

## Australia-China Environment Development Program (ACEDP)

### Policy Gap Analysis and Review of Progress - February 2009.

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## Australia-China Environment Development Program (ACEDP)

### Policy Gap Analysis and Review of Progress - February 2009.

#### Executive Summary.

**The Environment Advisory Team (EAT)** has been asked to conduct a policy gap analysis of ACEDP to

- (i) assess the potential contribution of ACEDP activities on agreed program policy outcomes,
- (ii) ascertain the continuing relevance of ACEDP activities to national policy/strategy objectives in the area of water resources management in Australia and China, and
- (iii) identify high priority policy/strategy gaps that the ACEDP is not currently addressing,
- (iv) review of overall program progress involving the Quality Assurance Advisor (QAA); also include a review of the optimal interface between the QAA and the program M&E Specialist.

The Review Team had discussions with all four Chinese ACEDP partners (plus the Yellow River Conservancy Commission – YRCC) and posed basically three questions to stimulate discussion,

- i) Are the nine or so principal activities/projects now under development or implementation still reflecting Chinese priorities within the scope of ACEDP; is there a need to adjust or add some complimentary work to these activities/projects, or are there new areas that the agencies consider to now be of high priority?*
- ii) Has the progress, communication and liaison (between Chinese agencies, Australian partners/collaborators and the PCO) so far been satisfactory; has there been delays and if so, why, how can these be avoided in future, and have the final ADD's embraced all chinese agency requirements; is there a likelihood of developing strong relationships with Australian agencies/organisations during the program?*
- iii) As 'contributing to policy processes and outcomes' is an important goal for ACEDP, how will outputs from the nine activities/projects be considered by senior management within agencies and used to further promote policy development, and what is the appropriate level within Ministries to engage in pursuing the adoption of findings from activities into policy reform processes?.*

For the **Progress Review**, the information from the interviews was added to assessments of the quality and progress of the ADD preparations, the timelines for review and approval, and the management processes and procedures of the PCO. This was all analysed to determine the overall management 'efficiency and effectiveness', and 'relevance' and 'impact' and 'risks' of its outputs and performance (these aspects were specified in the TOR and are covered in the following sections of this report). The TOR also required comment on 'sustainability', 'lessons learnt' and 'linkages'. These last two areas have been commented on within the various sections of the report (rather than have separate sections). It is too early in the program to consider sustainability issues, as most projects are just entering the implementation phase and it is considered all approved projects should be given a chance to perform. All present core projects passed a 'stop-go' assessment by EAT at the start of ACEDP and it would not be helpful to ministry/agency relations to 'pick winners' at this stage and give these greater emphasis and funding.

For the **Policy Gap Analysis**, the review team used the assessments from the recent Policy Landscape Review, and a table of key IRBM attributes (see attached to the TOR at Annex 1) and generally tested the content and scope of the nine activities/projects as to coverage of these IRBM attributes – the argument being that any key attributes 'missing' from the overall nine activities may well be areas of 'policy significance' and should at least be further assessed as to possible Chinese priorities. This testing of content of the core projects was largely qualitative and relied on the overall

expertise and experience of the review team and consideration of completed and draft ADDs for projects.

This assessment was compared with the information from the discussions with the four partner agencies and it was thus possible to determine areas where the present activities could be broadened (either by small adjustments to work plans, or by possible complimentary activities, as allowed for under the guidelines), or areas where new, important issues have emerged that are within the scope of ACEDP. Assessments were also made of the options for policy fora both between Chinese agencies, and bilaterally, between Australian and Chinese agencies. A possible twinning arrangement between the Yellow River Basin and the Murray Darling Basin was also explored.

**Views of Chinese Core Partners**

*The interviews with Chinese Core Partners identified the following general views on progress of the program,*

- i) The program directions and priorities are now well understood and owned since HLRT II.*
- ii) There are concerns over the time taken for projects to be approved and commence.*
- iii) There is dissatisfaction about the lack of funding available for Chinese Counterparts.*
- iv) There are difficulties arising from the ACEDP and Chinese agency budget cycle being out of step*
- v) There is a well defined process in Chinese agencies for considering the outcomes of donor projects in influencing the policy development process; this is a long, iterative process and probably longer in most cases than the ‘life’ of ACEDP,*
- vi) DG level and Division Head levels are the appropriate entry points in Ministries to influence policy dialogue.*

**Summary of Recommendations/Suggestions.**

***The Review Team suggests that PCO consider the recommendations/suggestions in the following Table and report on their appropriateness, and any action proposed, in the next 6 monthly report to AusAID, as well as including, as appropriate, in the coming annual plan.***

Item No. (See Table of Contents)	Recommendation/Suggestion.
<b>5. Program Relevance</b>	
<b>5.1 Program Goals/Policy Outcomes.</b>	<i>Program is still structured appropriately, outcomes need adjustment to better reflect a reasonable likelihood of achievement, Review Team/EAT will work with PCO and M&amp;E adviser to include adjustments in the M&amp;E framework.</i>
<b>5.2 Activity Selection – Relevance to program objectives, priorities, outcomes?</b>	<i>PCO consider the suggestions as to improved selection criteria and adjust if appropriate, The original activity/project selection process at the start of the program was acceptable and as closely related to the initial program objectives/outcomes as could be expected. It was an appropriate process to get the program ‘moving’.</i>
<b>5.3 Relevance of the Selected Activities</b>	<i>The core projects of the program are all still relevant to the program outcomes and none need any significant adjustment other than what might normally occur during project implementation. There are no major gaps in the relative emphasis on different outcomes. The role and skills of the China PCO in monitoring progress to ensure ‘relevance’ (progress toward program outcomes) needs resolving; more training of PCO in log frame development and accountability monitoring.</i>

<p><b>5.4 Links to Policy Development.</b></p>	<p><i>The Chinese policy making process needs to be fully understood in setting realistic policy related goals for ACEDP. EAT/MC/PCO to revisit the wording/intent of the program outcomes to ensure they reflect realistic expectations and use these in the draft M&amp;E framework</i></p>
<p><b>6. Program Effectiveness.</b></p> <p><b>6.1 Management Structure and Working Relations.</b></p> <p><b>6.2 EAT's Role – maintaining independence,</b></p> <p><b>6.3 M&amp;E framework .</b></p> <p><b>6.4 Interface between M&amp;E adviser and QAA.</b></p> <p><b>6.5 C&amp;E strategy</b></p> <p><b>6.6 Funding /budget allocations</b></p>	<p><i>The management inter-actions developed by PCO are strongly endorsed. The quarterly meetings with all Chinese partners are a focal initiative and is where relationships will be built and where any policy related discussions could commence. There is a need to fill the management gap between the PCO operational level and the HLRT so that project partners and stakeholders are more fully engaged in ongoing program review and discussion. <u>A program coordinating committee (PCC) should be established (AusAID/MOFCOM/Chinese partners)</u> and this should become the focal point for 6 monthly management reporting and general discussion about progress.</i></p> <p><i>EAT's role is still appropriate as was originally envisaged subject to this observer role as required (for activity/project steering committees). In particular, EAT should be the main player in assessing each year whether activities are contributing to program outcomes (this could occur about February each year prior to the annual planning work.</i></p> <p><i>M&amp;E framework should be adjusted to reflect the qualification of program outcomes described in attach 2, plus new indicators and performance questions/descriptors – this should be for the M&amp;E specialist to resolve; further training for PCO and practical 'check sheets' developed for evaluating log frames and assessing performance;</i></p> <p><i>PCO to develop a clear set of responsibilities and TOR for the QAA and the M&amp;E adviser, that are based largely on the concept that M&amp;E has the major role <u>up to</u> the approval of the M&amp;E framework, and QAA has the dominant role <u>after</u> the framework is approved.</i></p> <p><i>The senior policy adviser and PCO could work with the C&amp;E adviser to bring the C&amp;E strategy more in line with the qualified program outcomes that have been suggested.</i></p> <p><i>PCO and AusAID to resolve an appropriate approach to the two main funding issues – payment of Chinese experts and local administrative units for services from ACEDP, and a means of resolving Chinese funds shortfalls in the first year of an activity.</i></p>
<p><b>7. Program Efficiency.</b></p> <p><b>7.1 Project Design Process -Are the projects clearly designed and results-oriented?</b></p> <p><b>7.2 Quality of Selected ADDs</b></p> <p><b>7.3 Project Approval</b></p>	<p><i>The ADD guidelines may need adjustment to give a clearer direction on what is expected in log frame design in ADD's; PCO needs further training in log frames and accountability monitoring to be able to interact effectively with design teams and activity contractors.</i></p> <p><i>All three projects considered (transjurisdictional, water ecology compensation and Lake Tai) have incomplete or inadequate results based monitoring processes included. PCO needs to work with the teams (at the inception workshop phase for the last two) to strengthen these processes. PCO, with more training, should be able to improve future projects before they start</i></p> <p><i>PCO should consider the suggested processes to improve accountability</i></p>

<p><b>Process</b></p> <p><b>7.4 Project Design – Efficiency of Process.</b></p> <p><b>7.5 Annual Work Planning and Budgeting</b></p> <p><b>7.6 Monitoring and Reporting</b></p> <p><b>7.7 Risk Management - Is the risk management strategy effective and up to date?</b></p>	<p><i>steps in the activity design process and make adjustments accordingly. The QAA can assist with this. The PCO should ensure that, where they have not already done so, all review comments are distributed to project partners with the advance notice that they are to be addressed during project inceptions.</i></p> <p><i>PCO to consider these issues of timeliness of the steps in the project development process and advise in the next 6 monthly report if changes are necessary.</i></p> <p><i>Annual Planning process should now function smoothly and will result in HLRT III endorsing the next years plan at the HLRT meeting.</i></p> <p><i>MC to now refine the M&amp;E framework to reflect more realistic outcomes and realistic, measurable indicators, and ensure that when there are inception workshops for approved activities that there are adjustments to the results based monitoring aspects to better link with the M&amp;E framework. PCO needs to arrange training for its staff to enable better inter-action with activity contractors on these issues.</i></p> <p><i>The PCO to consider the suggestions on revisions to the risk matrix and report in the next 6 monthly report.</i></p>
<p><b>8. <u>Program Impact.</u></b></p>	<p><i>It is too early in the program to undertake assessments of program ‘impact’; this should await the mid-term review at the earliest. All projects have reasonable prospects of having an impact on one or more program outcomes, subject to the revisions of outcomes proposed..</i></p>
<p><b>9. <u>Policy Gap Analysis.</u></b></p>	<p><i>The community participation approach to lower level, or county level, land and water planning is a suitable approach for planning and managing non-point source pollution. It is an area where Australia has large successes. NDRC seemed keen to hold a targeted workshop for key officials on this LWMP approach. Clive Lyle, Australian consultant has been closely involved in this work and could assist PCO with any workshop planning.</i></p> <p><i>Urban water issues are the big area where ACEDP is not making any coverage. PLR identified urban water savings and urban water market reform as important areas. None of the four partners identified these issues as important so it is best to keep these ‘in reserve’ for 18 months and then if, ACEDP funds look like being under-spent then urban issues can be explored.</i></p> <p><i>Climate Change adaption and drought management are new priority issues; Senior Policy Adviser/PCO should explore the best way to progress these ideas with partners,</i></p>
<p><b>10. <u>Possible Twinning Arrangements</u></b></p>	<p><i>Senior Policy Adviser to continue liaison with MDBA to determine the best way to progress a twinning relationship with YRCC.</i></p>
<p><b>11. <u>Regional Implications</u></b></p>	<p><i>Senior Policy Adviser could explore these opportunities (as listed in the report) over coming months.</i></p>

## **Australia-China Environment Development Program (ACEDP)**

### **Policy Gap Analysis and Review of Progress - February 2009.**

#### **1. Background.**

The 2<sup>nd</sup> meeting of the ACEDP Joint Australia China High-level Roundtable (HLRT-II) proposed that the Environment Advisory Team (EAT) conduct a policy gap analysis of the program in early 2009 to (i) assess the potential contribution of ACEDP activities on agreed program policy outcomes, (ii) ascertain the continuing relevance of ACEDP activities to national policy/strategy objectives in the area of water resources management in Australia and China, and (iii) identify high priority policy/strategy gaps that the ACEDP is not currently addressing.

A fourth item was added by AusAID/MOFCOM, (iv) a review of overall program progress involving the Quality Assurance Advisor (QAA). The latter task was also to include a review of the optimal interface between the QAA and the program M&E Specialist. Note that this is not a 'program review' (where the review team would revisit the original PDD and analyse subsequent program/project responses relative to the PDD) but an initial review of 'progress' to assess alignment with the strategic directions and decisions of the owners and partners decided at HLRT meetings.

#### **2. Terms of Reference (TOR)**

The TOR for the assignment are at Attach 1. Discussions were held with AusAID Beijing at the start of the assignment to clarify issues and expectations. It was agreed that,

- Relevant PCO Officers should accompany EAT at meetings with Chinese Partner agencies.
- The policy gap analysis would concentrate on the existing activities/projects within the ACEDP work plan and not actively seek to identify with the Chinese partners additional areas from within the 'IRBM spectrum' that had not already been prioritized. This is consistent with HLRT – II that endorsed the consolidation of the ACEDP around its existing core of water management activities, with any new activities largely to complement, by filling gaps and to ensure that policy impacts are maximized,
- Any major new priorities would need to be clearly identified by Chinese partners and then considered in the light of ACEDP objectives and budget limitations (\$A. 200000 per new activity)
- The progress review should look at the present program content and structure and comment on its continued relevance in terms of the overall program objectives and the relevance of the 'core' activities/projects in achieving objectives and outcomes, particularly in relation to the six policy improvement areas identified in the Policy Landscape Review.
- The review should assess the likely impact of projects on 'policy' outcomes and assess what is doable and where necessary revise expectations. Where possible EAT should draw on experience from other donor programs e.g. EU, World Bank.
- The review should also assess the quality of agency involvement and interest in the projects and overall program, to confirm that all partners are adequately engaged.

- The review should look at the process for achieving high level policy dialogue through policy forums for example. The forthcoming Water Policy Forum scheduled for June this year was discussed briefly in this regard.
- The review should consider the mechanisms for integration of policy implications across projects.
- The potential for twinning arrangements between YRCC and MDBA, and involvement in the Yellow River Forum should be explored and whether the Yellow River could become a broader focus for the overall program.
- The review should also look at the Project Management Office management processes, procedures and performance, in terms of both effectiveness and efficiency, recognizing that the time constraints for this review will only allow a broad assessment,
- Both the M&E draft strategy, and the draft Communication and Engagement Strategy should be commented on relative to appropriateness as to supporting program outcomes and performance.

**The Review Team comprised,**

Peter Millington: EAT Chair, Team Leader for the Review

Si Zhizhong: EAT member

Alan Ferguson: ACEDP Quality Assurance Adviser

Peter Sutherland: ACEDP Senior Policy Specialist

**Note:** Ty Morrissey: ACEDP Monitoring and Evaluation Specialist provided input from home base

### **3. Approach to the Review**

The Review Team had discussions with all four Chinese ACEDP partners (plus the Yellow River Conservancy Commission – YRCC) and posed basically three questions to stimulate discussion,

- iv) Are the nine or so principal activities/projects now under development or implementation still reflecting Chinese priorities within the scope of ACEDP; is there a need to adjust or add some complimentary work to these activities/projects, or are there new areas that the agencies consider to now be of high priority?
- v) Has the progress, communication and liaison (between Chinese agencies, Australian partners/collaborators and the PCO) so far been satisfactory; has there been delays and if so, why, how can these be avoided in future, and have the final ADD's embraced all chinese agency requirements; is there a likelihood of developing strong relationships with Australian agencies/organisations during the program?
- vi) As 'contributing to policy processes and outcomes' is an important goal for ACEDP, how will outputs from the nine activities/projects be considered by senior management within agencies and used to further promote policy development, and what is the appropriate level within Ministries to engage in pursuing the adoption of findings from activities into policy reform processes?.

As well, Chinese partners and PCO staff were consulted on the issues and challenges that they have faced to date in implementing the program.

The Review Team also met with the World Bank and the EU program manager for a river basin project with YRCC to gain insights into their experiences and explore opportunities for synergies.



### **Views of Chinese Core Partners**

*The interviews with Chinese Core Partners identified the following general views on progress of the program,*

- i) The program directions and priorities are now well understood and owned since HLRT II.*
- ii) There are concerns over the time taken for projects to be approved and commence.*
- iii) There is dissatisfaction about the lack of funding available for Chinese Counterparts.*
- iv) There are difficulties arising from the ACEDP and Chinese agency budget cycle being out of step*
- v) There is a well defined process in Chinese agencies for considering the outcomes of donor projects in influencing the policy development process; this is a long, iterative process and probably longer in most cases than the 'life' of ACEDP,*
- vi) DG level and Division Head levels are the appropriate entry points in Ministries to influence policy dialogue.*

For the **Progress Review**, the information from the interviews was added to assessments of the quality and progress of the ADD preparations, the timelines for review and approval, and the management processes and procedures of the PCO. This was all analysed to determine the overall management 'efficiency and effectiveness', and 'relevance' and 'impact' and 'risks' of its outputs and performance (these aspects were specified in the TOR and are covered in the following sections of this report). The TOR also required comment on 'sustainability', 'lessons learnt' and 'linkages'. These last two areas have been commented on within the various sections of the report (rather than have separate sections). It is too early in the program to consider sustainability issues, as most projects are just entering the implementation phase and it is considered all approved projects should be given a chance to perform. All present core projects passed a 'stop-go' assessment by EAT at the start of ACEDP and it would not be helpful to ministry/agency relations to 'pick winners' at this stage and give these greater emphasis and funding. This will become more an issue at the mid-term review and later. The review does include an analysis of risks for each project in relation to achievement of the relevant program outcomes (Attachment 5).

The Quality Assurance Adviser has considered in more detail the management arrangements and processes within ACEDP and this is reported on at Attach 3. The salient points of the QAA report have been included within this main report.

For the **Policy Gap Analysis**, the review team used the assessments from the recent Policy Landscape Review, and a table of key IRBM attributes (see attached to the TOR at Annex 1) and generally tested the content and scope of the nine activities/projects as to coverage of these IRBM attributes – the argument being that any key attributes 'missing' from the overall nine activities may well be areas of 'policy significance' and should at least be further assessed as to possible Chinese priorities. This testing of content of the core projects was largely qualitative and relied on the overall expertise and experience of the review team and consideration of completed and draft ADDs for projects.

This assessment was compared with the information from the discussions with the four partner agencies and it was thus possible to determine areas where the present activities could be broadened (either by small adjustments to work plans, or by possible complimentary activities, as allowed for under the guidelines), or areas where new, important issues have emerged that are within the scope of ACEDP.

Assessments were also made of the options for policy fora both between Chinese agencies, and bilaterally, between Australian and Chinese agencies. A possible twinning arrangement between the Yellow River Basin and the Murray Darling Basin was also explored.

Discussions with other donor organizations were used to identify possible synergies between programs.

#### 4. Program Status (A Snap Shot)

To provide context to this progress review, the following snapshot has been developed, largely from the PCO's six monthly reports,

- The ACEDP is a five-year, \$25m Australian Government, AusAID initiative with the objective of supporting and improving policy development in China in the area of environmental protection and natural resources management. Initially the focus is on water resources and river basin management but this can expand over time and also include other high priority topics such as climate change.
- The ACEDP facilitates engagement between Australian and Chinese Government agencies, institutions and individuals engaged in national environmental policy development and implementation, through high level policy dialogue, capacity building and collaboration on discreet activities. As specified in the original program design document (PDD), ACEDP has three main components, each with a specific objective:
  - Component 1 – Environmental Governance and Dialogue: 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: to assist with the practical application of Integrated River Basin Management principles in China.
  - Component 3 – Program Management: to provide strategic direction to, and effective coordination and efficient management of, the environment program.
- A major policy-intent of the ACEDP is the development of long-term linkages between Chinese and Australian institutions involved in environmental policy formulation and implementation. While primarily the domain of government, this can also involve education providers; academe & research; science & technology organisations; private enterprise; and, the non-government sector.
- The program commenced with country surveys in both China and Australia to determine the priority issues in China for water and environmental management and how Australian expertise might relate to these,
- This concentrated the focus and extent of the ACEDP issues and led to a 'call' for suitable projects within this scope of issues; about 60 concept notes were received and after evaluation by the Environment Advisory Team 10 or so 'core' projects were endorsed for further development,
- HLRT I endorsed this approach and agreed to the further development of the core projects. These address various aspects of integrated water resources management in China. Nine are now proceeding to final design, or beyond to implementation; one has been withdrawn (Tarim Basin project) and one deferred (Groundwater project) – *Note that in a program like ACEDP, the stage when activity implementation commences (or in some cases when a final detailed design is approved), is basically the equivalent to an 'Inception workshop' for specific project, and normally this would include a re-adjustment of the log-frame and program accountabilities in the original program design document, to better reflect the priorities etc., that had come from the country surveys and subsequent activity design. This did not occur.*
- The future direction, scope and content of the ACEDP was refined by HLRT II after a 'Policy Landscape Review (PLR)' recommended consolidating future activities/effort around the current portfolio of eleven activities through complimentary activities, on using a more flexible approach to selection of project implementation contractors/organizations, on more involvement of partners in activity selection and a more pro-active role for PCO in activity development and management. *Note that following the PLR the program log frame has been adjusted in the draft M&E framework now*

being finalised. Eighteen months after commencement is rather late in the process to be finalising the M&E Strategy, although the M&E specialist has made the point that this has been difficult prior to elaboration of the core activities and confirmation of program directions under the PLR . This probably reflects the inherent difficulties with a 'program structure' rather than a 'project' in that it takes time to 'confirm' the program direction and priorities and then define the appropriate activities within.

- The PCO China, is fully staffed and trained in a wide range of project administration matters but does not have experience in project design, and M&E processes. *There is a need for more familiarisation and training on i) reporting/accountability issues from log frame development to upward linking to (and reporting on) higher level program outcomes, and ii) on effective inception and implementation of the projects,*
- Draft M&E, and Communication and Engagement strategies have been completed; these are yet to be adopted – *they will be commented on in this progress review as to alignment with program objectives, outputs and outcomes, and the relationship to the original PDD and the subsequent PLR. In particular, a number of issues have been identified in this review which warrant consideration of further refinement of these strategies to make them more grounded and practical.*
- The PCO has developed a broad program of consultation and liaison with partners and donors which will start in earnest in early 09; this will concentrate on inter-action at the 'division head' level of the partner agencies and be expanded to higher levels as opportunities occur, using the outputs from the core activities, as well as to commencing some higher level inter-action between partner agencies on emerging ACEDP-related policy issues,
- A QA Adviser has now joined the EAT; a key role is to now define the boundaries and connections between QAA and the M&E adviser, and to ensure adequate training of PCO staff in QA/M&E, as well as briefings to activity contractors on the need for consistency in reporting against the program M&E framework so that results can be efficiently aggregated by PCO into the AusAID Quality at Implementation Report.
- A common concern of Chinese Core Partners was the time taken for projects to move into implementation. The ACEDP formally commenced in July 2007 and the HLRT approved the first annual plan in September 2007. Accordingly the program has been underway for 20 months from its inception. The status of core projects is shown in the following Table;

**ACEDP Project Status Table**

<b>Activity</b>	<b>Activity Status</b>
Lake Tai Water Pollution Treatment Project	Gone to Tender / activity to commence shortly
Inland River Basins Adjusting To Change	ADD under revision
Wetlands Management Policy, Guidelines and Capacity Building	ADD under revision, due for tender shortly
Water Ecology Compensation Policy and Mechanism	Gone to Tender
Trans-Jurisdictional Water Pollution Management	Activity commenced

Public Participation in Social and Environmental Impact Assessment and Basin Water Pollution Control	Contract signed – Activity mobilising shortly
Improving Water Efficiency through Better Irrigation District Management and Water Rights Trading	ADD ready for submission to Chinese partners for approval next week
Social Impact, Public Participation & Gender Mainstreaming Package	Contract signed – Activity mobilising shortly
River Health and Environmental Flows in China	Activity to be tendered shortly
Capacity Building and Partnership Establishment on SEEAW (System of Environmental-Economic Accounting for Water) in Australia	Draft ADD ready to be submitted to MWR.
Australia–China Legal Profession Development Program	Activity commenced

- There are more than 16 separate handover steps in the approval process for each project from receipt of a concept bid to implementation. Cumulative delays over the life of this process can be significant. However it should be recognised that the gestation period for projects is similar in other donor programs. Eg EU indicated a 2 year period for project development and approval in their YRCC program.

**5. Program Relevance - *Are the activities/projects relevant to agreed priorities and program directions***

**5.1 Program Goals/Policy Outcomes.**

ACEDP has undergone 18 months of development culminating, in a strategic sense, with the recent PLR that emphasized future directions and program priorities. This led to what are now being called six ‘policy outcomes’ for the program. The review team has been asked to look at the present program structure and comment on its continued relevance in terms of the overall program objectives and the relationship of the ‘core’ activities/projects in achieving objectives and outcomes. To do this, the team has looked at the format and content of the original PDD, the subsequent early work at the start of the program to define priorities in water and environmental management (through the two country surveys), and the recent PLR. These are the three key documents that have influenced how program outcomes were set. Attach 2 describes in some detail how this process has evolved and why there now are six program outcomes, which are framed at a high level (perhaps too high), which now requires some realistic performance indicators to be set to avoid expectations that are unattainable. In particular, it was clear from the discussions with Chinese partners that there is a wellworn path followed in China in translating technical experience into

policy reform ( see Attach 4). It is clear that this is an incremental process where Ministries draw on experience from many pilots and case studies before there is confidence in moving to develop new guidelines, standards, regulations and ultimately legislative change. It is clear that it would be quite unrealistic to expect that ACEDP projects of the size and duration involved, will necessarily lead directly to policy changes in themselves. Certainly, some projects are directly targeted, with the support of Chinese agencies to developing new guidelines eg. wetlands project. However, in many cases the outcome will be changes in mind set of key officials, and changes in practice at the city, provincial, and Basin levels, which are likely to lead to further trials in other Basins. In the case of other projects, the results may be sufficient, in adding to prior trials and experience, to influence decision makers to develop or revise guidelines and regulations. This will depend in large part, on timing, Chinese priorities and involvement of influential champions for the project and reforms.

