussed on its approach until the IPR led to the change process that became the Operations Committee and the Synthesis Review supported by more direct involvement of AusAID in management approaches. The changes initiated turned ACEDP back towards its refocused outcomes that continued the intent of the original goal and objectives. Australian partners became much more involved and new activities, although small were targeted at building relationships, not just technical assistance. (Note: AusAID was aware of a legal issue between the MC and the World Bank that would have resulted in the cancellation of the contract with the MC and seemed to be constrained by this ongoing situation in taking more serious action against the PCO management.)

Australian and Chinese partners indicated quite strongly that they felt the program was a success and that the partnerships, capacity building and linkages were very worthwhile. Several MOU's have been signed and some commercial linkages formed. For example, DAFF, through ABARE has one MOU with MWR and one with SFA. Australian partners felt they gained insights and experience in dealing with Chinese partners and learned the value of two way exchange. These are important but do not detract from the difficulty AusAID had in managing the implementation of ACEDP. The fact that change had to be forced upon the PCO indicates the difficulty and the final outcomes and positive responses from partners is a credit to efforts of AusAID and others in bringing ACEDP to a positive conclusion.

It is difficult to say ACEDP represented good value for money. ACEDP was ambitious and flexible in design but suffered from a particular mindset on the interpretation of the design for implementation within the PCO and, the initial hiatus on roles and responsibilities for the necessary facilitation to gain a common understanding and maintain that flexibility in the face of many competing options for activities. The PCO focused primarily on building good relations on the Chinese partners and subcontracting for technical assistance and administrative support for of higher level HLRT activities, AusAID Beijing Post was in a period of rapid change with the Country Program Strategy phasing out of bilateral programs. The Operations Committee and more direct involvement by AusAID did have a significant impact while the Synthesis review process was needed early in the program life to bring the activities and participants together for better outcomes.

The following observations and recommendations flow from the ICR process:-

- Australian National level Departments operate in a different way to the Chinese National level Ministries and Agencies and this has a significant impact on approach and potential for effective dialogue and subsequent actions. The Chinese have in line

and related agencies down through the administrative system that allows them to have a direct and indirect relationship with implementation agencies through to local levels for experimentation and R&D. They also have closely related Institutes for R&D within the system that can undertake a variety of activities to test and support policy and operational mechanisms. Australian National level Departments do not have this connection and relationship because the State Governments are the primary implementation agencies and they have their own operating systems. In the initial stages of ACEDP, Australian core partners did not have an appreciation of their Chinese counterparts' mode of operation and similarly lacked connections with Australian implementation groups contracted to implement sub projects (CSIRO was the exception as it was also an implementation agent). This meant that Australian core partners missed opportunities in the initial few years of ACEDP where the High Level Round Table (HLRT) process, their main point of engagement, lacked focus and had little connection to the contracting, selection and subsequent implementation of sub projects. In contrast, the Chinese core partners were well connected to the subprojects and, were actually competing for subprojects funding with each other. This was a missed opportunity for Australian core partners to engage with sub projects and at the higher level, more effective policy dialog through a common understand of areas of mutual benefit.

- ***The lesson is that all partners and stakeholders must develop a common understanding of objectives and expected outcomes very early in the process to achieve the best outcome and this must be actively facilitated as part of implementation if it does not already exist, even if it delays the subsequent activities until this common understanding is reached.***
- ACEDP had an unusual oversight mechanism through an Environment Advisory Team (EAT) contracted by the PCO. This consisted of a small team who role was to provide technical guidance for the PCO in selection of activities. The EAT although nominally independent, were not used well in ACEDP for several reasons. However, the Independent Progress Report (IPR) highlighted these shortcomings and subsequent action by AusAID and MOFCOM to establish an Operations Committee (OPSCOM) with representatives of the core partners and initiate the Synthesis Review process had a dramatic impact on involvement of Australian Core partners, professional oversight and subsequent common understanding of partners and implementation agents.
  - ***The lesson is that large complex facilities need independent professional oversight and strong administrative oversight that can support the agreed common understanding of the objectives during implementation of all activities. This is necessary from the start of the program/facility and AusAID has a definite and strong role in this process. Complexity, flexibility and many partners mean the amount of communication and facilitation needed is very large. This increases inefficiency if not done well so reducing complexity, the number of partners and maintaining focus in the design phase make implementation easier and probably more effective and less expensive.***
- The subproject contracting approach used in ACEDP was slow and delayed the start of most large activities until after the IPR, leaving a severely reduced timeframe for implementation. Apart from the time wasted, this also meant that as understanding grew, particularly among Australian core partners, the majority of funds had been committed although not spent and this greatly reduced the flexibility of the program. Later new initiatives were constrained by time and limited resources, even though these were better targeted than many of the initial sub projects. Similarly, the

contracting approach led to competition between Chinese partners, rather than cooperation while the PCO seemed determined to commit as much of the funds as possible even if implementation was delayed.

- ***The lesson is that flexibility is an essential part of implementation as situations change and, information and understanding generated is reinvested in activities that can best meet the needs during the program life, rather than large early commitments that may lack relevance later in the program life.***
- ACEDP was complex program with high level objectives and many partners. As outlined above, opportunities were lost during implementation because of a lack of a strong initial facilitation process that generated a common understanding of the context, program logic and mutual interest of partners. While the Chinese partners probably gained more from the program than Australian partners in terms of inputs, the benefits of the partnerships approach, articulated more clearly and forcefully after the IPR are recognized by both sides. This is a credit to the AusAID staff that undertook the facilitation and supported the oversight that generated the successful partnership outcome. The HLRT process was not of itself able to support the partnership approach because it lacked connectivity to sub program selection and implementation and subsequent mutual interest of core partners. Developing mutual interest and understanding took longer than expected in the design document and the focus by the PCO primarily on the Chinese partners meant that Australian core partners struggled to find areas of mutual interest to engage with Chinese core partners. These highlight what is really a process issue and assumptions about implementation that did not work well.
  - ***The overall lesson is that process is important in building partnerships, relationships and undertaking activities of mutual interest to achieve a common objective. This is a non-confrontational approach that starts with communication and dialogue that establishes the context within a common understanding of the scope and parameters; that then lead to the mutually agreed concept and objectives; and implementation then needs flexibility to support the objective and outcomes in a changing environment and context. The process needs professional and administrative oversight throughout its life to maintain focus and common understanding. Mutual interest between the partners is an underlying driver of success in this process. From a design and implementation perspective a much longer inception phase is beneficial in building understanding and context before implementation commences with activities.***
- ACEDP had very positive outcomes, despite the initial issues that have been highlights in the IPR. This is a valuable learning process for both China and Australia in working together in a different way from older style of “projects” and supports ongoing future cooperation in areas of mutual interest that require a very different approach.
  - ***The lesson is to use ACEDP as a learning experience to build upon for future cooperation in areas of mutual interest. In particular, take the time to build the understanding necessary in the early phase of a program/activity and, remain open to the broad range of possibilities and options for consideration for further cooperation and implementation as situations can be fluid and context can change.***

***Flexibility and an open minded approach are necessary in dialogue, design and implementation.***