To summarise,

The original **Program Design Document (PDD)** had three components - **Component 1**, *Environmental Governance and Policy Dialogue*, **Component 2**, *Integrated River Basin Management*, and **Component 3** *program management*. Each component had objectives, and then a set of outcomes' for each objective. These outcomes reflected the view at the 'design document' phase that water resources management should be a key area for the program whilst still allowing for a flexible engagement across a range of environmental issues where Australia and China have a common interest.

At the start of the program, two **country surveys** were undertaken to 'home in' on what were the real priorities in water and environmental management for China, and to identify those Australian partners who had expertise in these areas and a desire to be part of the program. This led to a consolidation on issues relating closely to water resources and integrated river basin management and a conscious decision to leave issues relating more to 'environmental management' for later in the program, if at all. The 'call' for projects reflected this priority on water management related projects. About 60 project concept notes were received and after EAT evaluation, a clear work program was endorsed by HLRT I.

It was consciously decided at this point to proceed with priority projects that had ownership by Core Partners and were consistent with the broad outcomes and priorities of the program, rather than attempt to design an integrated program of linked activities. In this sense the activities were generated bottom –up. An alternative approach would have been to adopt a top -down approach in which an 'integrated program structure' would have been defined through the initial consultations and then, through something akin to an inception workshop, the program would be more clearly defined (relative to the PDD) and adjustments made to the log frame and other accountability processes to create a results based monitoring program that reflected the adjusted program. This approach was not taken, although the country surveys did more clearly focus the program activities and they were sufficiently different, or more targeted, so that some adjustments to program outcomes and to program log frames could have occurred at this stage(not necessarily big changes), and then linked into a complete M&E framework, following the Policy Landscape Review. As a result the various ADD's have been developed without the advantage of an approved M&E Strategy with linkages upward to a refined set of program outcomes that reflect just what the program now intends to achieve. The ADD's themselves have followed a sound process in development (for technical and financial aspects) but the accountability and reporting measures within them still need better definition in relation to a final M&E framework for the overall program. It is proposed that this should be addressed in the Inception phase of each project with particular attention being paid

to the importance of developing a rigorous M& E plan for the project. However, even with this treatment it should be recognised that for a range of pragmatic reasons the program is a portfolio of individual projects, albeit with some inter-linkages and cross cutting themes. *The Review Team endorses this pragmatic approach as being appropriate, and encourages the coordination and integration mechanisms that PCO is now proposing as a sound way of developing inter-linkages and cross cutting themes.*

The ***Policy Landscape Review (PLR)*** clarified the program's strategic direction. It identified four primary 'areas for collaboration on water resource and IRBM Themes' – i) water resource macro policies, ii) water quality and integrated river basin management, iii) water resources management, pollution prevention and control and iv) cross cutting themes. In addition the PLR identified four areas which the program should target as priorities for 'policy improvement' based on China's needs and Australia's capacity to add value:

- Integrated Management and interagency cooperation
- Science based planning and decision making
- Market based mechanisms
- Public Participation

These areas were compared with, and, in effect, combined with the original program outcomes and as a result, six major 'policy outcomes' for ACEDP were confirmed by HLRT II as appropriate for the present direction of the program,

- Vertical and horizontal inter-agency coordination,
- Science based decision making,
- Public engagement and participation,
- Economic incentives and market based approaches,
- Linkages between Australian and Chinese environmental agencies, and,
- Policy dialogue between Australia and China.

These outcomes have been further translated into the 'six policy outcomes' that now appear in the draft M&E report.

These would be better described as '***program outcomes***', since, for the reasons discussed above, whilst the ACEDP will contribute to China's evolutionary process of policy reform the projects are unlikely, by themselves, to result in high level ***policy*** change. Furthermore, the extent to which the program/projects will achieve these outcomes will vary considerably and will not be absolute in relation to the way they are written. For example, it is beyond the program to generate, high level policy change, or high level inter-ministerial coordination. This has been confirmed from the discussions the Review Team had with Chinese partners. These are matters for the Chinese system to sort out but we can do work and establish relationships that will enhance knowledge and influence decision-makers to move toward these desired situations. To avoid misinterpretation of what actually can be achieved a more realistic version of the expected outcomes is required, together with realistic performance measures, in keeping with realities in China; otherwise the program will be setting itself up to fail.

This situation of overly ambitious or unattainable outcomes as currently defined seems to have come about more from perceptions and conversation from within the program (and this includes EAT) since the start, rather than from some conscious decision to frame outcomes at a high level. Projects that lead to 'enhanced policy dialogue' or to 'integrated management' or to 'inter-agency coordination' seem to have become the language and the expectations. Maybe this was because we

did not adjust outcomes at the inception phase, but whatever, now is the time to re-define the level of program achievement that can realistically be expected.

The M&E framework now under development has attempted to take the PLR outputs and suggested program/ outcomes and to turn these into a set of policy outcomes that will be the focus of upward reporting for all the core projects. Normally, the HLRT level should first be endorsing what it wants as the specific program outcomes (it endorsed program directions and priorities at HLRT II, not specific outcomes) and then the M&E framework incorporates these into the reporting processes. As it is, the M&E adviser has had to interpret outcomes and then create the framework.

The Review Team will now work with PCO and the M&E adviser to develop a more achievable set of program outcomes, and particularly indicators, that will be incorporated into the M&E framework. This will be highlighted when the M&E framework is submitted to AusAID for endorsement. This does not really need to go back to HLRT for endorsement – it can be seen more of a refinement of what has already been decided.

***Comment: Program is still structured appropriately, outcomes need adjustment to better reflect a reasonable likelihood of achievement, Review Team/EAT will work with PCO and M&E adviser to include adjustments in the M&E framework.***

## **5.2 Activity Selection – Relevance to program objectives, priorities, outcomes?**

The QAA, Alan Ferguson, has covered this in some detail at Attach 3, Section 1. The overall review team endorses these opinions. The project selection criteria and process were reviewed in terms of the efficacy of the selection process and consistency with the program goals, as well as the specific relevance of the current projects to the ACEDP goals. To summarise,

### a) New Proposals.

PCO assesses proposals twice a year (other than for emergency proposals) and produces a consolidated merit list for comment by EAT, subsequent endorsement by HLRT, and approval by AusAid/MOFCOM. Five criteria are used by PCO with a 1 – 5 rating (below average to excellent); see Table below.

Criteria 1 and 3 appear to be most important for determining mandatory content of a proposal. Criteria 2, 4 and 5 appear to be the most important for assessing proposal merit. The rating process should focus on quality of the project concept since detailed workplans and budgets can be addressed during the ADD process.

**Table 1: Activity Selection Criteria**

	<b>Activity (project) selection criteria</b>	<b>Comments</b>
1	Consistency with ACEDP aim of supporting and improving policy development in China in the area of environmental protection and natural resources management	This is a general criterion that might be considered a mandatory pass/fail requirement rather than a rating criterion for proposal quality since it is difficult to distinguish degrees of consistency with the program aim.

2	Demonstrable contribution to one or more of the ACEDP policy outcomes (2.1 - 2.6)	The method of rating contributions could be defined more explicitly. The scoring system will inherently overweight the six policy outcomes in the rating (suggesting that they are much more important than the other criteria, which they are).(Don't understand this point)
3	Detailed work plan and realistic budgets	This is a basic, minimum content requirement for all proposals rather than a rating criterion for quality of the proposal concept. It is different type of criterion from the others.
4	Long-term sustainability of activity outcome, without dependence on continuing ACED funding	The method of rating contribution could be defined more explicitly to assist PCO rating.
5	High-level national government policy priority in Australia and/or China	The method of rating contribution could be defined more explicitly to assist PCO rating.

An alternative format is shown in some detail at Attach 3, Section 1, and is summarised in the Table below. It provides for a two-part process of reviewing proposals, firstly for mandatory content, then followed by a rating of key aspects of project concept merit. The PCO could assist proponents to improve proposals particularly regarding the mandatory criteria – if a proposal still fails any of these four then it should be rejected and returned for further consideration.

#### Illustration of Hierarchical Selection Criteria

<b>Mandatory Criteria</b>				
Consistency with ACEDP	Yes/No			
Logical framework	Yes/No			
Detailed workplan	Yes/No			
Realistic budget	Yes/No			
<b>Rated Criteria</b>				
<b>Program Outcomes Contribution</b>	<b>Excellent: 4</b>	<b>Good: 3</b>	<b>Average: 2</b>	<b>Below Average: 1</b>
1. Increased awareness/application of integrated management etc.,				
2. Enhanced water and environmental policy dialogue etc.,				



3. Promoting effective partnerships etc.,				
4. Practical application of IRBM principles etc.,				
5. Effective public engagement and participation etc.,				

There could be other criteria added such as degree of government priority and likelihood of ‘sustainability’ after the project concludes, but these indicators should only be secondary to those in the above Table.

***Comment: PCO consider the suggestions as to improved selection criteria and adjust if appropriate.***

b) Existing Activities/Projects – *was the selection process effective?*

- The detail and quality of the Concept Notes were limited due to the short time frame provided for 2007/08 submissions and the capacity constraints of some of the interested organisations. The screening of these preliminary project concepts therefore had to speculate to some extent on anticipated benefits of the proposals and to assess likely suitability based on limited information.
- The EAT reviewers also noted that the relative importance of the proposals to the program was difficult to assess due to variability in quality - some were in high priority areas but did not provide clear details; others were well presented but perhaps not in priority areas.
- It was also apparent that ACEDP outcomes (at that stage as they appeared in the program design document) and the responsive, flexible nature of the program provide wide scope for variability in activities to be funded,

- The 57 proposals were grouped into four categories based on these criteria:

Group 1 - those that can proceed immediately to project design document stage

Group 2 - those that need further conceptual or project development

Group 3 - those that are in higher level policy areas but that need further discussions

Group 4 - those that are not supported and cannot be readily enhanced to meet objectives

- The rapid appraisal led to 20 proposals being rejected, and the remainder proceeding either directly to design or for a range of further evaluation processes. It has been concluded that,

a) there have been some difficulties in generating what might be called ‘high quality project design documents’ that link well to program outcomes but this is understandable due to the responsive nature of the program design and the wide range of potential partnerships and activities that require considerable iteration and negotiation in project development.

b) The selection criteria used are systematic and effective for the initial screening process. There was no consideration as to how these selected projects might collectively contribute toward program outcomes (create synergies) but at the initial stage when it was important to get some projects ‘on the move’ this is acceptable – the design phase should look at synergy issues.

- c) There was sufficient stakeholder input into defining the priority interests of Chinese and Australian stakeholders in the country surveys and introductory discussions with prospective partners,

***Comment: The original activity/project selection process at the start of the program was acceptable and as closely related to the initial program objectives/outcomes as could be expected. It was an appropriate process to get the program 'moving'.***

### **5.3 Relevance of the Selected Activities**

A key question is whether the selected projects were, and are still, fully consistent with the program goals and expected outcomes of ACEDP. The review included an assessment with PCO staff as to the extent and manner in which outcomes specified in approved and draft ADDs will contribute toward five key draft program outcomes listed in the M&E Framework (*Note earlier comments that the review team intends to work with PCO and the M&E adviser to adjust outcomes to be more relevant and achievable*).

Drawing upon information from the ADDs, the PCO project officers were asked to briefly summarize the outcomes or types of outcomes from the projects that would distinctly contribute toward a particular program outcome. (This exercise was preceded by a brief training session from the QAA on the project design review process - see attach 3).

These assessments by the PCO indicated that relating progress/performance to “enhanced policy dialogue” and “lasting partnerships, network and linkages” were the most difficult to define and measure. Some of the outcomes were seen as confusing and ‘out of reach’, and identifying suitable indicators proved very difficult. The staff are not fully confident about log frame analysis and monitoring, and are unsure about how to evaluate or improve log frames and accountabilities that are within draft ADD’s (*Of course there is a fundamental question here as to how much ‘evaluative design work’ the PCO should do in ADD preparation – is it a program coordinating office or is it more? Should the Managing Contractor, and not its PCO, be contributing more in terms of ADD evaluations and quality control?*)

*An independent analysis of the ‘relevance, impact and risks’ associated with the program ‘core projects’ when compared to the present policy outcomes that came out of HLRT I is shown at Attach 5. This has been done through a qualitative assessment, using draft or completed ADD’s where available, largely by the Senior Policy Adviser. The table below is a summary of the relative rating of each project. Detailed commentary is provided in Attachment 5.*

PROGRAM OUTCOMES					
Project	Integrated Management	Policy Dialogue	Lasting Partnerships	Applying IRBM Principles	Public Participation
LAKE TAI WATER POLLUTION TREATMENT PROJECT	Relevance <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Impact <input type="checkbox"/> <input type="checkbox"/> Risks <input type="checkbox"/> <input type="checkbox"/>	Relevance <input type="checkbox"/> <input type="checkbox"/> Impact <input type="checkbox"/> Risks <input type="checkbox"/> <input type="checkbox"/>	Relevance <input type="checkbox"/> Impact <input type="checkbox"/> Risks <input type="checkbox"/>	Relevance <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Impact <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Risks <input type="checkbox"/> <input type="checkbox"/>	Relevance <input type="checkbox"/> Impact <input type="checkbox"/> Risks <input type="checkbox"/>
<p><b>Comment</b></p> <p>This project has a strong likelihood of achieving changes in awareness and practice related to science based IRBM and coordination of agency monitoring activities at a city and province scale, as well as influencing future refinement and implementation of the Lake Tai Master Plan approved recently by State Council, because the problems are being given a very high priority by NDRC and there has already been a good understanding of the potential for application of Australian IRBM models within NDRC and the relevant Cities involved in the study tour. It will be important to ensure continued engagement of NDRC and MWR at the national level to maximise opportunities to promote adoption of the experience from this project more widely, either through additional pilots on other Lakes or incorporation of the management principles in national guidelines or Ministerial standards.</p>					
INLAND RIVER BASINS ADJUSTING TO CHANGE (SHULE & GANSU)	Relevance <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Impact <input type="checkbox"/> <input type="checkbox"/> Risks <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Relevance <input type="checkbox"/> <input type="checkbox"/> Impact <input type="checkbox"/> <input type="checkbox"/> Risks <input type="checkbox"/> <input type="checkbox"/>	Relevance <input type="checkbox"/> Impact <input type="checkbox"/> Risks <input type="checkbox"/>	Relevance <input type="checkbox"/> <input type="checkbox"/> Impact <input type="checkbox"/> <input type="checkbox"/> Risks <input type="checkbox"/> <input type="checkbox"/>	Relevance <input type="checkbox"/> <input type="checkbox"/> Impact <input type="checkbox"/> Risks <input type="checkbox"/> <input type="checkbox"/>
<p><b>Comment</b></p> <p>This project is insufficiently advanced through the design phase to make a meaningful assessment.</p>					
WETLAND MANAGEMENT POLICY GUIDELINES AND CAPACITY BUILDING	Relevance <input type="checkbox"/> Impact <input type="checkbox"/> Risks <input type="checkbox"/> <input type="checkbox"/>	Relevance <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Impact <input type="checkbox"/> <input type="checkbox"/> Risks <input type="checkbox"/>	Relevance <input type="checkbox"/> <input type="checkbox"/> Impact <input type="checkbox"/> Risks <input type="checkbox"/>	Relevance <input type="checkbox"/> <input type="checkbox"/> Impact <input type="checkbox"/> <input type="checkbox"/> Risks <input type="checkbox"/> <input type="checkbox"/>	Relevance <input type="checkbox"/> Impact <input type="checkbox"/> Risks <input type="checkbox"/> <input type="checkbox"/>
<p><b>Comment</b></p> <p>This project has a reasonably good prospect of succeeding given that SFA appears very receptive to dialogue with Australian Agencies and there is a direct mechanism for the findings to be used in drafting national policy guidelines. The mix of partners will have an important bearing on the quality of the outcomes. There is only limited prospects of engaging other important Chinese agencies such as MWR and MEP whose roles can substantially impact on the health of wetlands.</p>					
WATER ECOLOGICAL COMPENSATION POLICY AND MECHANISMS	Relevance <input type="checkbox"/> <input type="checkbox"/> Impact <input type="checkbox"/> Risks <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Relevance <input type="checkbox"/> <input type="checkbox"/> Impact <input type="checkbox"/> <input type="checkbox"/> Risks <input type="checkbox"/> <input type="checkbox"/>	Relevance <input type="checkbox"/> <input type="checkbox"/> Impact <input type="checkbox"/> Risks <input type="checkbox"/> <input type="checkbox"/>	Relevance <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Impact <input type="checkbox"/> <input type="checkbox"/> Risks <input type="checkbox"/> <input type="checkbox"/>	Relevance <input type="checkbox"/> <input type="checkbox"/> Impact <input type="checkbox"/> Risks <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<p><b>Comment</b></p> <p>This project addresses an exciting, and relatively new area of policy development relevant to both countries. Whilst the project is ambitious, if successful it could have a major impact on IRBM policy and practice in China. Ultimately, PES schemes require a whole of Government approach. The split project approach between MWR and MEP is not desirable from that perspective and every attempt will need to be made to ensure common points of dialogue and integration at strategic steps in the project</p>					
TRANS-JURISDICTIONAL WATER POLLUTION MANAGEMENT	Relevance <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Impact <input type="checkbox"/> <input type="checkbox"/> Risks <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Relevance <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> Impact <input type="checkbox"/> <input type="checkbox"/> Risks <input type="checkbox"/> <input type="checkbox"/>	Relevance <input type="checkbox"/> <input type="checkbox"/> Impact <input type="checkbox"/> <input type="checkbox"/> Risks <input type="checkbox"/> <input type="checkbox"/>	Relevance <input type="checkbox"/> <input type="checkbox"/> Impact <input type="checkbox"/> Risks <input type="checkbox"/> <input type="checkbox"/>	Relevance <input type="checkbox"/> Impact <input type="checkbox"/> Risks <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

<b>Comment</b>										
This project is addressing a long- standing problem in IRBM in China and many other donor projects have gone before with mixed success. Immediate regulatory change is unlikely; however change in mindset and capacity building at the provincial level could contribute effectively to long term reform and improved practice within this basin.										
PUBLIC PARTICIP. IN SOCIAL & ENVIRONMENTAL IMPACT ASSESSMENT	Relevance	<input type="checkbox"/>	Relevance	<input type="checkbox"/>	Relevance	<input type="checkbox"/>	Relevance	<input type="checkbox"/>	Relevance	<input type="checkbox"/>
	Impact	<input type="checkbox"/>	Impact	<input type="checkbox"/>	Impact	<input type="checkbox"/>	Impact	<input type="checkbox"/>	Impact	<input type="checkbox"/>
	Risks	<input type="checkbox"/>	Risks	<input type="checkbox"/>	Risks	<input type="checkbox"/>	Risks	<input type="checkbox"/>	Risks	<input type="checkbox"/>
<b>Comments</b>										
This is a relatively new field in China, however the recent promulgation by MEP in 2006 of 'Provisional Measures on Public Participation in Environmental Impact Assessment' mean that this project can be expected to attract significant interest by MEP in building capacity and providing a pilot of some practical techniques, which if successful should lead to interest in running further pilots and in time incorporation of these approaches in updates to the MEP provisional measures. The project will need to work hard to overcome a range of potential cultural barriers to adoption.										
RIVER HEALTH AND ENVIRONMENTAL FLOWS IN CHINA	Relevance	<input type="checkbox"/>	Relevance	<input type="checkbox"/>	Relevance	<input type="checkbox"/>	Relevance	<input type="checkbox"/>	Relevance	<input type="checkbox"/>
	Impact	<input type="checkbox"/>	Impact	<input type="checkbox"/>	Impact	<input type="checkbox"/>	Impact	<input type="checkbox"/>	Impact	<input type="checkbox"/>
	Risks	<input type="checkbox"/>	Risks	<input type="checkbox"/>	Risks	<input type="checkbox"/>	Risks	<input type="checkbox"/>	Risks	<input type="checkbox"/>
<b>Comment</b>										
This is a large project in a relatively new and complex field. The move to have parallel study tours for MWR and MEP is not consistent with the philosophy of IRBM and should be revisited if possible. Many of the Australian approaches to river health and environmental flows are predicated on coordination between agencies with roles such as MWR and MEP.										
IMPROVING WATER EFFICIENCY THROUGH BETTER IRRIGATION MANAGT & WET	Relevance	<input type="checkbox"/>	Relevance	<input type="checkbox"/>	Relevance	<input type="checkbox"/>	Relevance	<input type="checkbox"/>	Relevance	<input type="checkbox"/>
	Impact	<input type="checkbox"/>	Impact	<input type="checkbox"/>	Impact	<input type="checkbox"/>	Impact	<input type="checkbox"/>	Impact	<input type="checkbox"/>
	Risks	<input type="checkbox"/>	Risks	<input type="checkbox"/>	Risks	<input type="checkbox"/>	Risks	<input type="checkbox"/>	Risks	<input type="checkbox"/>
<b>Comments</b>										
This project has the potential to have the greatest impact for the program in building ongoing partnerships particularly through twinning of MDBA and YRCC, but also at the catchment and irrigation organisation levels. There is considerable enthusiasm within YRCC to learn from the Australian experiences and the drought conditions being experienced in both Countries have heightened the sense of common challenges. In terms of water resource policy, efficient irrigation management and improved water entitlement and trading regimes will be critical to sustainable development in both countries. Both pilots are relatively ambitious and it will be important to agree on expectations and clear statement of priorities during the inception phase and the Stage 1 comparative analysis. The pilot on water entitlements and trade has the advantage of being able to build on the achievements of WET 1, however it will be important to effectively tailor the trials to meet the unique characteristics of China's agricultural sector and institutional environment.										
SOCIAL IMPACT, PUBLIC PARTICIP. & GENDER MAINSTREAMING	Relevance	<input type="checkbox"/>	Relevance	<input type="checkbox"/>	Relevance	<input type="checkbox"/>	Relevance	<input type="checkbox"/>	Relevance	<input type="checkbox"/>
	Impact	<input type="checkbox"/>	Impact	<input type="checkbox"/>	Impact	<input type="checkbox"/>	Impact	<input type="checkbox"/>	Impact	<input type="checkbox"/>
	Risks	<input type="checkbox"/>	Risks	<input type="checkbox"/>	Risks	<input type="checkbox"/>	Risks	<input type="checkbox"/>	Risks	<input type="checkbox"/>
<b>Comment</b>										
This project is significant in setting out to involve all Chinese partners and to impact across the ACEDP. The impact will depend critically on having influential representatives of the agencies involved. It is not clear other than for the Lake Tai Project what mechanisms will be used to ensure this project informs other ACEDP projects.										

CAPACITY BUILDING AND PARTNERSHIP ESTABLISHMENT ON SEEAW	Relevance	<input type="checkbox"/> <input type="checkbox"/>	Relevance	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Relevance	<input type="checkbox"/>	Relevance	<input type="checkbox"/> <input type="checkbox"/>	Relevance	<input type="checkbox"/>
	Impact	<input type="checkbox"/>	Impact	<input type="checkbox"/> <input type="checkbox"/>	Impact	<input type="checkbox"/>	Impact	<input type="checkbox"/>	Impact	<input type="checkbox"/>
	Risks	<input type="checkbox"/> <input type="checkbox"/>	Risks	<input type="checkbox"/>	Risks	<input type="checkbox"/> <input type="checkbox"/>	Risks	<input type="checkbox"/> <input type="checkbox"/>	Risks	<input type="checkbox"/>
<p>Comment</p> <p>This project was identified by MWR to directly assist them in developing a SEEAW reporting system this year and consequently has a very good prospect of leading directly to policy and practice improvement</p>										
AUSTRALIA- CHINA LEGAL PROFESSION DEVELOPMENT PROGRAM	Relevance	<input type="checkbox"/>	Relevance	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Relevance	<input type="checkbox"/> <input type="checkbox"/>	Relevance	<input type="checkbox"/>	Relevance	<input type="checkbox"/>
	Impact	<input type="checkbox"/>	Impact	<input type="checkbox"/> <input type="checkbox"/>	Impact	<input type="checkbox"/> <input type="checkbox"/>	Impact	<input type="checkbox"/>	Impact	<input type="checkbox"/>
	Risks	<input type="checkbox"/>	Risks	<input type="checkbox"/>	Risks	<input type="checkbox"/> <input type="checkbox"/>	Risks	<input type="checkbox"/> <input type="checkbox"/>	Risks	<input type="checkbox"/>
<p>Comment</p> <p>This is a small project to which ACEDP is contributing funding. The participant will develop experience in environmental law in Australia and on completion of the placement may have an opportunity to apply this knowledge in the Chinese legal system. The cumulative effect of this development program should lead to broader perspectives in Chinese legal professionals over time.</p>										

High

Medium

Low

What can be concluded from these evaluations of the core projects relative to program outcomes is that they are all still relevant to the objectives of the program but, as to be expected, not equally so for any of the projects. In addition it can be seen from the above table that there is a reasonable spread of project contributions across the program outcomes. The review also suggests that whilst projects are at an early stage of implementation or pre-approval there is a reasonable expectation of useful impacts, relative to the type of outcomes considered reasonable by Chinese agencies.

PCO should consider this information and comment as to the appropriateness of the ratings – PCO is closer to the ‘action’ than the Review Team and may have a different perspective. PCO/EAT should then use this information to evaluate whether these ratings can change ‘upwards’ with a different level and form of intervention, through opportunities for further complimentary activities. EAT will further explore this issue during the coming work on the annual planning process.

***Comment: the core projects of the program are all still relevant to the program outcomes and none need any significant adjustment other than what might normally occur during project implementation. There are no major gaps in the relative emphasis on different outcomes. The role and skills of the China PCO in monitoring progress to ensure ‘relevance’ (progress toward program outcomes) needs resolving; more training of PCO in log frame development and accountability monitoring.***

#### 5.4 Links to Policy Development.

One of the program outcomes relates to enhanced policy dialogue. During discussions with the four partners, the Chinese policy making process was explored to better understand how ACEDP can

contribute. The process is clearly a 'long term' one with many iterative and incremental steps in which pilot studies or activities are undertaken, often at many different locations, results evaluated, workshops held, maybe more evaluations and inter-ministerial discussions and finally possible policy changes decided at DG or Vice minister level. The preferred option then goes through the policy drafting process with government before consideration at the higher levels.

It is clear that over the life of ACEDP there would be little chance to actually create a 'policy outcome' for any of the six program outcome areas, if by this 'outcome' means a formal change in regulations or legislation. But if the core projects are effectively implemented and achieve good outputs, and if these outputs are effectively discussed, workshopped and debated firstly at the technical level (intra- and inter- ministry) and then later upwards within a ministry, then this will be akin to the pilot studies and evaluation steps within the policy making process. Within the context and limits of the Chinese system, the program can influence the process primarily through development of awareness and skills at the technical level. This is still a major achievement as this introduces new concepts within water resources management through practical applications and evaluations.

A second issue is that of 'improving inter-ministerial coordination leading to better integrated management decisions'. It is very clear that the well known difficulties of interaction and coordination between ministries above the technical level (say at or above Division level) still exist and are openly commented on by ministry staff. This is just how Chinese government administration is, and ACEDP will need to work within this constraint. It is possible that ACEDP activities will assist in inter-action at the technical level but these limitations need to be reflected in the program outcome relating to integrated management and improved 'horizontal' coordination. At present the implication is that the program will create improved 'policy' for inter-ministerial coordination and this is not a realistic goal. The potential for improving vertical coordination is however more feasible.

As well, Si Zhizhong has prepared a description of the Chinese policy and regulatory making process and this is at Attach 4. To quote from his report,

*"There are two important considerations for an international technical assistance project that target policy outcomes. First and foremost, the policy in question should be on the Government's priority agenda. This is quite obvious that only when an issue is placed on the priority policy-making agenda, can it stand the chance of producing the desirable policy outcome as far as the international technical assistance project is concerned (country-drivenness). Targeting a priority policy issue will also have the advantage of relieving the pressure for counterpart funding which is required for most, if not all, international technical assistance projects, as internal funding is usually allocated for regulatory development.*

*Second, time is of essence. Advice would be useful, only if it is delivered at the right time. When the domestic process moves along with a tight schedule, long delays in the provision of international advisory service may render it of little or no use by "missing the boat".*

***Comment: The Chinese policy making process needs to be fully understood in setting realistic policy related goals for ACEDP. EAT/MC/PCO to revisit the wording/intent of the program outcomes to ensure they reflect realistic expectations and use these in the draft M&E framework.***

## 6. Program Effectiveness.

### 6.1 Management Structure and Working Relations.

The PCO prepared the Table below to represent the management interactions within the program.

**Table x: ACEDP Management Inter-actions.**

Proponents/Donors	AusAID/MOFCOM	China Partners	Aus. Partners
1.Intra ACEDP project networks	3. HLRT	8.Monthly 'catch up' meetings with 4 partners (separately) – Div. Head level and below	13.HLRT, plus involvement in contract selection (offered, not necessarily accepted).
2.Donor networks	4.Annual Plan	9.regular project specific meetings (as required)	14.Periodic contact with agencies/partners – EAT chair, Policy Adviser.
	5.Six Monthly Reports	10.Quarterly meetings with all four partners (combined) – Div. Head and later in program, DG.	
	6.Regular interface with AusAID (2 per month).	11.Retreat for all agencies/PCO	
	7.Involve MOFCOM in policy issues	12.Higher level Policy Networks (including China Council)	

This is a comprehensive set of inter-actions and is supported by the review team. Some comments on a few of these initiatives,

**No. 10** – This is the only regular activity where all four partner agencies are brought together for joint discussions on the program. It is at Division head and below levels and is where technical aspects of all projects can be discussed, synergies between projects identified, where some 'policy' discussions' can commence and where relationships can be developed and strengthened. The review team strongly supports this coordination initiative; it will be the main activity that contributes regularly to the program outcome of 'integrated management and improved inter-ministerial coordination'. The outputs from these meetings should be generally reported in the 6 monthly program reports (No. 5 above) but unless the participants want these quarterly meetings formally recorded, they should 'run at their own pace'. In time it would be very useful to agree on action sheets and what is to be done, but this formality should not be allowed to intrude on/inhibit relationship building and open exchange of ideas.

**No. 11** – All partners stated that the one 'retreat' held so far was very good in developing understanding of ACEDP, learning new skills and generally creating better relationships. They asked that this become a regular part of the program.

**No. 12** – The review team has commented earlier about the inappropriateness of seeking to achieve policy outcomes and even effective high level policy dialogue as a program outcome. But this doesn't mean that if opportunities arise for high level dialogue, that they shouldn't be captured. PCO

has suggested that a periodic program of 'key issue seminars' (these really are high level dialogue events) could be developed where prominent Australian experts or ministers would talk on big issues of mutual interest followed by a dinner. The event could be hosted by the Ambassador and held at a location that would attract high level Chinese officials; perhaps it should be broader than ACEDP and be a regular 'China – Australia Forum' on any issues of mutual interest. We support this idea. The MC/Senior Policy Adviser and PCO need to create a list of possible topics and speakers and discuss this with AusAID/MOFCOM.

**No. 5** – the six monthly reports sent to AusAID are probably the most important management report for ACEDP. Yet what the review team has found is that in a management sense, these reports are not being used effectively. At present, there are a range of management inter-actions within the PCO, between PCO and partner agencies, between PCO and EAT and plenty of informal meetings with AusAID Beijing. However in a formal management reporting sense, there is nothing 'vertically' between PCO and the annual HLRT meetings. Most AusAID projects (really any significant development cooperation project) would have a program coordinating committee (PCC), or whatever, that receives regular reports, evaluates these (sometimes with technical help), and discusses progress, problems, issues and solutions/actions in a formal structure. Actions are agreed upon and accountabilities set. ACEDP doesn't have this management committee level and this is a weakness in the accountability structure. A PCC should be established comprising the two 'owners' (AusAID and MOFCOM) plus the four Chinese partners. Australian partners can contribute by having agendas and the six monthly reports sent to them 1 week in advance of a PCC meeting. EAT would provide comment on each report. The PCO is best to develop this concept and obtain AusAID/MOFCOM endorsement.

***Comment: The management inter-actions developed by PCO are strongly endorsed. The quarterly meetings with all Chinese partners are a focal initiative and is where relationships will be built and where any policy related discussions could commence. There is a need to fill the management gap between the PCO operational level and the HLRT so that project partners and stakeholders are more fully engaged in ongoing program review and discussion. A program coordinating committee (PCC) should be established (AusAID/MOFCOM/Chinese partners) and this should become the focal point for 6 monthly management reporting and general discussion about progress.***

## **6.2 EAT's Role – maintaining independence,**

EAT's main role is to contribute to program 'effectiveness' through a largely independent role relating to concept/proposal evaluations against defined criteria, support for annual planning, assessment of ADD's related to overall quality and relevance to program objectives and outcomes, periodic reviews to ensure priority water and environmental management issues for the partners are within the program, advice to partners, and evaluating progress against program outcomes (usually once per year through the M&E framework). Whilst there must be a high degree of independence for EAT in how it does its works, it has become clear that it needs to be closely involved in the technical aspects of ADD development (not part of the process directly but contributing views during the process) and also close to the project implementation and how emerging problems within these activities are handled. Both of these inputs will help EAT to be able to effectively assess once per year, as part of the M&E framework, whether high level outcomes are likely to be achieved and whether projects are generally 'on course'. Some of the big activities like Lake Tai, the environmental flows project, and the large Irrigation system (LIS) project have numerous sub-components and all will have difficulties along the way. How these are handled will influence the nature and extent of project outputs and how they link upwards toward achieving program outcomes. Whilst EAT should not be directly involved in any steering committees for any of the core projects, it may need to sit as an observer on these committees from time to time to assess



progress. This would be on a case by case basis and require the agreement of PCO, and maybe AusAID Beijing.

***Comment: EAT's role is still appropriate as was originally envisaged subject to this observer role as required. In particular, EAT should be the main player in assessing each year whether activities are contributing to program outcomes (this could occur about February each year prior to the annual planning work.***

### **6.3 M&E framework .**

A draft M&E framework has been prepared by the M&E adviser. Apparently it has been reviewed independently and it is not clear to the review team whether the present draft reflects the independent review comments or not – or even if it should.

We have mentioned earlier in this report that still not having an approved M&E framework 18 months in to a 5 year project is unusual and has had some effect on how log frames and accountability measures have been developed in ADD's – there has been no M&E template against which the project designers could frame their outputs and outcomes. This has not impacted on the technical quality and content of the ADD's and we are certainly not suggesting re-designing any existing ADD's. But once the M&E framework is endorsed, PCO should ensure that the detailed M&E plans to be developed by implementation teams during the inception process contain a suitable log frame/results based monitoring framework for each project, presenting a format that can reasonably link upwards to the higher level program outcomes.

In Attach 2 the review team has made some suggestions for adjustment of program outcomes and indicators – this would then flow on to 'indicator descriptors', or as said in the M&E document, performance questions. It is not the review team's task to completely review the M&E framework – the MC has much expertise in this area and our suggestions are largely to seek better alignment of program outcomes and indicators with what we believe are 'reasonable' definitions of attainable goals. But some comments, which relate to the draft dated February 2009, are:

- The M&E framework asks a lot of the PCO in assessing the reports submitted by the activity contractors/leaders, debating changes, collating these in a suitable format and linking them upwards to higher level outcomes, and commenting on the overall performance and progress. This is normal role for a PCO but in this case the higher level outcomes are not easy to assess progress against (this is a policy related/relationship building program, not a clearly bounded road network program) and the staff have not had much previous experience in this work. We believe that more training is needed in using the M&E framework and that a more simplified set of 'operating procedures' (perhaps more like a check list for the program officers) needs to be developed after the framework is approved,
- P. 12 – Contribution of Activities. This relates to what contribution each activity has to the higher level outcomes. This may be commented on regularly by program officers but should all be brought together in an annual assessment by EAT as to overall program performance. This should occur in about February prior to the annual planning process and involve presentations by the program officers to EAT of activity performance, problems, issues, successes etc. EAT may also ask for some of the activity contractors/leaders to present if needed and convenient.
- P. 12 – Monitoring and Decision-making Processes. This suggests that PCO answers a range of questions about the quality of decision making and that this information be included in the six monthly reports. This is OK but is really a quality assurance matter. So when the

M&E framework is approved, the PCO needs to liaise with QAA to sort out how best to respond to these program 'quality' issues and how QAA should be involved. We do agree that the results of this should be within the 6 monthly reports that should now be considered by a program coordinating committee (PCC). This section also mentions the need to possibly review and update the framework. This need should come from PCO's assessments of overall quality, EAT's annual assessment of the overall program (which includes the QAA) and the 6 monthly meetings of the PCC. It should be the MC's responsibility to respond to whatever changes are required and include these in the annual plan.

- P.14 – Program Management M&E. This is about internal review by the PCO of performance. This is OK but is more a QAA issue than an M&E issue. So once the M&E specialist has finalized design of the framework, matters such as these relating to quality of performance should really pass to the QAA.
- P. 16 – Tracking Government Policies. This says that it is imperative that 'achievement of outputs and outcomes is assessed against relevant Chinese law and policies'. This is OK if we are simply tracking policy and legislative changes for adding to the program's basic information. But we don't agree if it is meant to imply that we are judging performance against a program outcome somehow relating to our links to Chinese higher level policy. It is up to Chinese partners to identify new priorities and advise on how new legislation and policies are influencing the needs in water and environmental management.
- P. 17 – Reporting. This mentions that a 'brief inception report' is needed prior to commencement of activities. This is OK but we don't want to give the impression that the inception phase is 'brief and simple'. It is at this stage that the actual work plan is developed and compared with the ADD and important changes in methodology, activities, budget and log frames must be determined. This inception report should be circulated to EAT to make sure any re-direction will still move toward program outcomes – EAT will not want to re-write or delay anything, just keep a watchful eye!

***Comment: M&E framework should be adjusted to reflect the qualification of program outcomes described in attach 2, plus new indicators and performance questions/descriptors – this should be for the M&E specialist to resolve; further training for PCO and practical 'check sheets' developed for evaluating log frames and assessing performance; the questions raised about quality evaluations etc., be taken up by MC/PCO/M&E specialist.***

#### **6.4 Interface between M&E adviser and QAA.**

But we have been asked to '***include a review of the optimal interface between the QAA and the program M&E Specialist***'. There is no simple line between these functions from an M&E perspective but the review team takes the view that for ACEDP, ***M&E adviser*** should primarily be developing the framework, training the PCO in implementation (including practical 'check sheets' for program officers), developing awareness packages on M&E requirements for activity contractors (and possibly presenting to contractors on requirements for major activities), assessing the reporting arrangements included in inception reports if requested by PCO), advise periodically if required by PCO on any changes to the framework. In effect, the specific or regular role of the M&E adviser stops once the M&E framework is approved; after that it is 'on request'.

***QAA*** should primarily be concerned with what happens after the M&E framework is approved. He should be assessing the quality of the reporting process and its inputs, whether it is meeting the needs of the partners/management team, whether there are problems/issues with the skills of the PCO to deliver quality performance (and if not, conduct or arrange suitable training), and be part of EAT in contributing comments to the 6 monthly reports, and in the annual evaluations. Of course QAA has other roles that assess quality of selection processes, suitability of selection criteria etc.

EAT has a role to determine overall program effectiveness using, in part, the M&E framework results.

The review team understands that as yet, there is no approved role for QAA other than ‘inputs when required’. We suggest that PCO now develops the respective roles for M&E, and QAA, as set out above, and create specific TOR for the QAA – this might require adjustment for the existing role of the M&E adviser.

***Comment: PCO now develops a clear set of responsibilities and TOR for the QAA and the M&E adviser, that is based largely on the concept that M&E has the major role up to the approval of the M&E framework, and QAA has the dominant role after the framework is approved.***

## **6.5 C&E strategy**

This is a comprehensive document and develops a wide ranging and high profile program for publicising/awareness raising of ACEDP and its achievements. In view of what the review team has heard from Chinese partners on just where ACEDP activities can ‘make an impact’ on issues such as policy dialogue and development, inter-ministerial coordination, the level in ministries where ‘interest’ may exist (maybe DG level) and lasting relations and partnerships, we believe the C&E strategy may be seeking too high an impact and target audience. We think that it should be revisited, not so much in the range of issues it is attempting to address but more about the level and approach that it seeks to cover these issues. For example,

- Minister and vice-minister level are most unlikely to be attracted to ACEDP unless through a high profile mechanism that just happens to have an ACEDP connection (see the initiative No. 12 in the Table on p. 19),
- Despite some varying views, we believe that some Australian partners will need to be convinced that ACEDP really has big value to them before they will participate much beyond HLRT meetings and particular activities – they are all under threat as to budget and performance issues. This will need close liaison but targeted to both the key interests and the ‘tolerance’ level of these partners for issues outside their immediate functions,
- ACEDP will only influence various components in the policy making process – not policy making itself – and usually at the lower technical levels,
- Relationship building will also have to start at the Chinese pace for doing these things, and the C&E strategy will need to reflect this.

We consider that all this amounts to re-adjustment of the level of engagement as envisaged in the strategy, not a complete change in approach. EAT, the senior policy adviser and PCO could work with the C&E adviser to resolve this.

***Comment: The senior policy adviser and PCO could work with the C&E adviser to bring the C&E strategy more in line with the more qualified program outcomes that have been suggested.***

## **6.6 Funding /budget allocations**

There are a number of funding issues that cover both program effectiveness and efficiency. They are all covered here.

Budget Commitments in ADD’s. – There seems to be a lot of confusion about what are the ‘rules’ for the payment of Chinese input from ACEDP funds. There seems to be no misunderstanding about specific partner inputs – this is an ‘in kind’ or monetary contribution directly from the partners. The confusion seems to come when Chinese experts are included in a proposal (from either an institute, university etc.) or when a provincial or lower agency has to contribute services to an activity. In the first case, institutes etc., are no different to a private consultant; they will only do work on a fee for

service basis, as they should, and unless the partner agency has specifically allowed a budget to cover ‘engagement of services for ACEDP activities’ there is no source of Chinese funds to cover input. If we chose to use an Australian consultant for this work there would be no question about payment from ACEDP. As well Australian partners are not going to use department budgets to engage a private consultant or another agency (such as an irrigation corporation) so really there should be no difference in logic between the approach in both countries. The 1981 China-Australia funding arrangement that the review team was told about came from an era when all Chinese technical institutes were part of the parent ministry and funding just came from overall ministry budgets. Nowadays, institutes are self funding. Provided that ACEDP processes make sure that the services to be provided by institutes etc., are right and proper, and that the funding arrangements for that institute are clear and transparent (as far as can be) then we believe ACEDP should fund the Chinese expert input – overall it is better for sustainability if we use as many Chinese experts as possible.

The second issue is the payment of local level administrations for input – the case of local level forestry or nature conservation units needing small funds to run workshops for the wetlands management project was raised. These units just don’t have money for extra activities such as this, and nor do the people that would be asked to attend. Without such workshops, the wetlands activity just won’t produce the results we seek and progress would almost be judged as unsatisfactory. Not large amounts are needed – we should pay for local input and make projects effective. In countries like Vietnam, Laos and Cambodia, if we didn’t pay for workshops etc., we just wouldn’t have a project!!

Budget shortfalls during Initial implementation. The issue was raised that ACEDP and Chinese budgets are 6 months ‘out of sync’ such that by the time ADD’s are approved, it is usually too late for Chinese agencies to cover an immediate input – they have to apply for funding in the next year’s allocations. The question is whether ACEDP can advance the initial Chinese budget requirement on the basis that Chinese funds will then be structured to pay the same overall amount over the remainder of the project. This is not for the review team is comment on – an AusAID issue – other than to say that effectiveness of the project will be impacted on unless a solution is found.

***Comment: PCO and AusAID to resolve an appropriate approach to the two main funding issues – payment of Chinese experts and local administrative units for services from ACEDP, and a means of resolving Chinese funds shortfalls in the first year of an activity.***

## **7. Program Efficiency.**

These issues were explored in some detail by the QAA, Alan Ferguson, and his report is at Attach 3. The following is a summary of Section 2 of that report.

### **7.1 Project Design Process -Are the projects clearly designed and results-oriented?**

This discussion relates to the present “Activity Design Document Preparation Guidelines”, recognizing that many of the early projects were designed prior to these guidelines.

The project design process has evolved toward a more iterative procedure following initial review of a proposal. The PCO prepares a general assessment using the “Proposal Assessment Form” that rates the proposal against the five assessment criteria and summarizes PCO comments/conclusions. Project officers work with prospective proponents to address the initial comments. This is followed

by a review by EAT, and after any further adjustments, the nine Chinese and Australian program partners give final comments. The project is then ready for AusAID/MOFCOM to consider/approve.

The PCO and GHD Melbourne have also been actively engaged in finding suitable Australian partners for the Chinese proponents and assisting the initial partnerships development.

A general review was undertaken with PCO project officers of the major quality assurance requirement in the ADD Preparation Guidelines:

*“The output is a ‘Results Frame’ that links inputs to outputs and outcomes, that identifies milestones and, that must be compatible with the ACEDP Monitoring & Evaluation Framework, in particular with its six policy outcomes”.*<sup>1</sup>

The following comments are made:

- The PCO staff and the proponents are uncertain about the accepted standards for a Results Frame (the Trans-Jurisdictional project document is such an example)
- The requirements for incorporating a results-based approach into the Project Inception workshop and report are also unclear and appear to be optional (see Attachment 4 to M&E Framework which provides an outline for the report) – in most cases the inception workshop and report is where the project is really scoped out and a clear work plan developed; this would usually require adjustments to the original log frame in the ADD,
- The absence of a clear and consistent logical framework in the ADDs discourages a focus on outcome-level results.
- The ADDs are generally of high technical quality in specifying the issues and challenges and the proposed activities but they often lack adequate project design inputs to meet AusAID standards for results-based performance.
- Whilst there is consideration of the project logic model, theory of change or results frame in the project design, the understanding is weak and sometimes the discussion of expected results is deferred to a subsequent M&E plan.
- Outcomes are not clearly defined and confusion often exists between outputs and outcomes.

***Comment:*** *The ADD guidelines may need adjustment to give a clearer direction on what is expected in log frame design in ADD’s; PCO need further training in log frames and accountability monitoring to be able to interact effectively with design teams and activity contractors.*

## **7.2 Quality of Selected ADDs**

Four criteria were used to rapidly assess selected projects for their design quality.

- Problem analysis level of detail
- Results-based logic in project design
- Clarity of objectives and approach
- Consideration of cross-cutting issues

Three projects documents were selected for review:

- **Transjurisdictional Water Pollution Management - Inception Report**

This report provides extensive technical background to the issue and challenges in China. It presents a clear set of work task components. While the project concept and design is well

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<sup>1</sup> Activity Design Document Preparation Guidelines, Feb 2009, p. 2, Operations Manual, Annex D.

written and the proposed activities are well documented, a results-based approach is not presented in this report and the draft indicators in the ADD are, in general, not effective or reliable. This leads to an over-emphasis on activities instead of results. The requirements for a results frame do not appear to be well understood, or perhaps this requirement was not clearly conveyed to the design team. The inception workshop has not corrected this but maybe the lack of an endorsed M&E framework has prevented this. Notwithstanding the components of the project are said to be 'going well' – it will be the connection upwards to program outcomes that will need qualitative judgement.

- **Water Ecology Compensation - Activity Design Document**

This project has two ADDs, one for each ministry (MWR/MEP), which confirms the lack of interagency coordination that exists. It will also cause unnecessary duplication, particularly for Australian partners. As described in Section 2, Attach – there are a lot of problems with this ADD when compared with a tightly written project document that would link well with higher level program outcomes. But it does show how flexible the program has to be to get some difficult but important projects underway. In this case, to attempt to create one project covering both MWR and MEP would not have worked nor would trying to 'force' a very tight and accountable project design from the start have worked. What now is required is to work with the project team to improve log frames and accountability measures so that as the project heads toward completion it will have a reporting structure that is more acceptable.

- **Lake Tai.**

The ADD provides substantive summary of the issues and constraints at Lake Tai. It anticipates two Environmental Governance and Dialogue outcomes: (a) institutional impediments identified and (b) improved knowledge transfer, and three IRBM outcomes: (c) improved NDRC understanding of basin-wide IRBM mechanisms, (d) improved use of science in managing Lake Tai and (e) improved technical basis for IRBM. The outcomes are described in very general terms and the indicators need further elaboration. When the project begins, the inception workshop and report will need to consider the extent to which realistic progress can be made in some types and level of coordination mechanisms and the particular technical support for decision making that may evolve from the project so that project results can be clearly assessed.

***Comment: All three projects considered (transjurisdictional, water ecology compensation and Lake Tai) have incomplete or inadequate results based monitoring processes included. PCO needs to work with the teams (at the inception workshop phase for the last two) to strengthen these processes. None of this means that the projects should not proceed as planned; just that monitoring/reporting processes need to be improved. PCO, with more training, should be able to improve future projects before they start.***

### **7.3 Project Approval Process**

The process from original concept note (or project proposal in the new format) through to project approval and subsequent tendering/direct negotiations has many steps. The review team heard much comment from Chinese partners about the long time period it seemed to take for projects to be approved so this stepped project development process has been analysed first for the quality/efficiency/integrity of the process itself, and then for the time taken for the various steps.

***Integrity/Effectiveness.*** The steps in the process are listed below – this is a 'generalised' interpretation; some steps may change for particular projects. Comments next to each step indicate

where some adjustments are needed to improve the integrity of the process and the accountability for 'sign off' of the various steps. There should be a pro –formae sheet on the top of each project document where the appropriate people sign that a particular action has been completed, and when.

Process Steps	Comments
1. Concept Note or Proposal Note considered by PCO	This process OK; PCO staff now more pro-active in sorting out proposal defects; process effective and no delays
2. EAT considers proposals as part of annual planning processes; HLRT endorses	This process OK; no delays previously. EAT should formally sign that the 'proposals' meet selection criteria. No delays re HLRT. There may appear to be delays to a proponent if they submit proposals well before HLRT.
3. Design Mission team convened and TOR written	The MC (usually GHD Melbourne) develops the team and its members. Is there a requirement for the interested partners to be involved?. GHD needs to sign off that the team 'is appropriate for the assignment' – does AusAID Beijing need to endorse this process? Does AusAID need to agree to the TOR? Somebody else? Or is the GHD sign off sufficient?
4. Draft ADD completed, received and reviewed by PCO for quality against guidelines.	Initial quality issues debated, log frame and accountability issues resolved. PCO is now better trained to do this quality check but technical issues within the ADD are not matters for PCO.
5. EAT comments on ADD	Previously EAT commented after partner agencies endorsed the project – this created some agitation as partners had already agreed. EAT should 'sign off' with its comments, plus the date. Comments go to PCO, copied to AusAID
5. PCO incorporates EAT comments where they are within PCO expertise, then sends to MC for final check. PCO then endorses ADD as 'complete' and ready for partner consideration.	This has been a messy step previously. EAT comments don't seem to have been taken account of in all cases; this doesn't mean that they have to be accepted, rather that they are considered and either used or rejected, with a notation as to which path was followed and why. PCO is not expert in some of these matters so the MC should be taking responsibility for this step (probably GHD Melbourne). Most times GHD internal resources will be appropriate but external opinion may be necessary. MC then signs off as to the technical content and appropriateness, the team make up and the indicative budget. PCO endorses ADD as 'complete'

6. Chinese /Aus partner review, comments received and adjustments made. Draft endorsed as 'final' by PCO.	Partners review final ADD and either endorse or request changes. Changes are documented by PCO with comment as to why 'yes or no' . At this stage PCO must ensure that all the 'sign off' boxes on the pro-formae are complete – AusAID and MOFCOM should not be asked to approve until this is so.
7. AusAid & MOFCOM consider and approve, or require further adjustments.	There should be no problems in this step provided pro-formae sheet complete. This step should only require reading the executive summary (if it is complete) plus the pro-formae for approval to be given.
8. Following approval, MC either prepares tender documents, or documents to allow direct negotiations.	This follows normal MC practices – no problem. If direct negotiations are intended, clearance from AusAID as to the acceptability of the process may be needed particularly if the activity is 'large'.
9. Request for Tender advertised, or direct negotiations commenced.	No problems re process.
10. Tender closed and processed by TAP, or direct negotiations completed.	No problems with process
11. AusAID/MOFCOM approval for successful contractor obtained.	No problems.
12. Project starts	Party time!!

A few further comments;

- Under the previous review process (up until the recent LIS ADD), the EAT review comments were usually sent directly to AusAID (it was AusAID that asked for comment) and then onto PCO, but not in all cases did the comments pass to PCO. Depending on timing etc., they may have had little influence on the ADD process. The PCO does not necessarily have authority or expertise to amend the ADD based on EAT review comments. They do not appear to have gone to the design team and partner agencies in all cases (or in all??) and in most cases, they are apparently forwarded to the project implementing agency during the inception phase. The point about this is that there is no consistency and 'sign off' as to what has happened and why. The issue is not whether or not EAT comments are accepted; it is that proper accountabilities should be followed to do something with them; rejecting them should still require reasons and a sign off. It has been difficult for the review team to track what happened with EAT comments on all projects; it maybe that the inception phase is now where these comments should be considered to see if project adjustments are sensible.
- Under the new review process, EAT comments are sought earlier in the drafting of the ADDT so that they can be taken into account in the final preparation by the ADD design team.



- This lack of clarity about the timing and process for technical review inputs that occurred in the early stage of ACEDP is an important lesson from the program - review processes should be formally established and documented to ensure that they make efficient use of technical advisors. But also technical advisors need to be aware of the differences between i) background commentary on a project design, ii) changes that are essential or critical for an effective project, and iii) changes that might be useful to consider but may not be essential for approval.

***Comment: PCO should consider the suggested processes to improve accountability steps in the activity design process and make adjustments accordingly. The QAA can assist with this. The PCO should ensure that, where they have not already done so, all review comments are distributed to project partners with the advance notice that they are to be addressed during project inceptions.***

#### **7.4 Project Design – Efficiency of Process.**

In Attach 3, Section 2, Table 4, an assessment has been made of the average time taken for various steps in the project design process. Note that the steps used in that table reflect the general steps for the ADD’s developed so far, whilst the steps in the Table above relate to what could be termed the ‘new process’. PCO has already made numerous changes to expedite negotiations with proponents.

To summarise,

	<u>Average review time:</u> (n=no. of projects)
<b>Concept Note - Draft ADD Received:</b>	<b>6.6 mths (n=7)</b>
<b>Review of Draft ADD - Approved Final ADD:</b> (PCO approval - AusAid/MOFCOM approval)	<b>5.2 mths (n=7)</b> (2.2 mths (n=6)
<b>Request for Tender - Project Start-up:</b>	<b>4 mths (n =2)</b>

The above timelines do not include proposals that are still in discussion/review and they include two projects under emergency rapid approval category, so the overall average approval time may be underestimated in these data. Nevertheless, the data indicate that about 7 months are required on average to develop a proposal; 5 months for review (including 2 months for final project approvals) and the two projects that have gone from tender advertising to start-up have taken 4 months on average.

Many of the ADD’s relate to complex concepts and have numerous components and require the input of many parties. There have been complaints about delays in project approval process but it has to be realised that most of these proposals analysed were those that started from a 4 page concept that had the briefest of details. The new guidelines require much more complete proposals being prepared so PCO should not have to spend months reviewing and improving proposals. This suggests that maybe 9 months would be a maximum (the tender to start-up period should be much shorter than 4 months).

If we look at the 12 steps in the Table above that represents the ‘new guidelines’ then 9 months processing time is not unreasonable. It may be useful to set some deadlines for the various steps and if so, the QAA could assist with this. But there really is nothing to suggest that any particular step in the new guidelines will cause difficulties so setting deadlines may cause unnecessary aggravation.

***Comment: PCO to consider these issues of timeliness of the steps in the project development process and advise in the next 6 monthly report if changes are necessary.***

#### **7.5 Annual Work Planning and Budgeting**

ACEDP operations are guided by a 3-volume Operations Manual. The annual planning process serves to guide program commitments and the implementation strategy. The HLRT provides policies and strategic guidance to direct the PCO implementation activities. The annual plans in 2007-08 and 2008-09 were formulated after discussions with the HLRT regarding the strategy, proposed projects and budgeted activities. This year, it is proposed to submit the draft Annual Plan for review and approval at the HLRT proposed for July. EAT will provide comment on the suitable new proposals for inclusion.

The annual planning and budgeting process is consistent with the commitments in the program design even if timetable issues have delayed annual plans and budgets. The proposed submission of the draft Plan to the HLRT for approval should assist greater involvement of HLRT members.

***Comment: Annual Planning process should now function smoothly and will result in HLRT III endorsing the next years plan at the HLRT meeting.***

#### **7.6 Monitoring and Reporting**

Comments were made earlier about the draft M&E framework and the need to finalise this quickly but with some adjustments to program outcomes, and then more realistic and measurable indicators. It is not surprising that most of the project activities have 'skimpy' approaches to results based monitoring and log frames – the guidelines for ADD preparation are not specific on this, there are any number of interpretations on how to develop log frames etc., and if a clear M&E framework does not exist, with links up wards to program outcomes, well of course, ADD's are going to be very variable in this area. Most of the project design and reporting focuses on activity and output tracking and monitoring rather than outcome-level results of each of the projects. It appears that the view is that project results beyond outputs will be generated through mechanisms outside of the particular project – that is, firstly from within PCO as it collates project performance into a more overall package, and then by EAT or others at annual reviews.

The program will need to decide how it will adjust the existing ADD's from the current output-level achievement to a more broader outcome approach at project level and then aggregating upwards. This will require some serious thought as to the extent to which rigorous reporting will be required based on pre-tested, SMART indicators rather than the current soft, sometimes immeasurable indicators in many of the ADDs. The inception workshops will be a key activity for this and the final M&E framework will be the guiding document. Note that PCO staff will still need considerable training to be able to guide this process.

Each project should have a designated monitoring officer and an effective monitoring plan linked to the M&E Framework and utilizing tested Indicators of progress and achievements that feed into the reporting system. The six-monthly reports should summarize the data collected and compiled by the monitoring processes of each project and link these to the program outcomes as indicated by the M&E Framework. The six-monthly reports, three to date, have been mostly narrative description of activities. More summary tracking of progress of each proposal in the pipeline and review process would be helpful.

***Comment: MC to now refine the M&E framework to reflect more realistic outcomes and realistic, measurable indicators, and ensure that when there are inception workshops for approved activities that there are adjustments to the results based monitoring aspects to better link with the M&E framework. PCO needs to arrange training for its staff to enable better inter-action with activity contractors on these issues.***

### **7.7 Risk Management - Is the risk management strategy effective and up to date?**

The 13 risks that are presented in the latest Risk Management Matrix were reviewed, with the following conclusions:

- The risk events should be reviewed and updated by PCO, eliminating or modifying risks as necessary in keeping with evolution of the program.
- The primary risks that need to be incorporated into an updated matrix are:
  - Cost sharing  
Lack of counterpart funding from Chinese agencies delays or negates progress in project implementation,
  - Project design quality  
Lack of clarity about project results, due to poor Results Frames/log frames, places the focus on activities rather than outcomes so that end results are difficult to achieve and measure.
  - Monitoring effectiveness  
The project monitoring plans do not provide effective reporting based on reliable indicators and commitment to routine monitoring as per the ADD,
  - Program Outcomes  
Limited program level results due to the difficulties in generating linkages and synergies between projects aimed at measurable program outcomes.
  - Policy impacts
    - False expectations that policy change will occur from ACEDP are not corrected; as a result some partners may see failure when in fact positive contributions occur toward the complex processes of policy development in China (primarily technical level achievements)

***Comment: The PCO to consider the suggestions on revisions to the risk matrix and report in the next 6 monthly report.***

## **8. Program Impact.**

Clearly with most projects about to move into implementation, It is too early in the program to gauge 'impact' related to the program goal, and certainly too early to gauge impact on the six program outcomes – particularly as we are still debating just what should be the 'format and language' of the program outcomes to best reflect just what could be achieved. The important points to make are that we need to speedily resolve the M&E framework and then make sure activities can report not only on outputs and outcomes for the specific activity, but also upwards as a contribution towards achieving program outcomes.

Program impact will always be a qualitative thing with a policy related program like ACEDP and even though really good progress might be achieved in all six program outcomes, it is conceivable that 'impacts' on how Chinese agencies manage water and environmental resources might be only 'medium' at the end of the program.

The analysis at Attachment 5 includes an assessment of the likely prospects of each project having an impact on the program outcomes. This assessment suggests all projects have reasonable

prospects of useful impacts against one or more outcomes. However there are also a range of risks which could effect the actual impact achieved. It will be important that monitoring processes keep focusing on results and managing risks. Actual Impact assessments will best be commenced during the mid-term review of the program.

***Comment: It is too early in the program to undertake assessments of program 'impact'; this should await the mid-term review at the earliest. All projects have reasonable prospects of having an impact on one or more program outcomes, subject to the revisions of outcomes proposed..***

## **9. Policy Gap Analysis.**

As indicated in section 2 of this report, for the ***Policy Gap Analysis***, the review team used the assessments from the recent Policy Landscape Review, and a 'matrix' key IRBM attributes (see attached to the TOR at Annex 1) and generally tested the content and scope of the nine activities/projects as to coverage of these IRBM attributes – the argument being that any key attributes 'missing' from the overall nine activities may well be areas of 'policy significance' and should at least be further assessed as to possible Chinese priorities. This testing of content of the core projects was largely qualitative and relied on the overall expertise and experience of the review team rather than some in-depth analysis of the specific project content. Attach 5 also assesses the 'relevance, impact and risks' associated with the core projects.

This assessment was compared with the information from the discussions with the four partner agencies and it was thus possible to determine areas where the present activities may be broadened (either by small adjustments to work plans, or by possible complimentary activities, as allowed for under the guidelines), or areas where new, important issues have emerged that are within the scope of ACEDP.

### **9.1 Coverage of the existing projects.**

The assessment has shown that there is a very good coverage from within the existing programs of all the key attributes of IWRM/IRBM. Most areas that are not explicitly covered are areas where China and Australia are 'strong' and any inter-action will come about from either partnerships built during ACEDP, or twinning relationships between MDBA and YRCC, in the first instance. For example hydrologic, hydraulic and socio-economic modeling techniques and concepts are an essential part of IRBM but both countries already are highly advanced in these areas.

Participatory planning concepts in IRBM will be an important initiative for China and while the existing project on public participation does not 'stretch' approaches too far, it is the right way to start this dialogue and if we can see a way of progressing the issue further then a complimentary activity can be considered. The community participation approaches to lower level, or county level, land and water planning is an area where Australia has large successes. The Lake Tai and the Public Participation projects link on this issue but we should go further during the life of ACEDP and look at the synergies that could be created by the AusAID funded, and successful, land and water management planning (LWMP) pilot study that occurred in the Tarim basin (county level officials and farmers planning together), the Qinghai forestry project where a different form of community led planning occurred and maybe in the Hai basin WB project. There would be the chance to hold a targeted workshop for key officials on this LWMP approach and this received enthusiastic support from NDRC during the review teams discussions. NDRC saw the advantages of this approach to land and water planning around Lake Tai as a means of reducing the non-point pollution that occurs from these lands. This is exactly how this planning works – changing land, water and farming practices so that productivity increases and at the same time there is better land and water management and

less pollution and erosion. PCO should consider the possibilities of holding such a workshop; this would need to be done separately for NDRC and maybe MEP – MWR has already been involved in this work and maybe can be approached differently. Clive Lyle, Australian consultant has been closely involved in this work in China and could assist PCO with any workshop planning.

Water pricing approaches in Australia were mentioned as an area where MWR and NDRC showed an interest (they offered up these issues without prompting). However at this stage it would be better for this to come from one of the existing projects like LIS, or from interaction in the MDBA-YRCC twinning, or from general discussions in the quarterly 4 agency meetings that PCO is now to commence. As well, it could be part of a broader ‘Australian water reform’ presentation that could be covered in the high level series of events that may be developed.

The PLR identified a whole range of issues where there were common interests that could be further explored. Market mechanisms in water pollution licensing and trading, innovative ‘cluster’ or ‘bubble’ licensing and discharge entitlements are issues not specifically covered in any of the projects but could receive some coverage in the Lake Tai project and LIS. It is best to wait and see how these projects evolve but PCO/EAT should assess in 12 months just how extensive the coverage of water environmental management issues are within the core projects and whether complimentary activities should be considered. PCO will need to put a ‘reminder’ in the system somewhere to ensure this happens.

Urban water issues are the big area where ACEDP is not making any coverage. PLR identified urban water savings and urban water market reform as important areas. None of the four partners identified these issues as important but probably there are other ministries more related to this subject. Also HLRT II agreed with the PLR recommendation that ACEDP show concentrate on consolidating the existing core projects (with complimentary activities if necessary) and only spread resources into emerging priorities explicitly identified by Chinese partners. Urban water issues do not meet this criteria so it is best to keep these ‘in reserve’ for 18 months and then if, ACEDP funds look like being under-spent then urban issues can be explored.

***Comment: The community participation approaches to lower level, or county level, land and water planning is a suitable approach for planning and managing non-point source pollution. It is an area where Australia has large successes. NDRC seemed keen to hold a targeted workshop for key officials on this LWMP approach. Clive Lyle, Australian consultant has been closely involved in this work and could assist PCO with any workshop planning.***

***Urban water issues are the big area where ACEDP is not making any coverage. PLR identified urban water savings and urban water market reform as important areas. None of the four partners identified these issues as important so it is best to keep these ‘in reserve’ for 18 months and then if, ACEDP funds look like being under-spent then urban issues can be explored.***

## 9.2 New Priority Areas,

The two areas that have been mentioned for possible future projects relate to Climate change adaption in the water resources sector, and drought management in various forms.

**Climate Change Adaption.** NDRC has strongly pushed this area as an emerging priority. It is understood that there are three proposals under development – one by NDRC, one by MEP and one by the Yellow River Commission institute. The later proposal will, amongst other things, look at changing runoff patterns from the headwaters of the Yellow river arising from climate change factors and will involve CSIRO as a partner. This could add a regional perspective to ACEDP as CSIRO has done similar work for the Mekong River Commission, and it should be possible to develop links

during the life of the project. PCO will need to sort out whether these three proposals are all 'separate' and of suitable quality and content to advance to evaluation by EAT as separate projects, or whether they should be combined into an integrated proposal. Expert assistance may be required for this and it should be up to the MC to sort this out. EAT should not really be involved until a clear proposal(s) are ready for evaluation. If CSIRO is one of the partners in one of the projects it would be difficult to use it as part of any initial valuation team.

**Drought Management.** It was not clear from the partner discussions just what was intended with such a proposal. The Australian experience in drought management was spoken of as a good example for China but there are many facets of drought management in Australia – from national level policy (assistance, exceptional circumstances, drought declarations), state water allocation and supply responses, drought forecasting and prediction, drought preparedness planning and response planning, and so on. PCO needs to discuss this in more detail with partners (NDRC, MWR, YRCC) to get a better understanding as to what is wanted. Maybe it would then be sensible to have a discussion paper developed on all aspects of drought management in Australia and then run a workshop in China, in much the same way that the Schule project is now proceeding. This is for PCO and the Senior Policy Adviser to resolve.

***Comment: Climate Change adaption and drought management are new priority issues; PCO should explore the best way to progress these ideas with partners,***

#### **10. Possible Twinning Arrangements**

Twinning arrangements, initially between MDBA and YRCC are a component of the LIS project now under development. The CEO of MDA is generally supportive but with a proviso that his staff would not be able to spend time administering such an arrangement, but would be interested in being part of actual activities. Similarly YRCC are keen for such a twinning arrangement to be developed and would like it to be formally signed off at the TRB Forum in October 09. This now needs to be further explored and EAT Chair and the Senior Policy Adviser will meet with MDBA in coming weeks and then report to PCO on how this could best proceed. Also flowing from this could be twinning relationships or partnerships between large irrigation schemes along the Yellow River, and Goulburn-Murray Water (Irrigation), Murray Irrigation, Coleambally Irrigation and Murrumbidgee Irrigation, as well as between bulk water providers (NSW state Water, MBDA, and Goulburn-Murray) and the YRCC. These arrangements are perhaps the best opportunity to develop lasting relations.

***Comment: Senior Policy Adviser to continue liaison with MDBA to determine the best way to progress a twinning relationship with YRCC***

#### **11. Regional Implications**

Part of the AusAID china program relates to developing a regional perspective for activities in China. This is being explored with organizations in Australia with regional interests such as the Lowy institute. The Mekong River Commission is an obvious area for regional relationships but there are political and diplomatic sensitivities that need to be taken into account. Areas where there are some similarities are the climate change work (CSIRO doing similar studies for the headwaters of the Mekong and Yellow Rivers), public participation processes and watershed/catchment community groups developing local level resource management plans, environmental flows and low flow management regimes, and techniques for sustainable river basin planning. Because of the sensitivities mentioned earlier, this will need to be carefully assessed but probably developing connections through the YR Forum and later, through an AusAID sponsored joint workshop on IRBM approaches and the impacts of climate change could be useful.

***Comment: Senior Policy Adviser could explore these opportunities over coming months.***

12. Summary of Recommendations/Suggestions.

Item No. (See Table of Contents)	Recommendation/Suggestion.
<p><b>5. Program Relevance</b></p> <p><b>5.1 Program Goals/Policy Outcomes.</b></p> <p><b>5.2 Activity Selection – Relevance to program objectives, priorities, outcomes?</b></p> <p><b>5.3 Relevance of the Selected Activities</b></p> <p><b>5.4 Links to Policy Development.</b></p>	<p><i>Program is still structured appropriately, outcomes need adjustment to better reflect a reasonable likelihood of achievement, Review Team/EAT will work with PCO and M&amp;E adviser to include adjustments in the M&amp;E framework.</i></p> <p><i>PCO consider the suggestions as to improved selection criteria and adjust if appropriate, The original activity/project selection process at the start of the program was acceptable and as closely related to the initial program objectives/outcomes as could be expected. It was an appropriate process to get the program ‘moving’.</i></p> <p><i>The core projects of the program are all still relevant to the program outcomes and none need any significant adjustment other than what might normally occur during project implementation. There are no major gaps in the relative emphasis on different outcomes. The role and skills of the China PCO in monitoring progress to ensure ‘relevance’ (progress toward program outcomes) needs resolving; more training of PCO in log frame development and accountability monitoring.</i></p> <p><i>The Chinese policy making process needs to be fully understood in setting realistic policy related goals for ACEDP. EAT/MC/PCO to revisit the wording/intent of the program outcomes to ensure they reflect realistic expectations and use these in the draft M&amp;E framework</i></p>
<p><b>6. Program Effectiveness.</b></p> <p><b>6.1 Management Structure and Working Relations.</b></p> <p><b>6.2 EAT’s Role – maintaining independence,</b></p> <p><b>6.3 M&amp;E framework .</b></p> <p><b>6.4 Interface between</b></p>	<p><i>The management inter-actions developed by PCO are strongly endorsed. The quarterly meetings with all Chinese partners are a focal initiative and is where relationships will be built and where any policy related discussions could commence. There is a need to fill the management gap between the PCO operational level and the HLRT so that project partners and stakeholders are more fully engaged in ongoing program review and discussion. <u>A program coordinating committee (PCC) should be established (AusAID/MOFCOM/Chinese partners)</u> and this should become the focal point for 6 monthly management reporting and general discussion about progress.</i></p> <p><i>EAT’s role is still appropriate as was originally envisaged subject to this observer role as required (for activity/project steering committees). In particular, EAT should be the main player in assessing each year whether activities are contributing to program outcomes (this could occur about February each year prior to the annual planning work.</i></p> <p><i>M&amp;E framework should be adjusted to reflect the qualification of program outcomes described in attach 2, plus new indicators and performance questions/descriptors – this should be for the M&amp;E specialist to resolve; further training for PCO and practical ‘check sheets’ developed for evaluating log frames and assessing performance;</i></p> <p><i>PCO to develop a clear set of responsibilities and TOR for the QAA and</i></p>

<p><b>M&amp;E adviser and QAA.</b></p> <p><b>6.5 C&amp;E strategy</b></p> <p><b>6.6 Funding /budget allocations</b></p>	<p><i>the M&amp;E adviser, that are based largely on the concept that M&amp;E has the major role <u>up to</u> the approval of the M&amp;E framework, and QAA has the dominant role <u>after</u> the framework is approved.</i></p> <p><i>The senior policy adviser and PCO could work with the C&amp;E adviser to bring the C&amp;E strategy more in line with the qualified program outcomes that have been suggested.</i></p> <p><i>PCO and AusAID to resolve an appropriate approach to the two main funding issues – payment of Chinese experts and local administrative units for services from ACEDP, and a means of resolving Chinese funds shortfalls in the first year of an activity.</i></p>
<p><b>7. Program Efficiency.</b></p> <p><b>7.1 Project Design Process</b> -Are the projects clearly designed and results-oriented?</p> <p><b>7.2 Quality of Selected ADDs</b></p> <p><b>7.3 Project Approval Process</b></p> <p><b>7.4 Project Design – Efficiency of Process.</b></p> <p><b>7.5 Annual Work Planning and Budgeting</b></p> <p><b>7.6 Monitoring and Reporting</b></p> <p><b>7.7 Risk Management -</b></p>	<p><i>The ADD guidelines may need adjustment to give a clearer direction on what is expected in log frame design in ADD's; PCO needs further training in log frames and accountability monitoring to be able to interact effectively with design teams and activity contractors.</i></p> <p><i>All three projects considered (transjurisdictional, water ecology compensation and Lake Tai) have incomplete or inadequate results based monitoring processes included. PCO needs to work with the teams (at the inception workshop phase for the last two) to strengthen these processes. PCO, with more training, should be able to improve future projects before they start</i></p> <p><i>PCO should consider the suggested processes to improve accountability steps in the activity design process and make adjustments accordingly. The QAA can assist with this. The PCO should ensure that, where they have not already done so, all review comments are distributed to project partners with the advance notice that they are to be addressed during project inceptions.</i></p> <p><i>PCO to consider these issues of timeliness of the steps in the project development process and advise in the next 6 monthly report if changes are necessary.</i></p> <p><i>Annual Planning process should now function smoothly and will result in HLRT III endorsing the next years plan at the HLRT meeting.</i></p> <p><i>MC to now refine the M&amp;E framework to reflect more realistic outcomes and realistic, measurable indicators, and ensure that when there are inception workshops for approved activities that there are adjustments to the results based monitoring aspects to better link with the M&amp;E framework. PCO needs to arrange training for its staff to enable better inter-action with activity contractors on these issues.</i></p> <p><i>The PCO to consider the suggestions on revisions to the risk matrix and</i></p>



<p><i>Is the risk management strategy effective and up to date?</i></p>	<p><b>report in the next 6 monthly report.</b></p>
<p><b>8. <u>Program Impact.</u></b></p>	<p><i>It is too early in the program to undertake assessments of program ‘impact’; this should await the mid-term review at the earliest. All projects have reasonable prospects of having an impact on one or more program outcomes, subject to the revisions of outcomes proposed..</i></p>
<p><b>9. <u>Policy Gap Analysis.</u></b></p>	<p><i>The community participation approach to lower level, or county level, land and water planning is a suitable approach for planning and managing non-point source pollution. It is an area where Australia has large successes. NDRC seemed keen to hold a targeted workshop for key officials on this LWMP approach. Clive Lyle, Australian consultant has been closely involved in this work and could assist PCO with any workshop planning.</i></p> <p><i>Urban water issues are the big area where ACEDP is not making any coverage. PLR identified urban water savings and urban water market reform as important areas. None of the four partners identified these issues as important so it is best to keep these ‘in reserve’ for 18 months and then if, ACEDP funds look like being under-spent then urban issues can be explored.</i></p> <p><i>Climate Change adaption and drought management are new priority issues; Senior Policy Adviser/PCO should explore the best way to progress these ideas with partners,</i></p>
<p><b>10. <u>Possible Twinning Arrangements</u></b></p>	<p><i>Senior Policy Adviser to continue liaison with MDBA to determine the best way to progress a twinning relationship with YRCC.</i></p>
<p><b>11. <u>Regional Implications</u></b></p>	<p><i>Senior Policy Adviser could explore these opportunities (as listed in the report) over coming months.</i></p>

## Terms of Reference

### Policy Gap Analysis cum Progress Review

The 2<sup>nd</sup> meeting of the Joint Australia China High-level Roundtable (HLRT-II) proposed that the Environment Advisory Team (EAT) conduct a policy gap analysis of the program in early 2009 to (i) assess the potential contribution of ACEDP activities on agreed program policy outcomes, (ii) ascertain the continuing relevance of ACEDP activities to national policy/strategy objectives in the area of water resources management in Australia and China, and (iii) identify high priority policy/strategy gaps that the ACEDP is not currently addressing. A fourth item was added by AusAID/MOFCOM subsequently, (iv) a review of overall program progress involving the Quality Assurance Advisor QAA. The latter task will also include a review of the optimal interface between the QAA and the program M&E Specialist.

## Background

The ACEDP is a five-year, \$25m Australian Government, AusAID initiative with the objective of supporting and improving policy development in China in the area of environmental protection and natural resources management. Initially the focus is on water resources and river basin management but this is likely to expand over time and also include other high priority topics such as climate change.

The ACEDP facilitates engagement between Australian and Chinese Government agencies, institutions and individuals engaged in national environmental policy development and implementation, through high level policy dialogue, capacity building and collaboration on discreet activities. The ACEDP has three main components, each with a specific objective:

- Component 1 – Environmental Governance and Dialogue: 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: to assist with the practical application of Integrated River Basin Management principles in China.
- Component 3 – Program Management: to provide strategic direction to, and effective coordination and efficient management of, the environment program.

A major policy-intent of the ACEDP is the development of long-term linkages between Chinese and Australian institutions involved in environmental policy formulation and implementation. While primarily the domain of government, this can also involve education providers; academe & research; science & technology organisations; private enterprise; and, the non-government sector.

The ACEDP is now in its second year of operation and has established a portfolio of 'core projects' that address various aspects of integrated water resources management in China such as 'water ecological compensation'; river health & environmental flows', 'large scale irrigation & water trading', 'wetlands management', 'water pollution treatment', 'public participation in social & environmental impact assessment', 'trans-jurisdictional water pollution management', 'social impact

analysis & gender mainstreaming’ and, ‘inland river basins management’. The ACEDP program strategy envisages a consolidation of these core projects and an emphasis on related high priority issues rather than a broadening-out into other environmental need areas – with the possible exception of climate change issues that may be agreed upon between the two governments.

## **Scope of Services**

### Progress Review - PR

Under overall leadership of the Chair of the EAT, and jointly with the other EAT members, the QAA will be involved in this first high level assessment of Program performance over the last one and a half years. The Progress Review will assess:

- Relevance of objectives: whether the objectives of the Program are still relevant and focused on priorities and mutual interests of both China and Australia and aligned to the China Australia Country Program Strategy.
- Effectiveness in achieving the stated objectives: the extent to which ACEDP activities will attain or are likely to attain ACEDP’s objectives.
- Efficiency of management/implementation: whether the Program management and implementation will deliver the expected outputs and outcomes, including an analysis of monitoring and evaluation undertaken by ACEDP. The role of the PCO will also be reviewed with recommendations for improvement.
- Impact: whether there has been any evidence of changes produced by the Program, directly or indirectly, intended or unintended. This will include an assessment of potential trends and developments in long-term relationships between Australian and Chinese environment organisations.
- The likely sustainability of what is being supported under the Program. Key factors that impact on sustainability will be identified.
- Lessons learnt and changes required/recommended: advise the PCO on how the Program could be improved to produce more effective implementation and higher impact.
- Linkages: the extent to which linkages are being created and lessons learned are shared between all activities under the Program.
- Whole of Government Partners’ engagement: the extent to which WoG Partners are engaged and any recommendations for improvement.

The Progress Review will need to analyse and review the following issues:

#### 1 Activity Selection Process

Have the Activity selection criteria and review processes been consistent with the program strategy and have they been effective in selecting relevant activities?

1.1 Review the criteria and process in relation to the programme goals and strategy (strengths and weaknesses)

1.2 Identify key lessons learned in the Activity selection process.

#### 2 Work Planning and Reporting Processes

Have the annual work plans and progress reporting from the program activities been effective and timely?

- 2.1 Review activity work plans and progress reports submitted to date
- 2.2 Assess the quality and timeliness of the plans and reports.

### 3 Progress towards Development Outcomes

What development outputs have been produced to date and are they progressing satisfactorily toward the planned development outcomes of ACEDP?

- 3.1 Identify and characterize the outputs that have been reported and that are planned in terms of development results related to various aspects of integrated water resources management
- 3.2 Assess the IRBM thematic linkages between the Activities and the opportunities for synergies
- 3.3 Review any issues related to progress in completing planned activities and outputs to date.

### 4 Progress toward Partnership Outcomes

What partnerships outputs have been produced to date and are they progressing satisfactorily toward the planned partnership outcomes of ACEDP?

- 4.1 Identify and characterise the types of partnerships that are under development and planned within the selected Activities relative to needs identified by Australian and Chinese partners
- 4.2 Assess the partnership agreements in place to date and assess partners' satisfaction with progress to date
- 4.3 Review any issues related to partnerships development to date.

### 5 Progress toward Policy Options and Discussions

To what extent are the current and planned activities likely to contribute toward policy discussions in integrated water resources management (including river basin management)?

- 5.1 Identify and characterize the policy elements that occur in the selected and planned Activities
- 5.2 Assess the extent to which policy options or discussions are likely to emerge from the selected and planned Activities given progress to date (prospects, opportunities, limitations)
- 5.3 Identify any barriers to and further opportunities for policy level discussions and outcomes related to IWRM
- 5.4 Propose measures as necessary, to enhance policy discussions at a program level.

### 6 Risk Management Strategy

Are the risks and risk management strategies identified in the project design documents still relevant and do they need to be updated?

- 6.1 Review the programme risk assessment
- 6.2 Assess the expected risks and identify any new risks
- 6.3 Revise the risk management strategies as necessary.

### 7 Other issues identified by AusAID/MOFCOM during the Review

## **Policy Gap Analysis - PGA**

The PGA will focus on assessing the potential contribution of approved ACEDP activities on the agreed program policy outcomes and on ascertaining the continuing relevance of ACEDP activities to national policy/strategy objectives in the area of water resources management in Australia and China.

The PGA will identify high priority policy/strategy gaps that the ACEDP is not currently addressing but that should be considered for inclusion in the program. The review must ensure that any new activities or area of potential activities are consistent with the program monitoring and evaluation framework (MEF). The PGA will also explore the potential for inter-agency fora in Australia and China as well as bilateral policy fora between Australian and Chinese agencies. The PGA will explore and discuss a potential twinning arrangement between the Yellow River Basin and the Murray Darling Basin.

To do this, the PGA will need to

- 8 Assess the scope of Activity Design Documents to contribute to program outcomes and identify 'gaps' that can then be used to inform the direction/content of any future 'complementary' or new activities
- 9 Communicate with relevant Australian stakeholder agencies as appropriate
- 10 Meet with relevant operational and policy areas of Chinese program core partners to get an update of Chinese policy/program priorities
- 11 Meet with the Yellow River Conservancy Commission to explore twinning arrangements as well as their central role in many of the ACEDP core projects
- 12 Meet with other relevant Chinese stakeholder agencies as appropriate
- 13 Meet with representatives of the international donor community as appropriate
- 14 Brief Australian program core partners on the outcome of the discussions held in China, and seek their feedback/response
- 15 Prepare a comprehensive but concise report that briefly analyses the issues and provides recommendations for program management. The report recommendation will be used to inform the selection of new activity proposals.

### **Team Composition and Responsibilities**

The review will be conducted by a joint team comprising the Chair and the international member of the Environment Advisory Team (EAT), the Quality Assurance Advisor (QAA) and the ACEDP Senior Policy Specialist. The Program M&E Specialist will provide inputs into preparation of these TOR and will also be involved in preparation of the final report.

The EAT Chair will be the overall teamleader:

Peter Millington: EAT Chair, Team Leader for the Review

Si Zhizhong: EAT member

Alan Ferguson: ACEDP Quality Assurance Adviser

Peter Sutherland: ACEDP Senior Policy Specialist

Ty Morrissey: ACEDP Monitor and Evaluation Specialist (Desk work only)

Responsibilities within the team are to be negotiated between the team leader and members. The Team Leader will have overall responsibility for directing, coordinating and managing the assignment, including the submission of the report as outlined under Scope of Services. The Team reports to AusAID.

Managing Contractor will facilitate the Team's consultations with Program Partner agencies and key stakeholders and provide in-country support for the Team, including travel, accommodation, logistics, office facilities and translation/interpretation services. The Managing Contractor will ensure the Team has access to key stakeholders and relevant Program documentation.

The PCO will help the Team arrange meetings and visits in China and provide a draft agenda for the Team and AusAID review prior to the in-country mission.

### **Timing and Reporting Requirement**

The work of this review/analysis is time sensitive as it will feed in the EAT analysis of new proposals, tentatively scheduled for March/April 09.

The in-China mission will be conducted during the period 15-28 February 2009, with work in Australia both before and after the mission in China.

The Team will produce the following reports:

- a. an Aide Memoire, to be presented to AusAID Beijing, prior to leaving China
- b. a Draft Mission Report, to be presented to AusAID Beijing no later than 15 March 2009;
- c. a Final Mission Report, to be presented to AusAID Beijing within 1 week of receipt of AusAID comments

### **Travel**

All members of the team, with the exception of the Program M&E Specialist, will need to travel in China. Only the EAT members and the ACEDP Senior Policy Specialist will also need to travel in Australia. All travel is at the discretion of the teamleader.

**Attach 1 (Annex 1)**

**ACEDP – a Check List of ‘Policy/Strategy Considerations’**

NOTE: This Table is simply a ‘check list’ that could guide EAT, and others, in the annual review process that is intended to identify ‘policy gaps’ in the overall ACEDP program that might need to be addressed by new or expanded activities or dialogue. For each of the ACEDP activities, EAT, PCO and the program’s policy advisors can ‘tick’ where the activity is addressing/discussing a particular policy related issue. Where an activity appears to have policy gaps – by not having a ‘tick’ against a particular component in the Table – this will basically guide EAT to determine from discussions with core partners whether this is an important omission or just not an issue worth pursuing. The Table is nothing more than a ‘discussion prompt’.

IRBM/IWRM Attribute	ACEDP Activity										
	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
<b><u>1. IRBM/IWRM Coordination, Dialogue and Exchange;</u></b> <i>Coordination issues,</i> National Provincial District Inter-basin Sub-basin <b><i>Dialogue,</i></b> Twinning, Workshops/forums Policy networks Study tours <b><i>Staff Exchange</i></b> <b><i>Academic Exchange</i></b>											
<b><u>2. National Policies and Strategies</u></b> Water resources strategy River basin strategy Sub-basin/Watershed level											
<b><u>3. Data and Information management.</u></b> Data sharing protocols, hydrologic/hydraulic modelling Socio-economic modelling											
<b><u>4. River Basin planning</u></b> Climate change impacts, Sustainable yield analyses, Participative Planning processes, Multi-objective prioritisation											
<b><u>5. Environmental Issues.</u></b>											

River basin 'health' reporting, River 'health' indicators and reporting, Riverine vegetation, flood plains, wetlands Water quality issues, Environmental flows – methods, examples, sharing,											
<b>6. <u>Water Allocation/entitlements/use (surface water, groundwater and conjunctive use).</u></b> Sharing allocations – environment, economic, social – <u>seeking a balance</u> , Bulk water allocations, Licensing/permitting, Water trading/markets, Water efficiency – river systems and within irrigations schemes/areas, Water tariffs and pricing – use and resource management charges,											
<b>7. <u>Water Pollution</u></b> Waste water permitting; licensing, TMDL and 'bubble' licenses, Non-point source control and management, 'good management practices', Pollution trading,											
<b>8. <u>Participation.</u></b> Province/district/stakeholder involvement – policies, processes, levels, Awareness and education programs,											
<b>9. <u>Indicators/monitoring.</u></b> Basin sustainability - basin level, sub-basin level, (link to MDBC approaches)											
<b>10. <u>WHAT OTHER ATTRIBUTES? Eg., urban water issues (there are many), stormwater drainage management, )</u></b>											



## Attach 2

### **Program Goals/Policy Outcomes – From Program Design to Program Implementation.**

ACEDP has undergone 18 months of development culminating, in a strategic sense, with the recent PLR that emphasized future directions and program priorities. This led to what is now called six ‘policy outcomes’ for the program. The review team has been asked to look at the present program structure and comment on its continued relevance in terms of the overall program objectives and the relationship of the ‘core’ activities/projects in achieving objectives and outcomes. To do this, the team has looked at the format and content of the original PDD, the subsequent early work at the start of the program to define priorities in water and environmental management (through the two country surveys), and the recent PLR. These three documents are those that influenced how program outcomes were set.

The original ***Program Design Document (PDD)*** for the program had an overall goal ***“to support China’s policies for a better environment”***. Three components were identified - Component 1 dealt with Environmental Governance and Policy Dialogue, Component 2 with Integrated River Basin Management, and Component 3 program management. This design responded to the directions identified for environmental engagement within the China-Australia Development Cooperation program (2006 – 2010) - that water resources management should be a key area whilst still allowing for a flexible engagement across a range of environmental issues where Australia and China have a common interest. The program structure is shown below (excluding component 3),

<b>Program Component</b>	<b>Objectives</b>	<b>Outcomes.</b>
1.Environmental Governance and Policy Dialogue	* To demonstrate methods and applications of improved environmental governance in china, * To develop and enhance the policy dialogue	<b>1.1</b> Improved environmental governance in China, initially in relation to water resources management (WRM), <b>1.2</b> Scientific and technological tools that can enhance environmental management, are more integrated with policy processes, initially in WRM, <b>1.3</b> Improved models to address environmental impacts that exacerbate poverty, and integration of these models into policy processes, <b>1.4</b> Strong bilateral linkages for dialogue in the environmental sector, enhancing existing engagement between China and Australia agencies, and shared knowledge on a range of environmental management issues of mutual interest, <b>1.5</b> Active high level policy dialogue to promote policy

		dialogue to promote /develop priorities for ACEDP.
2.Integrated River Basin Management	* To assist with the practical application of IRBM principles in China.	<b>2.1</b> Shared understanding of IRBM principles and practices in Australia and China, <b>2.2</b> Practical application of IRBM principles in China.

The **country surveys** undertaken at the start of the program were meant to ‘home in’ on what were the real priorities in water and environmental management for /china, and to identify those Australian partners who had expertise in these areas and a desire to be part of the program. This led to a consolidation on issues relating closely to water resources and integrated river basin management and a conscious decision to leave issues relating more to ‘environmental management’ for later in the program, if at all. The ‘call’ for projects reflected this priority on water management related projects. About 60 project concept notes were received and after EAT evaluation and subsequent project design work, the present 10 core activities resulted.

Normally in such a project as ACEDP, there would be an inception workshop soon after the start and this would more clearly define the project, identify changes from the original PDD and re-adjust the log frame and other accountability processes to reflect the adjusted program. This did not occur in totality – the country surveys did more clearly focus the program activities and they were sufficiently different, or more targeted, that adjustments to program outcomes and to program log frame should have occurred (not necessarily big changes), and then linked into a complete M&E framework. As a result the various ADD’s have been developed without linkages upward to a clear set of program outcomes that reflect just what the program now intends to achieve. The ADD’s themselves have followed a sound process in development (for technical and financial aspects) but the accountability and reporting measures within them still need adjustment – they are ‘project focused’ and not particularly comprehensive, and do not include links to higher level outcomes, perhaps because these had not been clearly defined or adjusted at the HLRT I, or ‘inception phase’, .

The **Policy Landscape Review (PLR)** is the most recent review of the program’s strategic direction. The **Policy Landscape Review (PLR)** clarified the program’s strategic direction. It identified four primary ‘areas for collaboration on water resource and IRBM Themes’ – i) water resource macro policies, ii) water quality and integrated river basin management, iii) water resources management, pollution prevention and control and iv) cross cutting themes. In addition the PLR identified four areas which the program should target as priorities for ‘policy improvement’ based on China’s needs and Australia’s capacity to add value:

- Integrated Management and interagency cooperation
- Science based planning and decision making
- Market based mechanisms
- Public Participation

These areas were compared with, and, in effect, combined with the original program outcomes and as a result, six major ‘policy outcomes’ for ACEDP were confirmed by HLRT II as appropriate for the present direction of the program,

- Vertical and horizontal inter-agency coordination,
- Science based decision making,
- Public engagement and participation,
- Economic incentives and market based approaches,
- Linkages between Australian and Chinese environmental agencies, and,

- Policy dialogue between Australia and China.

These outcomes have been further translated, in the re-Drafted M&E Strategy into 'Six' Policy Outcomes'. (Diagram 1)

Firstly, these would be better described as '**program outcomes**', since, for the reasons discussed above, whilst the ACEDP will contribute to China's evolutionary process of policy reform the projects are unlikely, by themselves, to result in high level **policy** change. Furthermore, the extent to which the program/projects will achieve these outcomes will vary considerably and will not be absolute in relation to the way they are written. For example, it is beyond the program to generate, high level policy change, or high level inter-ministerial coordination. This has been confirmed from the discussions the Review Team had with Chinese partners. These are matters for the Chinese system to sort out but we can do work and establish relationships that will enhance knowledge and influence decision-makers to move toward these desired situations. To avoid misinterpretation of what actually can be achieved a more realistic version of the expected outcomes is required, together with realistic performance measures, in keeping with realities in China; otherwise the program will be setting itself up to fail. Outcomes should be framed so they require real effort and initiative for achievement but not be unattainable from the start - *out of easy reach but not out of sight*.

For example, discussions with agencies during this progress review clearly indicated that some improvement in vertical coordination within a ministry is possible, but unlikely between ministries other than at the technical level (Division level). There will be improved knowledge in a whole range of areas covered by the core projects and as these are seen as pilot studies, the results could lead to further pilots and generally assist in promoting possible policy discussion – but they won't lead to 'policy development' as such. Linkages and relationships will be developed but whether they will be 'lasting' after ACEDP is not possible to gauge.

This situation of overly ambitious or unattainable outcomes as currently defined seems to have come about more from perceptions and conversation from within the program (and this includes EAT) since the start, rather than from some conscious decision to frame outcomes at a high level. Projects that lead to 'enhanced policy dialogue' or to 'integrated management' or to 'inter-agency coordination' seem to have become the language and the expectations. Maybe this was because we did not adjust outcomes at the inception phase, but whatever, now is the time to re-define the level of program achievement that can realistically be expected.

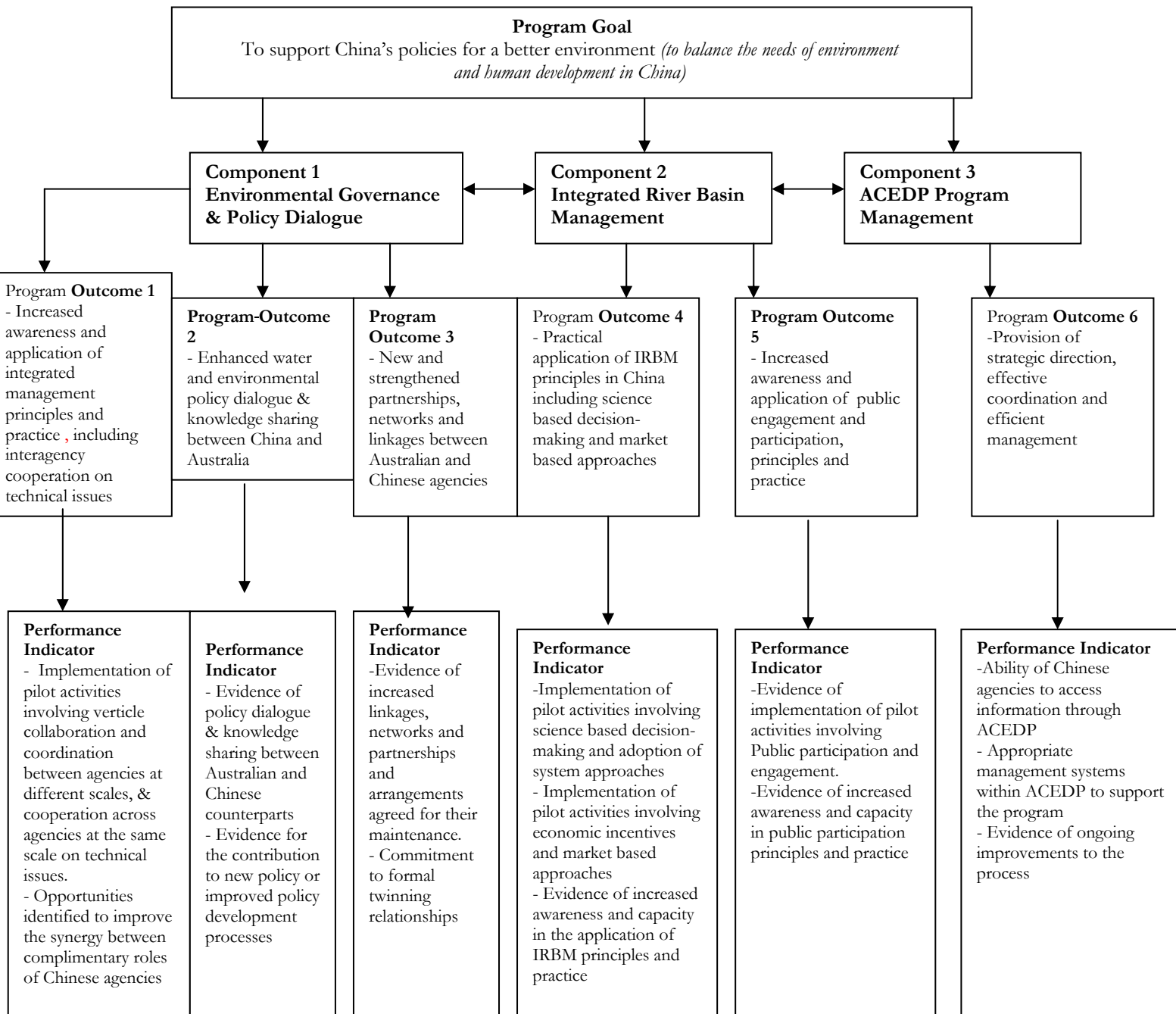
The M&E framework now under development has attempted to take the PLR outputs and suggested program/ outcomes and to turn these into a set of policy outcomes that will be the focus of upward reporting for all the core projects. Normally, the HLRT level should first be endorsing what it wants as the specific program outcomes (it endorsed program directions and priorities at HLRT II, not specific outcomes) and then the M&E framework incorporates these into the reporting processes. As it is, the M&E adviser has had to interpret outcomes and then create the framework.

By adding some quite small qualification to the program outcomes now shown in the present draft of the M&E framework, it makes the outcomes more attainable and if realistic indicators are developed for these, plus descriptors as to what to look for when assessing progress against these indicators (these descriptors are important to help PCO staff in their monitoring work) then good monitoring against achievable outcomes will result. The M&E framework report accepts that it will be difficult to measure such high level (aspirational) outcomes and intends to reflect this by setting lower level indicators. This will not stand a test of good performance against high level outcomes later on at mid-term and completion reporting phases so the outcomes need adjustment now. This

does not really need to go back to HLRT for endorsement (although this is the level that should decide on program outcomes) – it can be seen more of a focus of what has already been decided.

The Review Team will work with the M&E specialist to convey these ideas. We believe that it is the role of the M&E specialist to suggest to the MC what is appropriate in the way of changes to the program outcomes and indicators. Some suggestions are below

### Draft ACEDP Program Level Framework (EAT suggestions)



## **ACEDP management systems review**

**Alan Ferguson**

**Quality Assurance Advisor**

**February 27, 2009**

This component of the Progress Review focuses on key aspects of the management arrangements and processes for implementation of ACEDP, including:

- (a) project selection criteria and review process
- (b) project design process (ADD)
- (c) programme operations
- (d) programme organization
- (e) risk management

### **1. Project Selection Criteria and Review Process**

***Are the project selection criteria and the selected projects consistent with the ACEDP design and updated programme plan?***

The purpose of this section is to review the process of assessing initial project proposals and to reflect on the recent rapid appraisal of Concept Note proposals undertaken by EAT. This review was undertaken by the QAA independent of the EAT. The process for selection of the ACEDP projects ('Activities') is summarized below and the projects selected to date are assessed in relation to the programme outcomes.

The project selection criteria and process are reviewed in terms of the efficacy of the selection process and consistency with the program goals (sec 1.1). The specific relevance of the current projects to the ACEDP goals is also discussed (sec 2.1).

#### **1.1 Selection of Activities (projects)**

The PCO and EAT are required to produce a consolidated merit list for approval by AusAid and MOFCOM on the basis of five criteria. The proposal is rated by PCO on a scale of 1-5 (Below average to Excellent). These criteria are summarized in Table 1 below along with comments.

Criteria 1 and 3 appear to be most important for determining mandatory content of a proposal. Criteria 2, 4 and 5 appear to be the most important for assessing proposal merit.

The main comment is that the rating process should focus on quality of the project concept since detailed workplans and budgets can be addressed as a secondary concern.

**Table 1: Activity Selection Criteria**

	<b>Activity (project) selection criteria</b>	<b>Comments</b>
1	Consistency with ACEDP aim of supporting and improving policy development in China in the area of environmental protection and natural resources management	This is a general criterion that might be considered a mandatory pass/fail requirement rather than a rating criterion for proposal quality since it is difficult to distinguish degrees of consistency with the program aim.
2	Demonstrable contribution to one or more of the ACEDP policy outcomes (2.1 - 2.6)	The method of rating contributions could be defined more explicitly. The scoring system will inherently overweight the six policy outcomes in the rating (suggesting that they are much more important than the other criteria, which they are).
3	Detailed work plan and realistic budgets	This is a basic, minimum content requirement for all proposals rather than a rating criterion for quality of the proposal concept. It is different type of criterion from the others.
4	Long-term sustainability of activity outcome, without dependence on continuing ACED funding	The method of rating contribution could be defined more explicitly to assist PCO rating.
5	High-level national government policy priority in Australia and/or China	The method of rating contribution could be defined more explicitly to assist PCO rating.

The following is an example of an alternative format that provides for a two-part process of reviewing proposals for mandatory content followed by a rating of key aspects of project concept merit.

**Table 2: Illustration of Hierarchical Selection Criteria**

<b>Mandatory Criteria</b>				
Consistency with ACEDP	Yes/No			
Logical framework	Yes/No			
Detailed workplan	Yes/No			
Realistic budget	Yes/No			
<b>Rated Criteria</b>				
<b>Program Outcomes Contribution</b>	<b>Excellent: 4</b>	<b>Good: 3</b>	<b>Average: 2</b>	<b>Below Average: 1</b>

1. Integrated management through effective interagency coordination and collaboration	<i>Establishes mechanisms for coordination and collaboration in a formal manner</i>	<i>Establishes mechanisms for technical level coordination and collaboration in an informal manner</i>	<i>Establishes accepted standards for technical analysis and discussion of issues among the agencies</i>	<i>Creates awareness of the need for coordination and collaboration among the agencies</i>
2. Enhanced environmental policy dialogue between China and Australia	<i>Provides specific policy development and adoption</i>	<i>Provides policy options for consideration by the responsible authorities</i>	<i>Provides recognition and discussion of policy options</i>	<i>Provides dialogue that could lead to consideration of policy options</i>
3. Lasting partnerships networks and linkages between Australian and Chinese agencies	<i>Formal agreements for ongoing consultation and collaboration</i>	<i>General agreements to support ongoing consultation and collaboration</i>	<i>Informal networking that encourages ongoing consultation and collaboration</i>	<i>Ad hoc, short term consultation and collaboration that may lead to future ongoing relationships</i>
4. Practical application of IRBM principles in China including science-based decision making and market based approaches	<i>Establishes new mechanisms and processes for application of IRBM</i>	<i>Formulates potential strategies for future consideration of IRBM</i>	<i>Creates awareness about the potential application of IRBM</i>	<i>Creates general awareness of IRBM principles</i>
5. Effective public engagement and participation in planning and implementation	<i>Establishes new mechanisms and processes for public involvement</i>	<i>Formulates potential strategies for enhanced public involvement</i>	<i>Creates awareness about the potential use of public involvement</i>	<i>Creates general awareness of public involvement opportunities</i>
<b>Government Policy Priority</b>	<i>Very high priority in both countries and urgent issue needing action</i>	<i>High priority for both countries which is formally acknowledged</i>	<i>High priority for at least one country and important issue in the other</i>	<i>Priority issue for one country but perhaps not the other</i>
<b>Sustainability Potential</b>	<i>Institutional, policy, regulatory and other changes will sustain results</i>	<i>Operational capacity strengthened and attitudinal changes will sustain results</i>	<i>Attitudinal and awareness creation will sustain results</i>	<i>Awareness creation will sustain some results</i>

The above table is intended to illustrate firstly, how content (yes/no) criteria could be separated from rating criteria, and secondly, how better explanation of the ratings could add greater clarity to assist the PCO staff.

## 1.2 Selection Process

The project selection process has been preceded by country surveys with Australian and Chinese partners to identify existing and emerging issues related to water management and potential linkages between interested organisations in each country. These surveys were later used in workshops to further focus on potential linkages in priority areas. ACEDP received 57 proposals (Concept Notes) from the workshops involving 40 Chinese agencies and 17 Australian organisations.

The questions of interest for AusAid are whether the process has been effective in terms of facilitating ACEDP goals and whether it has been sufficiently owned by the partners. Several initial observations can be summarized from the process:

- The detail and quality of the Concept Notes were limited due to the short time frame provided for 2007/08 submissions and the capacity constraints of some of the interested organisations. The screening of these preliminary project concepts therefore has had to speculate to some extent on anticipated benefits of the proposals and to assess likely suitability based on limited information.
- The EAT reviewers also noted that the relative importance of the proposals to the program was difficult to assess due to variability in quality - some were in high priority areas but did not provide clear details; others were well presented but perhaps not in priority areas.<sup>2</sup> They also suggested the need for some further scoping to sort out the high priority areas and how proposals related to similar themes should proceed to the feasibility/design stage.
- It was also apparent that ACEDP outcomes and the responsive nature of the program provide wide scope for variability in activities to be funded, and although the policy landscape review has provided greater focus there is still some level of uncertainty about the priorities within ACEDP and the complementarity of the selected projects.

The EAT screening of Concept Notes in 2007 was based on two sets of criteria:

### Primary (Core) Criteria:

Consistency with the objectives of the ACEDP

Demonstrate they contribute to enhanced policy formulation and/or implementation

Demonstrate they contribute to the development of sustained linkages between Australian and Chinese agencies

Evidence available on the likely feasibility of proposed activities

Demonstrate they are supportive of Chinese government policy priorities and consistent with Chinese agency policy programs

### Supporting criteria:

Demonstrate sufficient counterpart support in terms of (i) policy intent and (ii) resource allocation on a sustained basis for the period of the intervention

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<sup>2</sup> ACEDP Annual Planning Process - 2007/08, Input of the Environmental Advisory Team, 2007, p. xx.



- Demonstrate a realistic strategy for ensuring post-intervention funding, resource allocation or policy intent
- Demonstrate that implementation capacities exist, or that comprehensive capacity building measures at the appropriate levels are included
- Demonstrate greater harmonisation and development effectiveness by working with multilateral agencies and other donors
- Demonstrate they are consistent with relevant Australian government policies on gender equity, governance, anti-corruption, environment

The 57 proposals were grouped into three categories based on these criteria:

- Group 1 - those that can proceed immediately to project design document stage
- Group 2 - those that need further conceptual or project development
- Group 3 - those that are in higher level policy areas but that need further discussions
- Group 4 - those that are not supported and cannot to readily enhanced to meet objectives

The rapid appraisal led to 29 proposals recommended to proceed to feasibility/design stage, 8 proposals linked to two project development missions that should be given further consideration, and 20 proposals that were not supported but that warranted continued dialogue.

The following comments are provided on the project selection process to date:

- a) Some degree of inefficiency in generating high quality projects may be inherent to the responsive nature of the program design and the generality of the program outcomes that provide for a wide range of potential partnerships and activities and require considerable iteration and negotiation in project development.
- b) The proposal selection criteria are systematic and effective for the initial screening process, although it is also recognized that there still remain uncertainties about the program-level strategy for achieving practical outcomes from a collection of sub-projects. There is no explicit strategy for leveraging outputs and outcomes from individual projects to contribute toward program outcomes (other than the proposed concept of 'policy networks' framed around selected key issues).
- c) There has probably been sufficient stakeholder input into defining the priority interests of Chinese and Australian stakeholders in the country surveys and introductory discussions with prospective partners in each country given the practical need to advance the program in a timely manner.
- d) The recommendations from the 07/08 project selection process report relate to better understanding and coordination between Australian and Chinese partners, potential synergies with other donors and expanding the guidelines for submitting activity proposals. These have been addressed to some degree in the past year by the program. The latest version of the Activity Selection Guidelines may also need to be updated consistent with the latest definition of program outcomes.
- e) In order to avoid building undue expectations about project funding and to enhance the program level impacts, the project selection process may also need to shift toward a more targeted approach that is synchronized with financial planning for the remainder of the program.

- f) The need for pro-active engagement of EAT and the policy landscape review team in further scoping and guiding the program may have been underestimated in the original program design and similar external technical input and oversight will likely continue to be required beyond the next stage of ACEDP implementation.

The general conclusion from the above discussion is that some further refinement of the project selection criteria would be useful to increase the level of rigour and transparency in the PCO assessment of proposals, particularly focusing on the contributions toward program outcomes.

### **1.3 Relevance of the Selected Activities**

A key question is whether the selected projects are fully consistent with the program goals and expected outcomes of ACEDP. The review included an assessment with PCO staff as to the extent and manner in which outcomes specified in approved and draft ADDs will contribute toward five key program outcomes listed in the M&E Framework:

1. Integrated management through effective interagency coordination and collaboration
2. Enhanced environmental policy dialogue between China and Australia
3. Lasting partnerships networks and linkages between Australian and Chinese agencies
4. Practical application of IBRM principles in China including science-based decision making and market based approaches
5. Effective public engagement and participation in planning and implementation<sup>3</sup>

Table 3 presents the results of a summary of the contributions of the project (Activities) towards one or more of the above Outcomes. Drawing upon information from the ADDs, the PCO project officers were asked to briefly summarize the outcomes or types of outcomes from the projects that would distinctly contribute toward a particular program outcome. (This exercise was preceded by a brief training session on the project design review process).

The table suggests that the program outcomes related to “enhanced policy dialogue” and “lasting partnerships, network and linkages” are the most difficult to define and measure in terms of expected results. During the workshop discussions, staff made the following points:

- It has been difficult to assess the potential project achievements in relation to the program outcomes and even the degree of consistency with the program outcomes;
- There are problems in identifying indicators that can measure achievement of many of the qualitative outputs and outcomes of the projects, as well as understanding indicators at the program level; the expected results are not easily quantifiable;
- The staff are not fully confident about the quality of Results Frame that should be expected in an ADD;
- It has been suggested that the ADD design teams have limited time to prepare clear definitions of outcomes and Results Frames because they are preoccupied with the technical aspects of the project design;

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<sup>3</sup> These are taken from the M&E framework, January 2009.

- Proponents of small projects argue that the limited scope of their activities does not warrant a Results Frame or logframe.

**Table 3: Outcomes Analysis prepared by PCO Staff**

<b>ACEDP Projects</b>	<b>Integrated management through effective interagency coordination and collaboration</b>	<b>Enhanced environmental policy dialogue between China and Australia</b>	<b>Lasting partnerships networks and linkages between Australian and Chinese agencies</b>	<b>Practical application of IRBM principles in China including science-based decision making and market based approaches</b>	<b>Effective public engagement and participation in planning and implementation</b>
<b>Water Ecology Compensation</b>	Increased awareness and capacity in MWR and MEP to apply Payment for Environment Services concept at a river basin scale and across sectors	Better understanding of applying policy to practice of PES in river basins of China for policy makers and decision makers	Ongoing links between Australian and Chinese agencies, research facilities and watershed bodies (weak outcome definition)	Feasibility of PES in China is determined and further work on development of PES framework in China	Potential PES procedure should include public participation aspect
<b>Lake Tai</b>	Increased awareness and initiatives of all relevant agencies, esp in Wuxi & Suzhou Cities including EPBs and Water Resources Bureaus to consider from the basin perspective of the Planning and management of Lake Tai, which would potentially promote the coordination and	Through mutual visits and workshops of policy decision makers to achieve the enhanced environment dialogue between China and Australia.	Sharing the same challenges of lake eutrophication, the linkages and partnerships between the Australian and Chinese agencies hopefully could be sustained beyond the life of ACEDP.	The concept of IRBM is exposed to the policy decision makers and hopefully will push the intention of institutional reforms so to apply the IRBM practices; The project outputs of discharge cap, non-point source, lake eutrophication treatment technologies and market mechanism will assist the relevant	The scale of public participation is enlarged in lake management planning and policy formulation and implementation, particularly the engagement of relevant stakeholders including research institutes, NGOs and communities,

	cooperation between MEP and MWR at the national level with the coordination of NDRC – leading agencies of this Project.			decision making.	which may influence the ongoing practices.
<b>Transjurisdictional Water Pollution Management</b>	Improved inter-provincial coordination mechanism within river basin is planned			Contributes to integrated river basin planning by employing the tool of Total Maximum Daily Load.	Improved awareness and skills of public participation among the relevant stakeholders
<b>River Health</b>	Improved understanding of the indicators and accounting approaches of River Health and Environmental Flow among the 4 implementing agencies vertically within MWR and with MWP at the technical level, which would potentially promote the coordination at the policy level of MWR and MEP in certain degrees.	Through mutual visits and workshops of policy decision makers to achieve the enhanced environment dialogue between China and Australia.	River Health and Environmental Flow research is at the initial phase in China while in Australia the research and policy application in this regard has plenty to learn by the Chinese counterparts. Hopefully the linkages established by ACEDP could be trigger the sustainable cooperation.	River health and environmental flow is one of the essential elements of IRBM. The outcomes of this project would support the decision makers to scientifically develop river basin planning and policy with the perspective of IRBM in spite of the institutional constraints.	The broader concept of public participation would be applied in certain degrees, which is at least involving the relevant stakeholders agencies into the policy formulation and implementation.

<p><b>Public Participation in Social and Environmental Impact Assessment and Basin Water Pollution Control</b></p>		<p>Improved dialogue and the sharing of ideas, experience, and expertise between government departments, the WF, NGOs and research institutions in China and in Australia with the aim to develop procedure/guideline</p>		<p>Improved IRBM planning process in terms of stakeholder involvement</p>	<p>Improved public participation planning and implementation of social and environmental impact assessment and basin water pollution control</p>
<p><b>Wetland Management Policy</b></p>	<p>Improved coordination mechanism among member ministries of National Ramsar Implementation Committee (NRIC)</p>	<p>Enhanced dialogue of ideas, experience, and expertise between Chinese and Australia Wetland Policy makers and wetland managers</p>			<p>Improved public participation practice in the wetland management</p>
<p><b>Social Impact, Public Participation and Gender Mainstreaming</b></p>		<p>Increased capacity of core partner agencies to undertake social impact management, public participation and gender mainstreaming.</p>			<p>Improved awareness and skills of public participation among 4 Chinese core partners</p>

## 2. Project Design Process

***Are the projects designed with logic, clarity and results-orientation and do they effectively address cross-cutting themes?***

The purpose of this section is to assess a sample of project design documents to determine the level of quality that is emerging from the design process. The focus is on the application of the “Activity Design Document Preparation Guidelines”, recognizing that many of the early projects were designed prior to these guidelines.

### 2.1 ADD Design Requirements

The project design process has evolved toward a more iterative procedure following initial review of a proposal. The PCO prepares a general assessment using the “Proposal Assessment Form” that rates the proposal against the five assessment criteria and summarizes PCO comments/conclusions. Project officers work with prospective proponents to address the initial comments. This is followed by a review by the nine Chinese and Australian program partners and (usually) EAT members.

The PCO and GHD Melbourne have also been actively engaged in finding suitable Australian partners for the Chinese proponents and assisting the initial partnerships development.

A general review was undertaken with PCO project officers of the major quality assurance requirement in the ADD Preparation Guidelines:

*“The output is a ‘Results Frame’ that links inputs to outputs and outcomes, that identifies milestones and, that must be compatible with the ACEDP Monitoring & Evaluation Framework, in particular with its six policy outcomes”.*<sup>4</sup>

The following comments were generated from a discussion of this guideline:

- The PCO staff and the proponents are uncertain about the accepted standards for a Results Frame (see for example, the Trans-Jurisdictional project effort to produce this document)
- The requirements for incorporating a results-based approach into the Project Inception workshop and report are also unclear and appear to be optional (see Attachment 4 to M&E Framework which provides an outline for the report).
- The absence of a logical framework in the ADDs discourages a focus on outcome-level results.
- The ADDs are generally of high technical quality in specifying the issues and challenges and the proposed activities but they often lack adequate project design inputs to meet AusAid standards for results-based performance.
- Where there is consideration of the project logic model, theory of change or results frame in the project design, the understanding is very weak and sometimes the discussion of expected results is deferred to a subsequent M&E plan.
- Outcomes are not clearly defined and confusion often exists between outputs and outcomes.

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<sup>4</sup> Activity Design Document Preparation Guidelines, Feb 2009, p. 2, Operations Manual, Annex D.

## 2.2 Quality of Selected ADDs

Four criteria were used to rapidly assess selected projects for their design quality.

- Problem analysis level of detail
- Results-based logic in project design
- Clarity of objectives and approach
- Consideration of cross-cutting issues

Three projects documents were selected for review:

- **Transjurisdictional Water Pollution Management - Inception Report**

This report provides extensive technical background to the issue and challenges in China. It presents a clear set of work task components related to (a) investigation and analysis, (b) developing a set of options and assessing their feasibility, and (c ) building capacity of staff. While the project concept and design is well written and the proposed activities are well documented, a results-based approach is not presented in this report and the draft indicators in the ADD are, in general, not effective or reliable. This leads to an over-emphasis on activities instead of results. The requirements for a results frame are not well understood by the proponent. Presumably, the proposed M&E plan is intended to present the logical framework details in a subsequent separate report, but this seems to reduce the potential benefits of the inception workshop. The assumption that training alone may be sufficient for capacity building could also be questioned (i.e., it may be necessary to undertake some assessment of institutional capacity constraints in the participating institutions where staff training is proposed.) The analysis of cross-cutting issues is weak, but the specific requirements for this are also uncertain.

- **Water Ecology Compensation - Activity Design Document**

This project has two ADDs, one for each ministry (MWR/MEP), the occurrence of which appears to endorse the lack of interagency coordination in addition to creating unnecessary duplication. The six project outcomes listed in Section 1.4 are not consistent with the project concept. The theory of change in Section 1.5 describes activities but does not clearly explain the pathways from activities to outputs to outcomes. Figure 1 summarizes the activity steps rather than the project concept. The outcomes appears to be (a) increase awareness of PES amongst government officials, (b) increased understanding by MWR/MEP staff on how to apply PES to water resources issues, and (c) determination of the feasibility of applying PES and the appropriate model/approach in China. The indicators are not adequate for measurement, monitoring and reporting.

- **Lake Tai - Activity Design Document**

The ADD provides substantive summary of the issues and constraints at Lake Tai. It anticipates two Environmental Governance and Dialogue outcomes: (a) institutional impediments identified and (b) improved knowledge transfer, and three IRBM outcomes: (c ) improved NDRC understanding of basin-wide IRBM mechanisms, (d) improved use of science in managing Lake Tai and (e) improved technical basis for IRBM. The outcomes are described in very general terms and the indicators need further elaboration. For example, the extent to which realistic progress can be made in some types and level of coordination mechanisms and the particular technical support for decision making that may evolve from the project could be more precisely defined so that project results can be clearly assessed.



These comments suggest a need to improve the level of results-based planning in the ADDs.

### 3. Program Operations

*Have the project review, work planning, reporting and risk management systems been effective and efficient?*

The purpose of this section is to briefly assess selected aspects of the overall effectiveness and efficiency of the operational tools and practices of ACEDP.

#### 3.1 Project Approval Process

Table 4 summarizes the major steps involved in the proposal review process. As noted earlier, the review process has been modified to improve the efficiency and to ensure EAT review, where required, is obtained early in the process to influence project design. Many changes have been introduced by PCO to expedite negotiations with proponents.

While the following summary of average project approval timelines may not be representative of current time requirements, it does provide one indication of program efficiency over the first two years of ACEDP (n= number of projects).

	<u>Average review time:</u>
<b>Concept Note - Draft ADD Received:</b>	<b>6.6 mths (n=7)</b>
<b>Review of Draft ADD - Approved Final ADD:</b> (PCO approval - AusAid/MOFCOM approval)	<b>5.2 mths (n=7)</b> (2.2 mths (n=6))
<b>Request for Tender - Project Start-up:</b>	<b>4 mths (n =2)</b>

The above timelines do not include proposals that are still in discussion/review and they include two projects under emergency rapid approval category, so the overall average approval time may be underestimated in these data. Nevertheless, the data indicate that about 7 months are required on average to develop a proposal; 5 months for review (including 2 months for final project approvals) and the two projects that have gone from tender advertising to start-up have taken 4 months on average. There have been complaints about delays in project approval but the timeline data suggest that the process has not been unreasonably long for the projects that begin with a sound concept.

There are some deadlines for proposal review, such as the ten working days for program partners comment that has recently been introduced. Other timeline requirements such as AusAid and MOFCOM approval are more difficult to assess but have not been excessive to date.

In addition to the review and approval timelines, the issue of final accountability for proposal quality has been raised. Accountability is a special concern for the managing contractor due to the particular design and delivery nature of the program. In particular, there appear to be two aspects of the project approval process that need to be strengthened:

- the standards by which an ADD is deemed to be of acceptable technical quality, including clarity of expected results; and

- the process for final endorsement or sign-off of the ADD by the PCO and GHD in terms of acceptable technical quality and costs.

**Table 4: Project Timeline Analysis**

Steps	Lake Tai	Wetlands	River Health	Public Participat.	Environ. Accounting	Legal Attachment	Tranjurisdictional	Eco Compen.
1. Concept Note approved by HLRT	Sept/07	Sept /07	Sept/07	Sept /07	Nov 25/08 received	Dec 9/08 received	Sept/07	Sept /07
2. Design Mission complete	Feb 1/08 Study tour - May 20/08	March /08	Nov 27/07	NA			March/08	
3. Draft ADD received by PCO	April 28/08	<i>Revision ongoing</i>	Jan/08	April /08		Dec 19/08	March/08	June /08
4. Chinese /Aus partner review comments received	June 5/08		June 26/08	June /08	Aus partner comments Dec 15 /08	Aus partner comments Dec 15 /08	April/08	July /08
5. EAT comments received	NA		NA	NA	Nov 26/08		NA	Oct /08
6. Draft ADD cleared by PCO	July 16/08		Sept 25/08	Oct 15/08			April/08	Nov /08
7. Chinese ministry clearance	July 15/08		Sept 24/08	Oct 15/08			April/08	Nov/08
8. AusAid & MOFCOM approval received	Oct 20/08 MOFCOM - Nov 18/08		Dec11/08 Aus Dec 24/08 MOFCOM	Oct 24/08	Dec 4/08 (MOFCOM) & Dec 16/08	Dec 10/08 (MOFCOM) & Dec 15/08	June/08	Dec 24/08

9. Request for Tender advertised	Dec 12/08			Nov 28/08			Sept/08	(end Feb early Mar /09)
10. Tender closed	Jan 30/09			Jan 16/09			Oct/08	
11. TAP Report completed				Feb 9/09			Oct/08	
12. Project starts				(Mar-Apr/09)		Feb 19/09	Nov/08	

### 3.2 Technical Review Procedures

The project proposals are reviewed by PCO staff, Chinese and Australian project partners, EAT and finally by AusAid and MOFCOM. This process has been revised to ensure that EAT comments are now received in the early stages of EAT formulation. The current process is as follows:

#### Concept Paper

- 1) PCO work with proponent to meet the requirements
- 2) Draft Concept Paper is sent to the program partners for comments
- 3) PCO and Partners comments are sent to proponent for input in Final Concept Paper
- 4) AusAid/MOFCOM decide on approval or rejection of Concept Paper

#### ADD

- 5) ADD is prepared taking into account Concept Paper comments
- 6) PCO reviews ADD to ensure it meets ACEDP requirements for ADDs
- 7) Draft ADD is sent to program partners and EAT for comment
- 8) EAT reviews ADD (except in the case of very small activities not requiring EAT input)
- 9) PCO, EAT and partner comments are sent to proponent for final ADD (may include several iterations with PCO to discuss the issues arising from comments)
- 10) Final ADD is submitted for AusAid and MOFCOM for approval along with a summary of the comments and responses to comments

The following are comments of the technical review process to date:

- Under the previous review process (up until the recent Water Efficiency ADD), the EAT review comments were usually received by the PCO (in some cases, such as the Public Participation project they were not forwarded by AusAid to PCO) but depending upon the timing they may have had little influence on the ADD process. The PCO do not have authority or expertise amend the ADD based on EAT review comments. They do not circulate or forward these comments to the design team and partner agencies. In most cases, they are to be forwarded to the project implementing agency during the inception phase. At this inception stage, it is considered that there is flexibility to adjust the program to take account of ADD comments.
- The projects with ADDs finalized before September 2008 have not yet had the opportunity to consider EAT comments except where they may have been conveyed informally to some of the design team members. The eventual use of these comments will require a conscious effort to ensure that they are addressed at the inception stage.
- Under the new review process, EAT comments are sought earlier in the drafting of the EAT so that they can be taken into account in the final preparation by the ADD design team.

- This lack of clarity about the timing and process for technical review inputs that occurred in the early stage of ACEDP is an important lesson from the program - review processes should be formally established and documented to ensure that they make efficient use of technical advisors.
- Reviewers also need to be aware of the differences between background commentary on a project design, changes that are essential or critical for an effective project, and changes that might be useful to consider but may not be essential for approval.

The steps in the review process need to be clearly defined and disseminated by PCO.

There is also the issue of summarizing review comments and providing a brief explanation of how the comments were addressed in subsequent revisions to the ADD, as discussed with PCO.

### **3.3 Annual Work Planning and Budgeting**

ACEDP operations are guided by a 3-volume Operations Manual. The annual planning process serves to guide program commitments and the implementation strategy. The HLRT provides policies and strategic guidance to direct the PCO implementation activities. The annual plans in 2007-08 and 2008-09 were formulated after discussions with the HLRT regarding the strategy, proposed projects and budgeted activities. This year, it is proposed to submit the draft Annual Plan for review and approval at the HLRT proposed for July.

The annual planning and budgeting process is consistent with the commitments in the program design even if timetable issues have delayed annual plans and budgets. The proposed submission of the draft Plan to the HLRT for approval should assist greater involvement of HLRT members.

### **3.3 Monitoring and Reporting**

The ACEDP approach to project design and reporting focuses on activity and output tracking and monitoring rather than outcome-level results of each of the projects. There appears to be a general view, reflected in the ADDs, that project results beyond outputs will be generated through mechanisms outside of the project at the program implementation level. In addition, project proponents and implementing organizations may have little or no orientation to a results-based approach even if was required.

The program will need to decide if the current dominant focus on output-level achievement is sufficient to meet AusAid requirements for results-based management, and the extent to which rigorous reporting will be required based on pre-tested, SMART indicators rather than the current soft, sometimes immeasurable indicators in many of the ADDs.

The following concerns were also identified:

- The ACEDP project designs are at a substantive level of development and can now be examined against the M&E Framework to ensure consistency and compatibility in operation of the monitoring system. A 'bottom-up' approach can be used to refine the program M&E framework to ensure that all of the project results will be fully captured in the monitoring system.
- The Inception phase is critical to ensuring a common understanding of the expected results of the projects by the implementing partners and stakeholders. There is some uncertainty about the requirements and standards for a Results Frame and Logical Framework (logframes). Further explanation of requirements for operational Results Frames and provision of capacity building to PCO staff and implementing partners is essential. The PCO staff are not yet familiar with how to implement the M&E Framework.
- The Inception workshop and report should include a process of refinement or development of a log frame and indicators for measuring performance that are linked to the monitoring plan of each project and upward to the program M&E Framework.
- Each project should have a designated monitoring officer and an effective monitoring plan linked to the M&E Framework and utilizing tested Indicators of progress and achievements that feed into the reporting system.
- The six-monthly reports should summarize the data collected and compiled by the monitoring processes of each project and link these to the program outcomes as indicated by the M&E Framework. The six-monthly reports, three to date, have been mostly narrative description of activities. More summary tracking of progress of each proposal in the pipeline and review process would be helpful.

### 3.4 Risk Management

#### *Is the risk management strategy effective and up to date?*

The purpose of this section is to assess the latest risk management strategy in terms of issues from the current project review that may have implications for updating the strategy. The 13 risks that are presented in the latest Risk Management Matrix were reviewed, with the following conclusions:

- The risk events should be reviewed and updated by PCO, eliminating or modifying risks as necessary in keeping with evolution of the program.
- The primary risks that need to be incorporated into an updated matrix are:

Cost sharing

Lack of counterpart funding from Chinese agencies delays or negates progress in project implementation

Project design quality

Lack of clarity about project results due to poor Results Frames/log frames places the focus on activities rather than outcomes so that end results are difficult to achieve and measure.

Monitoring effectiveness

The project monitoring plans do not provide effective reporting based on reliable indicators and commitment to routine monitoring as per the ADD

Program Outcomes

Limited program level results due to the difficulties in generating linkages and synergies between projects aimed at measurable program outcomes.

Policy impacts

Expectations that policy change will occur from ACEDP are not realized because of the complex processes of policy development in China and the primarily technical level of the project activities.



## **4. Programme Organization**

### ***Has the programme organization and management structure provided effective guidance and responsive and participatory oversight of implementation?***

The purpose of this section is to assess the current management arrangements and governance system in terms of management direction, responsiveness to issues and stakeholder involvement and accountability.

#### **4.1 Management Structure and Accountability**

The facility nature of the program and the design and deliver approach to implementation of both the program and the individual projects has discouraged the traditional management structure which is usually formed around a steering/executive committee and an operations or management committee. It is assumed in this design that the HLRT and the extensive consultative mechanisms are adequate to ensure stakeholder participation, ownership and responsiveness. The concern is that the present organizational structure places most of the program responsibility with GHD, the contracting agency, rather than a group of partnering agencies with a vested interest in the overall program.

While the PCO interacts regularly with each project proponent and each implementing organization, it is not yet apparent that there is sufficient stakeholder coordination at the program operations level. The challenge will be to provide some level of meaningful operational collaboration by the participating organizations so that they can appreciate the larger goals of the program and assume greater level of responsibility and accountability for delivering the results at the program level.

#### **4.2 PCO Functions and Capacity**

Some the weaknesses in the quality of ADDs are due to limited technical capacity and direction. The need to expand the capacity of PCO staff and to provide additional technical guidance and technical support is likely to increase as projects move toward the operational stages.

The primary concern beyond the proposal development and review stage (where EAT services assist the PCO) is with the project implementation phase. The current arrangement is for the ADD along with the project Inception Report and related workplans to serve as the primary project guides for implementation. This model assumes that a high quality, operationally capable ADD evolves from the process. But this remains to be tested. The one Project Inception Report to date does not indicate a sufficient level of guidance necessary to be assured about effective project implementation and results.

Active PCO intervention with a focus on the pursuit of project outcomes or higher level outputs that can contribute toward program outcomes will be needed in each project. Some form of detailed project implementation plan may also be worth considering for the larger projects rather than depending on the ADD and Inception Report to guide implementation.

### **4.3 EAT Roles and Responsibilities**

The functions of EAT have expanded from selective advise on strategic direction to ongoing technical and program management advisory services. This has occurred because of the limited capacity within the PCO and the need to ensure high quality proposals within an expeditious process. There is some view that the extensive EAT support is a temporary step in sorting out the proposal process in the early stages of ACEDP. But the range and complexity of the proposals to date, the necessary balancing of technical and partnership results, and the dynamics between Chinese and Australian partners suggest that ongoing technical support may be necessary. Additional experts on specific topics might also be required from time to time depending upon the project proposal (e.g., climate change modelling).

Although the clear separation of EAT from program implementation operations was originally intended, the circumstances warrant re-consideration of the narrow technical role of EAT given the need to ensure effective support and guidance to the PCO on overall program operations.

### **4.4 Other Roles and Responsibilities**

The potential for overlap and the boundaries between the roles of the M&E advisor and the QA advisor need to be clarified. This can be defined as follows:

M&E Advisor - to ensure effective understanding and operation of the M&E framework data collection, compilation and reporting systems at the outcome and activity levels;

QA Advisor - to verify that the framework is operating as planned and is providing useful information for program management and reporting to the program owners.

The Operations Manual states that QAA will “monitor the processes employed by ACEDP and EAT and guarantee the ACEDP management systems and operational procedures are optimized”. However, the particular scope, methods, timing and QA reporting on these systems and procedures remain undefined. Some of this function may also be assumed under the expanded role of the EAT for greater program oversight.

## Attach 4

### Use of International Assistance in Regulatory Development Process in China

Background Document for  
Gap Analysis for the Australia-China Environment Development Program

Si Zhizhong

1 March 2009

#### 1. Lawmaking and Legislative Authority

There are two types of organs that are empowered to make legislative enactments. The first is referred to as "state-power organs" (国家权力机关), which take the form of the National People's Congress, its standing committee and local peoples' congresses of provinces, municipalities. Certain administrative organs (行政机关) — that is, the State Council, the ministries and agencies under it, and local people's governments at the same level as the local people's congresses mentioned above, including the governments of provincial capitals — also have the power to make various rules.

The highest legislative authority is the National People's Congress (NPC). It has the right to revise the Constitution and create major legal codes referred to as "basic laws" (基本法律).

Apart from this, the NPC also enacts laws (法), rules (条例) and resolutions (决议). The distinction between laws and rules is vague, but it has been suggested that the latter are more limited in scope and may be experimental in nature, although they have the same validity as laws. Resolutions may contain legal norms in the form of amendments or supplements to laws. They are often used to delegate lawmaking authority to the State Council.

The nature of the selected delegates to the NPC has meant that popular inputs into lawmaking at this level are very limited. Because the delegates range from different fields and backgrounds, only some of them are legal professionals or practitioners. Without any formal legal education or knowledge, few of the delegates can make suggestions or give opinions on legislation. Thus, a fairly wide cross-section of the party and government at both central and local levels is given the opportunity to produce inputs. Drafting committees, such as the State Council Legislative Affairs Bureau (国务院法制局) and the NPC Legislative Affairs

Commission (全国人大法制委员会), routinely conduct symposia attended by officials and academics for the purpose of soliciting informed comments.

The next tier of the PRC's legislative hierarchy — the State Council — is also selected by the NPC and is head of the nation's executive. It is empowered under Article 89 of the Constitution to "adopt administrative measures (办法), enact administrative rules and regulations (行政法规) and issue decisions (决定) and orders (命令) in accordance with the Constitution and laws", which can be categorically called "administrative regulations".

Ministries and agencies under the State Council have the authorities to issue "administrative guidelines" (行政规章), which may include management methods (管理办法), management guidelines (管理规定), interim guidelines (暂行规定) and the like, and "technical standards" (科级标准), such as environmental quality standards (环境质量标准), emission and discharge standards (排放标准), environmental monitoring standards (环境监测标准) and so on.

Of the four levels of local administration in China (provincial, county, township and village), only the provincial level possesses real lawmaking power. The Organic Law of Local People's Congresses and Local People's Governments allows congresses at the provincial and municipal levels to enact their own regulations, called local regulations (地方性法规), including implementation methods (实施办法), management methods (管理办法) and the like, with the approval of the provincial and provincial people's congresses.

Superseding all these are the Constitution and policies of the Communist Party of China (CPC).

## **2. Regulatory Hierarchy**

PRC governmental laws and regulations exist in a hierarchy, which is defined by the Legislation Law of the People's Republic of China. The hierarchy of legal and regulatory framework at the national level is as follows:

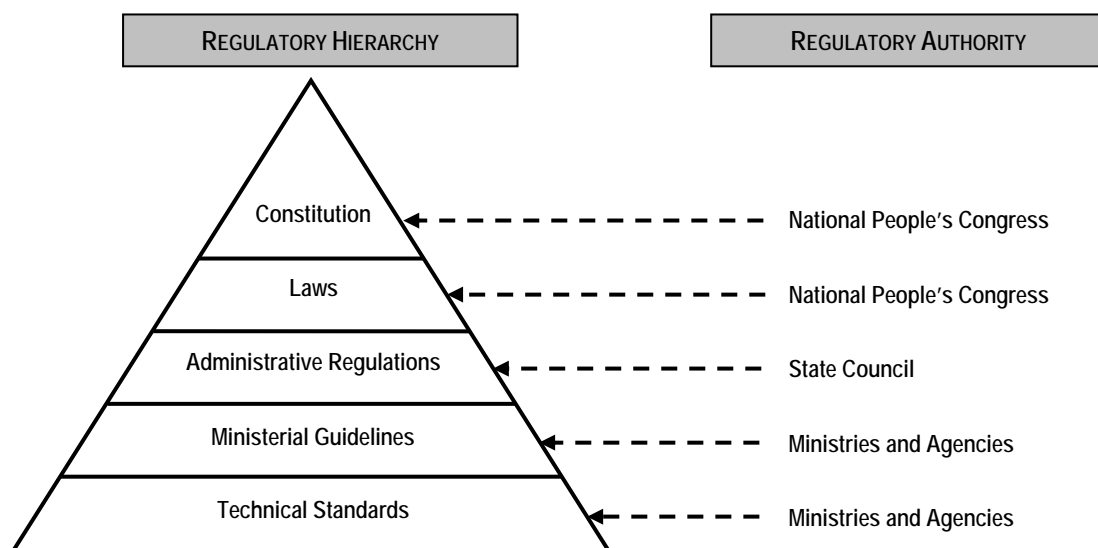
- The Constitution of the People’s Republic of China
- National laws (国家法律), which are issued by the National People’s Congress
- Administrative regulations, which are issued by the State Council
- Administrative guidelines, which are issued by the ministries and agencies under the State Council
- Technical standards, which are proclaimed by the ministries and agencies under the State Council

The Constitution of the People’s Republic of China is the highest and ultimate source of legal norms in China. As the fundamental law of the State with supreme legal authority, it establishes the framework and principles of government, and lists the fundamental rights and duties of Chinese citizens.

Major areas of law are substantive laws and procedural laws. The former include administrative law, criminal law, civil law or business law and economic law. These are separated into different branches. For example, the contract law is considered a branch of civil law. The latter includes civil procedure law, criminal procedure law, and administrative procedure law.

Signed international treaties are in practice automatically incorporated into PRC laws, and they are superior to the relevant stipulations of PRC laws. However, the PRC reserves the right to make reservations regarding provisions of a treaty.

### Regulatory Hierarchy and Authority in China



### 3. Regulatory Timeframe

The Chinese regulatory processes and timeframes under normal circumstances are shown in the chart at the end of this section.

The timeframes required for different levels of regulatory development vary. As a rule of thumb, the process for making a law will take an average of 3-4 years, a State Council regulation 2-3 years, a ministerial guideline 1-2 years, and technical standard around 1 year.

In the present day China, international assistance is widely sought for regulatory development. However, the use of international experts to directly draft the laws, regulations, guidelines and standards *per se* is unlikely to happen. Advisory inputs from international cooperation projects are widely used as: i) references from international experiences; and ii) piloting different models. As such, international advisory inputs could enter the scene in any stage of the regulatory process, but most useful in the stages of proposal (i.e., regulatory conception), review and drafting (in reference to the chart).

There are a number of important considerations for an international technical assistance project that target policy outcomes. First and foremost, the policy in question should be on the Government's priority agenda. This is quite obvious that only when an issue is placed on the priority policy-making agenda, can it stand the chance of producing the desirable policy outcome as far as the international technical assistance project is concerned (country-drivenness). Targeting a priority policy issue will also have the advantage of relieving the pressure for counterpart funding which is required for most, if not all, international technical assistance projects, as internal funding is usually allocated for regulatory development.

Second, time is of essence. Advice would be useful, only if it is delivered at the right time. When the domestic process moves along with a tight schedule, long delays in the provision of international advisory service may render it of little or no use by "missing the boat".

Third, targeting the right people. Regulatory conception may come from the senior leadership, or the regulations department or the functional department at each hierarchy. The decision on initiating the process comes from the highest management of that hierarchy. Once the decision is made, the drafting responsibility will fall on the shoulders of the director-level officials at the line and regulations departments. Policy advice is usually sought from the "think tanks" (i.e., academies and research institutes affiliated with the ministry, and universities). These policy makers and policy advisors should be the primary partners for a policy assistance initiative.

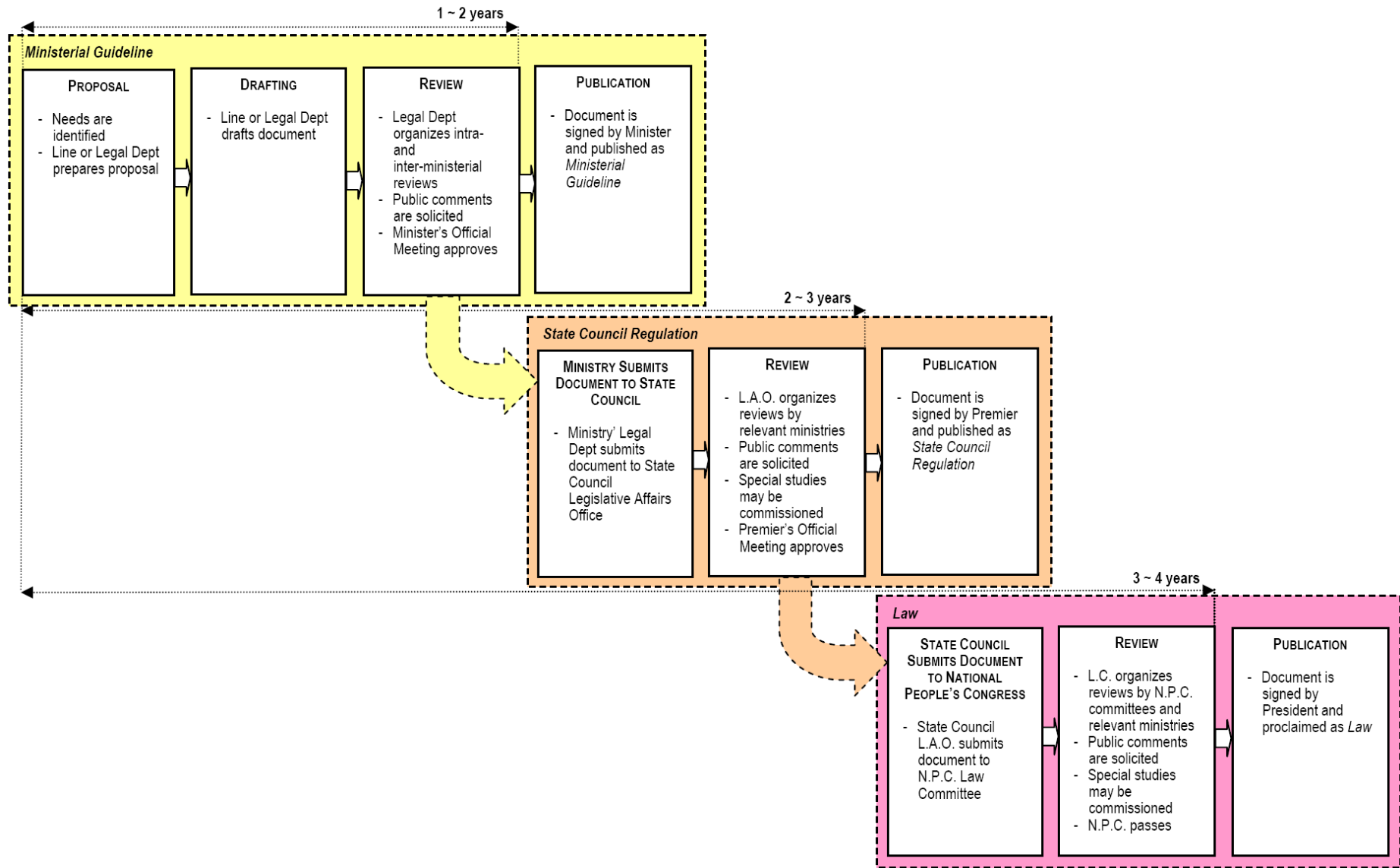
The actual drafting process is where international assistance is most useful. At this stage, the Chinese policy makers and policy advisors are particularly interested in international

experiences (what has worked, what has not worked, and factors of success and failure) and best practices, which will be incorporated into the policy drafts. In many cases, the policy models will be pilot-tested in certain sectors or localities, and then modified on the basis of the results of the pilot-testing.

For a small-scale policy TA, the proclamation of the policy should be seen as a successful outcome of the TA (policy impact will not emerge until some time later). But for large-scale (multi-million-dollar and multi-year, often bilateral) TAs, policies *per se* are, more often than not, only part of the expected outcomes. The primary outcome is to build local capacity for policy making, which is more challenging than developing a piece or pieces of policies. The capacity building objective can be accomplished through establishing / improving the policy making process, developing / upgrading the human resources (policy makers and advisors alike), and so on. Equally important is the establishment of sustainable partnership networks between the counterparts of the policy makers and policy advisors of the two countries that may last behind the life of a TA. It is worth noting that officials may be assigned to other posts in a few years, but policy advisors often have a much longer (in many cases, lifelong) tenure.



## Legislative Hierarchy and Processes in China



**ACEDP POLICY GAP ANALYSIS REVIEW - Assessment of 'Relevance, Impact and Risks' for 'Core' Projects.**

High                       Medium                       Low

ACTIVITY TITLE: LAKE TAI WATER POLLUTION TREATMENT PROJECT

PROGRAM OUTCOMES				
Integrated Management	Policy Dialogue	Lasting Partnerships	Applying IRBM Principles	Public Participation
<p>Relevance <input type="checkbox"/><input type="checkbox"/><input type="checkbox"/></p> <p>-Focus on integrated water quality management and pollution control at the city, province and basin levels</p> <p>Impact <input type="checkbox"/><input type="checkbox"/></p> <p>- Study tour has already contributed to NDRC understanding of benefits of interagency cooperation in Australia.</p> <p>-Study tour has already lead to some interaction between Wuxi &amp; Suzhou cities and increased effort on monitoring</p> <p>-Reasonable likelihood of promoting cooperation at city and provincial</p>	<p>Relevance <input type="checkbox"/><input type="checkbox"/></p> <p>- Promoting the results of the project to NDRC for wider application and opportunities to refine the Lake Tai Master Plan and contribute to national guidelines.</p> <p>Impact <input type="checkbox"/></p> <p>- Study tour has already contributed to NDRC understanding and acceptance of the benefits of a whole of catchment model</p> <p>- Study tours will continue to develop dialogue between Chinese and Australian agencies.</p> <p>- Reasonable likelihood of influencing decisions to extend pilots to other Lake Basins and possibility of influencing national guidelines</p>	<p>Relevance <input type="checkbox"/></p> <p>-Limited to relationships developed through study tours and the short – term internship on waste permitting systems.</p> <p>Impact <input type="checkbox"/></p> <p>- Study tours to Australia will continue to develop relationships between Chinese and Australian agencies.</p>	<p>Relevance <input type="checkbox"/><input type="checkbox"/><input type="checkbox"/></p> <p>-Capacity building in science based management, including NPS pollutant load accounting</p> <p>- Capacity building in market based approaches such as pollution offsets and cap and trade schemes</p> <p>- Capacity building in integrated water quality monitoring strategies.</p> <p>Impact <input type="checkbox"/><input type="checkbox"/><input type="checkbox"/></p> <p>-Potential for major shift in mind set from technological fixes and treating symptoms, to addressing problems at source and adopting a basin wide approach based on scientific information.</p>	<p>Relevance <input type="checkbox"/></p> <p>-The pilot study of establishing a Community Consultative Group under the ACEDP project on Public Participation in Social &amp; Environmental Impact Assessment will contribute to this outcome.</p> <p>Impact <input type="checkbox"/></p> <p>-The project itself will not have a major impact but the above pilot could enhance NPSP control through engaging farmers in land and water planning for water quality improvement.</p>

<p>level and potential to influence cross Ministry cooperation through involvement of NDRC</p> <p>Risks <input type="checkbox"/><input type="checkbox"/></p> <p>- Moderate risk that project may not overcome usual barriers to Chinese interagency cooperation and lack of engagement of other relevant agencies, e.g MWR, MEP and MoA.</p>	<p>and Lake Tai Master Plan, given NDRC role, and political priority of Lake Tai.</p> <p>Risks <input type="checkbox"/><input type="checkbox"/></p> <p>-That impact may be confined to Lake Tai.</p>	<p>Risks <input type="checkbox"/></p> <p>-In the absence of formal twinning arrangements relationships may not persist.</p>	<p>Risks <input type="checkbox"/></p> <p>-Barriers to interagency communication and cooperation could limit the application of the Australian IRBM model.</p>	<p>Risks <input type="checkbox"/></p> <p>- The main risk is that the two projects will not be well integrated and the opportunities for synergies will be lost.</p>
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**Comment**

This project has a strong likelihood of achieving changes in awareness and practice related to science based IRBM and coordination of agency monitoring activities at a city and province scale, as well as influencing future refinement and implementation of the Lake Tai Master Plan approved recently by State Council, because the problems are being given a very high priority by NDRC and there has already been a good understanding of the potential for application of Australian IRBM models within NDRC and the relevant Cities involved in the study tour. It will be important to ensure continued engagement of NDRC and MWR at the national level to maximise opportunities to promote adoption of the experience from this project more widely, either through additional pilots on other Lakes or incorporation of the management principles in national guidelines or Ministerial standards.

**ACTIVITY TITLE: INLAND RIVER BASINS ADJUSTING TO CHANGE (SHULE & GANSU)**

PROGRAM OUTCOMES				
Integrated Management	Policy Dialogue	Lasting Partnerships	Applying IRBM Principles	Public Participation
<p>Relevance<input type="checkbox"/><input type="checkbox"/><input type="checkbox"/></p> <p>-</p> <p>Impact<input type="checkbox"/><input type="checkbox"/></p> <p>-</p> <p>Risks<input type="checkbox"/><input type="checkbox"/><input type="checkbox"/></p>	<p>Relevance<input type="checkbox"/><input type="checkbox"/></p> <p>-</p> <p>Impact<input type="checkbox"/><input type="checkbox"/></p> <p>-</p> <p>Risks<input type="checkbox"/><input type="checkbox"/></p>	<p>Relevance<input type="checkbox"/></p> <p>-</p> <p>Impact<input type="checkbox"/></p> <p>-</p> <p>Risks<input type="checkbox"/></p>	<p>Relevance<input type="checkbox"/><input type="checkbox"/></p> <p>-</p> <p>Impact<input type="checkbox"/><input type="checkbox"/></p> <p>-</p> <p>Risks<input type="checkbox"/><input type="checkbox"/></p>	<p>Relevance<input type="checkbox"/><input type="checkbox"/></p> <p>-</p> <p>Impact<input type="checkbox"/></p> <p>-</p> <p>Risks<input type="checkbox"/><input type="checkbox"/></p>

**Comment**

This project is insufficiently advanced through the design phase to make a meaningful assessment.

**ACTIVITY TITLE: WETLAND MANAGEMENT POLICY GUIDELINES AND CAPACITY BUILDING**

PROGRAM OUTCOMES				
Integrated Management	Policy Dialogue	Lasting Partnerships	Applying IRBM Principles	Public Participation
<p>Relevance <input type="checkbox"/><input type="checkbox"/><input type="checkbox"/></p> <p>-The project aims to facilitate inter-agency cooperation and coordination through the development of national wetland policy guidelines and pilot activities</p> <p>Impact <input type="checkbox"/><input type="checkbox"/></p> <p>-SFA intends to use the results of this project as direct inputs to drafting policy guidelines for wetland management so there is a strong expectation of adoption.</p> <p>- Given that there are 16 separate national agencies with a role in wetland policy implementation only incremental improvement in governance and cooperation can be expected in the short term.</p> <p>Risks <input type="checkbox"/><input type="checkbox"/><input type="checkbox"/></p> <p>Failure to engage other important agencies such as MWR will limit the impact of the project in achieving</p>	<p>Relevance <input type="checkbox"/><input type="checkbox"/></p> <p>-The Policy interaction will be focused on national policy guidelines to improve coordination among member ministries of the National Ramsar Implementation Committee (NRIC)</p> <p>Impact <input type="checkbox"/><input type="checkbox"/></p> <p>-China faces many similar challenges to Australia in wetland management and there is a strong prospect of good interaction at the technical level. The project will need to work to lift this dialogue to higher policy levels.</p> <p>Risks <input type="checkbox"/><input type="checkbox"/></p> <p>-That the dialogue remains at a purely technical level.</p>	<p>Relevance <input type="checkbox"/><input type="checkbox"/></p> <p>-Whilst DEWHA is the appropriate national policy agency to develop a relationship with SFA it would be valuable for the project to facilitate interaction with State Agencies such as DSE, Victoria or DECC, NSW given their more operational responsibilities.</p> <p>Impact <input type="checkbox"/><input type="checkbox"/></p> <p>-SFA have expressed an interest in establishing a bilateral wetland circle with Australian organisations, along similar lines to the Forestry circle which exists under an MOU with DAFF.</p> <p>Risks <input type="checkbox"/><input type="checkbox"/></p> <p>Given the heavy commitments Australian agencies have domestically related to wetland management availability of key staff may be an issue.</p>	<p>Relevance <input type="checkbox"/><input type="checkbox"/></p> <p>-The pilot activities will help build capacity and understanding of sound environmental management practices, including a systems approach to wetland ecology.</p> <p>Impact <input type="checkbox"/><input type="checkbox"/></p> <p>-The pilots at demonstration sites will assist in building confidence in the policies and management practices for inclusion in draft policy guidelines.</p> <p>Risks <input type="checkbox"/><input type="checkbox"/></p> <p>Lack of adequate counterparty funding for workshops in remote and economically depressed areas poses a threat to the pilot capacity building parts of the project.</p>	<p>Relevance <input type="checkbox"/></p> <p>-The project does not directly target this outcome although it can be expected that Australian partners will emphasize the importance of community engagement in these interactions with SFA.</p> <p>Impact <input type="checkbox"/></p> <p>-Minimal other than potential to include some recommendations for public participation in policy guidelines.</p> <p>Risks <input type="checkbox"/><input type="checkbox"/></p> <p>No particular risks</p>

integrated wetland management.				
<p><b>Comment</b></p> <p>This project has a reasonably good prospect of succeeding given that SFA appears very receptive to dialogue with Australian Agencies and there is a direct mechanism for the findings to be used in drafting national policy guidelines. The mix of partners will have an important bearing on the quality of the outcomes. There is only limited prospects of engaging other important Chinese agencies such as MWR and MEP whose roles can substantially impact on the health of wetlands.</p>				

**ACTIVITY TITLE: WATER ECOLOGICAL COMPENSATION POLICY AND MECHANISMS**

PROGRAM OUTCOMES				
Integrated Management	Policy Dialogue	Lasting Partnerships	Applying IRBM Principles	Public Participation
<p>Relevance□□</p> <p>-The project aims to increase awareness and capacity in MWR and MEP to apply PES mechanisms at a river basin scale and across sectors.</p> <p>Impact□□</p> <p>-The project should lead to improved understanding and capacity within Ministries to assist integration of national policy with Basin and provincial level implementation.</p> <p>-The prospects of achieving interagency coordination between MWR and MEP are less favourable, despite the design incorporating opportunities for interaction in joint workshops.</p> <p>Risks□□□</p>	<p>Relevance□□</p> <p>-Both countries are actively exploring a range of schemes under the broad topic of payments for environmental services (PES). This involves complex policy issues including, equity, duty of care, polluter pays and beneficiary pays concepts. Accordingly this is a fruitful area for policy dialogue where both countries can learn from each other's experiences.</p> <p>Impact□□</p> <p>-Given that work in this field is at the cutting edge internationally there is a good prospect of high level engagement and dialogue.</p> <p>-The project aims to generate a proof -of- concept that can inform development of national guidelines.</p>	<p>Relevance□□</p> <p>-The project aims to encourage twinning relationships between Chinese and Australian experts and agencies.</p> <p>Impact□</p> <p>-Given the cutting edge nature of this work there is likely to be a strong motivation to maintain knowledge sharing beyond the project.</p> <p>Risks□□</p> <p>- Some of the State, research and Regional agencies may not have the resources to enable them to actively pursue partnerships beyond the immediate project.</p>	<p>Relevance□□□</p> <p>-This project addresses the development and application of market based instruments under the overall heading of PES, based on a systematic and scientific assessment of the costs and benefits of the impacts of development and measures for protection of the environment.</p> <p>-The project involves Australian and Chinese team, Australian agencies, research facilities and NRM/watershed bodies providing inputs for capacity training in Australia; and follow-up PES Workshops in China.</p> <p>Impact□□</p> <p>-The project should provide an initial feasibility assessment of a range of</p>	<p>Relevance□□</p> <p>-The project will address the importance of considering all stakeholders in PES schemes and engaging them in the design and application of mechanisms.</p> <p>Impact□</p> <p>-The project is unlikely to move beyond the theory and training aspects of public participation in this project.</p> <p>Risks□□□</p> <p>-Cultural issues may limit the extent to which progress is made.</p>

<p>- The use of two parallel sub-projects for MWR and MEP, albeit coordinated through a single Australian study team, has the risk that integrated learning across agencies will be limited.</p>	<p>It is likely that the Chinese agencies will require further pilots of the recommended approaches before this step is taken</p> <p><b>Risks</b> <input type="checkbox"/> <input type="checkbox"/></p> <p>-Much of the Australian experience in this field is with State and regional agencies rather than at the national level. It may be difficult to engage some of these agencies in dialogue</p>		<p>potential PES mechanisms based on Australian experience.</p> <p>-Depending on the outcomes of this analysis it may be possible to recommend preferred approaches for incorporation in river basin and national guidelines. However if the results are not convincing, further pilot testing is likely to be required before incorporation into guidelines.</p> <p><b>Risks</b> <input type="checkbox"/> <input type="checkbox"/></p> <p>-It may be difficult to resolve Ministry responsibility for specific guidelines related to PES.</p> <p>- It may be difficult to assemble relevant benefit –cost data for the sensitivity testing.</p>	
<p><b>Comment</b></p> <p>This project addresses an exciting, and relatively new area of policy development relevant to both countries. Whilst the project is ambitious, if successful it could have a major impact on IRBM policy and practice in China. Ultimately, PES schemes require a whole of Government approach. The split project approach between MWR and MEP is not desirable from that perspective and every attempt will need to be made to ensure common points of dialogue and integration at strategic steps in the project</p>				

ACTIVITY TITLE: TRANS-JURISDICTIONAL WATER POLLUTION MANAGEMENT

PROGRAM OUTCOMES				
Integrated Management	Policy Dialogue	Lasting Partnerships	Applying IRBM Principles	Public Participation
<p>Relevance <input type="checkbox"/><input type="checkbox"/><input type="checkbox"/></p> <p>-The project is focused on improving inter-provincial boundary water quality along Haihe River Basin. The lack of effective horizontal integration between jurisdictions in managing water pollution from a Basin wide perspective is a major challenge for China.</p> <p>Impact <input type="checkbox"/><input type="checkbox"/></p> <p>-The project in itself is not expected to result in immediate regulatory change, but to awareness and capacity building amongst the provincial agencies in the Zhangweian su-basin. In the medium term, if successful, the project could lead to larger scale pilots in the Haihe River system and other Basins and ultimately feed into national regulations.</p> <p>Risks <input type="checkbox"/><input type="checkbox"/><input type="checkbox"/></p> <p>- Provincial agencies may not engage due to past conflicts.</p>	<p>Relevance <input type="checkbox"/><input type="checkbox"/><input type="checkbox"/></p> <p>-The project aims to have trans-jurisdictional water policies adopted by MEP.</p> <p>Impact <input type="checkbox"/><input type="checkbox"/></p> <p>-These issues are very topical in the MDBA and there is reasonable prospect of good interaction between Chinese and Australian agencies.</p> <p>-The review and capacity building components of the project should build on the awareness of modern approaches to Basin wide pollution management and coordination and identification of preferred options for adoption. It is likely this will lead to further pilots rather than directly to new regulations.</p> <p>Risks <input type="checkbox"/><input type="checkbox"/></p> <p>- The large number of donor projects in this area and the Chinese Governments own Water Pollution Control Major Research Project may make it difficult for this project to</p>	<p>Relevance <input type="checkbox"/><input type="checkbox"/></p> <p>-The study tour and capacity building should build relationships at the Ministry and Bureau levels.</p> <p>Impact <input type="checkbox"/><input type="checkbox"/></p> <p>It is unlikely that enduring partnerships will be established without some form of formal commitment to twinning, which is not currently part of the design.</p> <p>Risks <input type="checkbox"/><input type="checkbox"/></p> <p>-The relatively short period available for interaction may limit development of strong partnerships.</p>	<p>Relevance <input type="checkbox"/><input type="checkbox"/></p> <p>-The project seeks to develop awareness and capacity in relation to science based river basin planning and water quality management, including tools such as Total Maximum Daily Load methodology. The project will also examine a range of economic incentives and regulatory mechanisms that are consistent with the ACEDP focus on market based measures.</p> <p>Impact <input type="checkbox"/></p> <p>-Awareness raising and engagement of provinces in exploring alternative models of governance and cooperation can be expected.</p> <p>Risks <input type="checkbox"/><input type="checkbox"/></p> <p>That the focus will be limited to technical rather than governance mechanisms for addressing water quality problems.</p>	<p>Relevance <input type="checkbox"/></p> <p>-This is not a direct focus of the project, but discussion of Australian models for IRBM will inevitably touch on this area.</p> <p>Impact <input type="checkbox"/></p> <p>-Limited impact other than awareness raising.</p> <p>Risks <input type="checkbox"/><input type="checkbox"/><input type="checkbox"/></p> <p>No particular risks evident.</p>

	break through to get recognition.			
<b>Comment</b>				
This project is addressing a long- standing problem in IRBM in China and many other donor projects have gone before with mixed success. Immediate regulatory change is unlikely; however change in mindset and capacity building at the provincial level could contribute effectively to long term reform and improved practice within this basin.				

**ACTIVITY TITLE: PUBLIC PARTICIPATION IN SOCIAL AND ENVIRONMENTAL IMPACT ASSESSMENT & BASIN WATER POLLUTION CONTROL**

PROGRAM OUTCOMES				
Integrated Management	Policy Dialogue	Lasting Partnerships	Applying IRBM Principles	Public Participation
<p><b>Relevance</b> <input type="checkbox"/></p> <p>-Not designed to promote coordination across Ministries.</p> <p><b>Impact</b> <input type="checkbox"/></p> <p>-Should assist interaction between MEP and provinces.</p> <p><b>Risks</b> <input type="checkbox"/><input type="checkbox"/></p> <p>- That the appropriate people within MEP and provincial agencies will not be available.</p>	<p><b>Relevance</b> <input type="checkbox"/></p> <p>-Limited scope for dialogue at the national level</p> <p>-Aims to promote dialogue within Ministries and provinces.</p> <p><b>Impact</b> <input type="checkbox"/></p> <p>- Study tour will develop dialogue between Chinese and Australian agencies at practitioner level.</p> <p>- Dialogue is unlikely to occur at a high level between Australian and Chinese agencies</p> <p>- Reasonable likelihood of influencing decisions to extend CCG pilot to other Basins and possibility of influencing national guidelines</p> <p><b>Risks</b> <input type="checkbox"/><input type="checkbox"/></p> <p>-A champion in China may not be</p>	<p><b>Relevance</b> <input type="checkbox"/></p> <p>-Limited to relationships developed through study tours</p> <p><b>Impact</b> <input type="checkbox"/></p> <p>- Study tour to Australia will continue to develop relationships between Chinese and Australian agencies.</p> <p><b>Risks</b> <input type="checkbox"/></p> <p>-In the absence of formal twinning arrangements relationships may not persist</p>	<p><b>Relevance</b> <input type="checkbox"/><input type="checkbox"/></p> <p>-The project aims to improve the quality of environmental protection decisions by incorporating SEIA information.</p> <p><b>Impact</b> <input type="checkbox"/><input type="checkbox"/></p> <p>-Training workshops will improve awareness and capacity of Chinese agencies at the province level.</p> <p>-The CCG pilot in Lake Tai should compliment the learnings from the Lake Tai project in fostering a more holistic approach to IRBM, including engaging community stakeholders in the planning process.</p> <p><b>Risks</b> <input type="checkbox"/><input type="checkbox"/></p> <p>-The lack of practitioners in this field in China may limit the adoption of the approach beyond the individuals</p>	<p><b>Relevance</b> <input type="checkbox"/><input type="checkbox"/><input type="checkbox"/></p> <p>-The project will review models for participation in SEIA and raise awareness of opportunities for improvement within individual Ministries and provinces</p> <p>-The project will pilot establishment of a Community Consultative Group in the Lake Tai Basin.</p> <p><b>Impact</b> <input type="checkbox"/><input type="checkbox"/></p> <p>- The project is likely to encourage Chinese agencies to explore further pilots based on the learnings.</p> <p>-The study tour and pilot experiences may lead to policy recommendations.</p> <p><b>Risks</b> <input type="checkbox"/><input type="checkbox"/></p> <p>The CCG pilot may not progress</p>



	found.		involved in the immediate project.	beyond provision of information to community stakeholders, due to lack of available mechanisms for Chinese agencies to incorporate views into decisions.
<p><b>Comments</b></p> <p>This is a relatively new field in China, however the recent promulgation by MEP in 2006 of 'Provisional Measures on Public Participation in Environmental Impact Assessment' mean that this project can be expected to attract significant interest by MEP in building capacity and providing a pilot of some practical techniques, which if successful should lead to interest in running further pilots and in time incorporation of these approaches in updates to the MEP provisional measures. The project will need to work hard to overcome a range of potential cultural barriers to adoption.</p>				

**ACTIVITY TITLE: RIVER HEALTH AND ENVIRONMENTAL FLOWS IN CHINA**

PROGRAM OUTCOMES				
Integrated Management	Policy Dialogue	Lasting Partnerships	Applying IRBM Principles	Public Participation
<p>Relevance <input type="checkbox"/><input type="checkbox"/><input type="checkbox"/></p> <p>-The project is designed to promote better vertical integration within MWR and MEP, respectively in relation to river health and environmental flow accounting and assessment.</p> <p>- The project has the potential to promote horizontal integration between MWR and MEP in relation to coordinated approaches to river health and environmental flows.</p> <p>Impact <input type="checkbox"/><input type="checkbox"/></p> <p>-It is anticipated that reasonable</p>	<p>Relevance <input type="checkbox"/><input type="checkbox"/></p> <p>-The project aims to assist China develop a national framework for environmental flows.</p> <p>-The two Australian Study tours, especially the one for key Chinese Government leaders, will provide good opportunities for policy dialogue on the significant challenges of addressing river health and environmental flows in the face of drought, climate change and increased competition for scarce water resources..</p>	<p>Relevance <input type="checkbox"/></p> <p>-Communication between Australian and Chinese agencies is an important part of the project design.</p> <p>Impact <input type="checkbox"/></p> <p>-The project is likely to develop relationships during the project, however more formal twinning arrangements would be required to ensure ongoing partnerships. This could be pursued as part of the two Basin Studies.</p> <p>Risks <input type="checkbox"/><input type="checkbox"/></p> <p>-In the absence of formal twinning</p>	<p>Relevance <input type="checkbox"/><input type="checkbox"/><input type="checkbox"/></p> <p>-The project aims to support development of tools that will assist China formulate and implement national guidelines for river health and environmental flow assessment.</p> <p>Impact <input type="checkbox"/><input type="checkbox"/></p> <p>-In the last decade Australia has seen considerable advances in the science and policy responses to river health and environmental flows. Much of this experience will be of value to Chinese agencies in relation to building capacity in valuing environmental assets and scientific</p>	<p>Relevance <input type="checkbox"/></p> <p>-This is not a specific focus of the project.</p> <p>Impact <input type="checkbox"/></p> <p>-Limited impact expected.</p> <p>Risks <input type="checkbox"/><input type="checkbox"/></p> <p>-No specific risks</p>

<p>progress can be expected in assisting vertical integration within Ministries in achieving improved coordination between National and provincial levels of administration.</p> <p>-Given experience of other donor projects in this area( eg EU Yellow River IRBM project) it will be very difficult to achieve improved inter agency coordination between MWR and MEP.</p> <p>-Whilst the project aims to build capacities that should ultimately translate into enhanced national guidelines and practice in river health and environmental flows, it would be unrealistic to expect an immediate impact on regulations given the early stage China is at on these issues.</p> <p><b>Risks</b>□□□</p> <p>-That either, or both Chinese counterpart agencies do not engage in shared activities.</p> <p>- That the project delivery is insufficiently flexible to adapt to China's institutional and cultural landscape.</p>	<p><b>Impact</b>□</p> <p>-Given that these issues are being treated as national priorities in both countries there is every reason to expect mutual interest, dialogue and information exchange at reasonably senior levels in both countries.</p> <p>-Timing and other issues will have an important influence on whether the project contributes to development of national guidelines.</p> <p><b>Risks</b>□□□</p> <p>-The prospect of separate study tours for MWR and MEP could result in a downgrading of the level of representation by Australian policy agencies to cope with resource constraints.</p>	<p>arrangements relationships developed during the project may not persist.</p>	<p>assessment of environmental water requirements of rivers and associated wetlands.</p> <p>- the river basin studies provide an opportunity to adapt these methodologies to Chinese conditions.</p> <p><b>Risks</b>□□</p> <p>- Given the complexity of the technical and policy issues involved 2 years may not be adequate for this project to deliver definitive results.</p>	
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**Comment**

This is a large project in a relatively new and complex field. The move to have parallel study tours for MWR and MEP is not consistent with the philosophy of IRBM and should be revisited if possible. Many of the Australian approaches to river health and environmental flows are predicated on coordination between agencies with roles such as MWR and MEP.

ACTIVITY TITLE: IMPROVING WATER EFFICIENCY THROUGH BETTER IRRIGATION DISTRICT MANAGEMENT AND WATER RIGHTS TRADING

PROGRAM OUTCOMES				
Integrated Management	Policy Dialogue	Lasting Partnerships	Applying IRBM Principles	Public Participation
<p>Relevance <input type="checkbox"/><input type="checkbox"/></p> <p>-Capacity building in improved Basin governance, including vertical cooperation between MWR, YRCC, and Irrigation Districts and farmer groups.</p> <p>Impact <input type="checkbox"/><input type="checkbox"/></p> <p>- There is a strong likelihood that the MWR and YRCC will identify opportunities to adopt verticle integration models from the MDBA. However there is unlikely to be significant impacts on horizontal integration between Ministries such as MWR, MEP and SFA.</p> <p>Risks <input type="checkbox"/><input type="checkbox"/></p> <p>-That the project will focus only on technical learnings and not organisational governance.</p>	<p>Relevance <input type="checkbox"/><input type="checkbox"/></p> <p>- Promoting the results of the project to MWR for wider application and opportunities to build on WET 1 and refine trading policies for Chinese conditions.</p> <p>Impact <input type="checkbox"/></p> <p>- Study tour has already contributed to YRCC understanding and willingness to learn from MDBA experience in river operation and from CSIRO in modelling basin yields under different climate change scenarios.</p> <p>- Study tours will continue to develop dialogue between Chinese and Australian agencies.</p> <p>- Reasonable likelihood of influencing decisions to extend pilots to other Basins and possibility of influencing national guidelines and policies through MWR.</p> <p>Risks <input type="checkbox"/></p> <p>-That impact may be confined to YR Basin.</p>	<p>Relevance <input type="checkbox"/><input type="checkbox"/><input type="checkbox"/></p> <p>-Complimentary activities include development of twinning arrangements at the Basin, Catchment and Irrigation District levels.</p> <p>Impact <input type="checkbox"/><input type="checkbox"/><input type="checkbox"/></p> <p>-Given the strong similarities in the challenges of drought and climate change faced in the MDB and YRB there is a strong likelihood that collaboration under a twinning arrangement will endure. This is also possible at the catchment and Irrigation district levels.</p> <p>Risks <input type="checkbox"/><input type="checkbox"/></p> <p>- That competing work loads and priorities will limit the engagement between the twinning partners.</p> <p>- That appropriate technical people from YRCC are not available for exchange activities.</p>	<p>Relevance <input type="checkbox"/><input type="checkbox"/><input type="checkbox"/></p> <p>-Capacity building in science based management, including remote sensing decision support tools</p> <p>- Capacity building in market based approaches to water entitlements and trade</p> <p>- Capacity building in integrated approaches to LIS management.</p> <p>Impact <input type="checkbox"/><input type="checkbox"/></p> <p>-There is a good prospect of building technical capacity related to the use of remote sensing to generate water savings and for these lessons to be promoted by MWR in other Basin pilots.</p> <p>-The YR Forum provides an excellent opportunity to disseminate the results of the project more widely.</p> <p>-The water trading pilot should lead to practical adaptation and adoption of WET 1 policies and guidelines, leading to interest in broader application in YRBasin and other</p>	<p>Relevance <input type="checkbox"/></p> <p>-Visits and missions by Australian irrigators and Irrigation Companies/Authorities will raise awareness about the importance of farmer and community involvement in LIS planning and management.</p> <p>Impact <input type="checkbox"/></p> <p>-The involvement at the individual farmer level is likely to be limited .</p> <p>- Reasonable involvement can be expected at the irrigator district level.</p> <p>Risks <input type="checkbox"/></p> <p>-That the project will focus only on technical learnings and not consider the social issues and opportunities to promote participation of farmers-</p>

			Basins. Risks <input type="checkbox"/> <input type="checkbox"/> -Failure to be flexible in adapting Australian approaches to Chinese conditions will restrict uptake.	
<p><b>Comments</b></p> <p>This project has the potential to have the greatest impact for the program in building ongoing partnerships particularly through twinning of MDBA and YRCC, but also at the catchment and irrigation organisation levels. There is considerable enthusiasm within YRCC to learn from the Australian experiences and the drought conditions being experienced in both Countries have heightened the sense of common challenges. In terms of water resource policy, efficient irrigation management and improved water entitlement and trading regimes will be critical to sustainable development in both countries. Both pilots are relatively ambitious and it will be important to agree on expectations and clear statement of priorities during the inception phase and the Stage 1 comparative analysis. The pilot on water entitlements and trade has the advantage of being able to build on the achievements of WET 1, however it will be important to effectively tailor the trials to meet the unique characteristics of China's agricultural sector and institutional environment.</p>				

**ACTIVITY TITLE: SOCIAL IMPACT, PUBLIC PARTICIPATION & GENDER MAINSTREAMING**

PROGRAM OUTCOMES				
Integrated Management	Policy Dialogue	Lasting Partnerships	Applying IRBM Principles	Public Participation
<p>Relevance <input type="checkbox"/><input type="checkbox"/><input type="checkbox"/></p> <p>-By involving all four core partners the project has an opportunity to foster cooperation through building a common understanding of the principles and practice related to SIPP&amp;GM.</p> <p>Impact <input type="checkbox"/><input type="checkbox"/></p> <p>-This is one of the few projects which involves all four partner agencies in workshop and study tour</p>	<p>Relevance <input type="checkbox"/></p> <p>-The project is more about operationalising the SIPP&amp;GM Framework across ACEDP activities.</p> <p>Impact <input type="checkbox"/></p> <p>-The workshops and study tour will create opportunities for policy level discussion as well as discussion of more operational issues.</p> <p>-Some potential that core partners will incorporate SPPIGM principles</p>	<p>Relevance <input type="checkbox"/></p> <p>-The project does not directly focus on partnership development, however study tours and placements will provide opportunities to build relationships.</p> <p>Impact <input type="checkbox"/></p> <p>-There is unlikely to be creation of ongoing partnerships without other complimentary activities.</p>	<p>Relevance <input type="checkbox"/><input type="checkbox"/></p> <p>-The project aims to increase capacity of core partners to undertake social impact management, public participation and gender mainstreaming.</p> <p>Impact <input type="checkbox"/></p> <p>-</p> <p>Risks <input type="checkbox"/><input type="checkbox"/></p> <p>-Unless the recipients of training and</p>	<p>Relevance <input type="checkbox"/><input type="checkbox"/><input type="checkbox"/></p> <p>-Project aims to improve awareness and skills of public participation among Chinese Core Partners.</p> <p>Impact <input type="checkbox"/><input type="checkbox"/></p> <p>-The impacts are likely to be medium to long term as public participation mechanisms are gradually trialled and adopted by agencies and incorporated in their policies and regulations.</p>

<p>activities, and has an opportunity to assist communication and cooperation.</p> <p>Risks <input type="checkbox"/><input type="checkbox"/><input type="checkbox"/></p> <p>Agencies are likely to disengage if the topics address roles and responsibilities.</p>	<p>into there policies in longer term.</p> <p>Risks <input type="checkbox"/></p> <p>-Unless individuals involved in study tour and training are sufficiently senior impact on agencies will be limited.</p>	<p>Risks <input type="checkbox"/></p> <p>-No particular risks.</p>	<p>work attachments are given an opportunity to apply the learnings in there own work environment adoption will be limited.</p>	<p>- The Training course for Lake Tai local officials should contribute to</p> <p>Risks <input type="checkbox"/><input type="checkbox"/></p> <p>-Adoption is likely to be limited unless a train- the- trainer approach is used to more broadly disseminate knowledge..</p>
<p><b>Comment</b></p> <p>This project is significant in setting out to involve all Chinese partners and to impact across the ACEDP. The impact will depend critically on having influential representatives of the agencies involved. It is not clear other than for the Lake Tai Project what mechanisms will be used to ensure this project informs other ACEDP projects.</p>				

**ACTIVITY TITLE: CAPACITY BUILDING AND PARTNERSHIP ESTABLISHMENT ON SEEAW**

PROGRAM OUTCOMES				
Integrated Management	Policy Dialogue	Lasting Partnerships	Applying IRBM Principles	Public Participation
<p>Relevance <input type="checkbox"/></p> <p>-Indirectly this project will contribute to better aggregation of data from the city, provincial and national levels and improved information sharing between agencies.</p> <p>Impact <input type="checkbox"/></p> <p>-Will not have a major impact in the short term, but should improve information sharing in the longer term.</p> <p>Risks <input type="checkbox"/><input type="checkbox"/></p>	<p>Relevance <input type="checkbox"/><input type="checkbox"/><input type="checkbox"/></p> <p>-The topic of this project relates to development of national statistics on the environmental and economic contribution and impact of the water sector, which will provide valuable information for policy reseach and development.</p> <p>Impact <input type="checkbox"/><input type="checkbox"/></p> <p>-Given the strong priority MWR has for introducing a SEEAW during 2009, there is a strong prospect that the training activities will directly</p>	<p>Relevance <input type="checkbox"/></p> <p>- The training provider ICEWRM has good links with Government and Academia and are expected to ensure effective interaction with these organisations</p> <p>Impact <input type="checkbox"/></p> <p>-The initial study tour has already been useful in starting to build relationships between relevant agencies in both countries.</p> <p>- Given Australia's credentials in this field it is likely that Chinese agencies</p>	<p>Relevance <input type="checkbox"/><input type="checkbox"/></p> <p>-SEEAW is an important part of any systematic approach to water resource management , and science based planning for IRBM</p> <p>Impact <input type="checkbox"/></p> <p>-The impacts of this project are likely to be long term through informing better investment decisions and priority setting by MWR.</p> <p>Risks <input type="checkbox"/><input type="checkbox"/></p> <p>This is a highly specialised field and</p>	<p>Relevance <input type="checkbox"/></p> <p>-Limited relevance, however public access to SEEWA type information is an important part of transparent decision making and community involvement.</p> <p>Impact <input type="checkbox"/></p> <p>-There are unlikely to be any immediate impacts in this area unless there are complimentary activities to disseminate this information to the broader public in a meaningful way.</p>

No obvious risks	contribute to this outcome. <b>Risks</b> <input type="checkbox"/> -Availability of ICEWRM to commence project on time.	will see value in maintaining an ongoing relationship with the project partners. <b>Risks</b> <input type="checkbox"/> <input type="checkbox"/> -Availability of specialists in Australia.	availability of the appropriate people in Australia and China is a risk for the project	<b>Risks</b> <input type="checkbox"/> No obvious risks
<b>Comment</b> This project was identified by MWR to directly assist them in developing a SEEAW reporting system this year and consequently has a very good prospect of leading directly to policy and practice improvement.				

**ACTIVITY TITLE: AUSTRALIA- CHINA LEGAL PROFESSION DEVELOPMENT PROGRAM**

PROGRAM OUTCOMES				
Integrated Management	Policy Dialogue	Lasting Partnerships	Applying IRBM Principles	Public Participation
<b>Relevance</b> <input type="checkbox"/> -Not specifically addressed by the project. <b>Impact</b> <input type="checkbox"/> -No significant impact. <b>Risks</b> <input type="checkbox"/> -No particular risks	<b>Relevance</b> <input type="checkbox"/> <input type="checkbox"/> -Some interaction will occur between the respective Chinese and Australian implementing agencies. <b>Impact</b> <input type="checkbox"/> <input type="checkbox"/> -Fostering understanding of Australian models of legal practice related to environmental management, and potential for ongoing exchange of information. <b>Risks</b> <input type="checkbox"/> -No particular risks	<b>Relevance</b> <input type="checkbox"/> <input type="checkbox"/> -The ongoing development program will help build relationships between the participating agencies in both countries. <b>Impact</b> <input type="checkbox"/> <input type="checkbox"/> -Potential to foster improved understanding of the legal systems and processes in each country. <b>Risks</b> <input type="checkbox"/> <input type="checkbox"/> -The participant may not ultimately work in an area where the acquired experience is useful.	<b>Relevance</b> <input type="checkbox"/> -The project is primarily focused on capacity building of the participant in environmental law. <b>Impact</b> <input type="checkbox"/> -The quality of the experience will depend on the opportunity for exposure to both Commonwealth and State legislation, given the differences in constitutional powers involved. <b>Risks</b> <input type="checkbox"/> <input type="checkbox"/> --The participant may not have an	<b>Relevance</b> <input type="checkbox"/> -No specific focus but exposure to Australian legislative processes will inevitably touch on public consultation. <b>Impact</b> <input type="checkbox"/> -Better understanding by participant of the role of public consultation in water and environmental law. <b>Risks</b> <input type="checkbox"/> -No particular risks

			opportunity to apply the experience gained in a relevant area.	
<p>Comment</p> <p>This is a small project to which ACEDP is contributing funding. The participant will develop experience in environmental law in Australia and on completion of the placement may have an opportunity to apply this knowledge in the Chinese legal system. The cumulative effect of this development program should lead to broader perspectives in Chinese legal professionals over time.</p>				

High

Medium

Low

What can be concluded from these evaluations of the core projects relative to program outcomes is that they are all still relevant to the objectives of the program but, as to be expected, not equally so for any of the projects. In addition it can be seen from the above table that there is a reasonable spread of project contributions across the program outcomes. The review also suggests that whilst projects are at an early stage of implementation or pre-approval there is a reasonable expectation of useful impacts, relative to the type of outcomes considered reasonable by Chinese agencies.

***PCO should consider this information and comment as to the appropriateness of the ratings – PCO is closer to the ‘action’ than the Review Team and may have a different perspective. PCO/EAT should then use this information to evaluate whether these ratings can change ‘upwards’ with a different level and form of intervention, through opportunities for further complimentary activities. EAT will further explore this issue during the coming work on the annual planning process.***