



Australian Government
AusAID



Australia China Environment Development Program ACEDP

Inaugural Meeting of the Joint High-
level Roundtable HLRT-1

Summary Report

October 2007



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1. Introduction

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 will be on water resources and river basin management. The ACEDP will facilitate 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.

Specific outcomes for ACEDP will be enduring partnerships between Australian and Chinese agencies involved in policy development on environment; strengthened policy development processes on environmental management; and the successful implementation of pilot activities utilising good environmental governance and practices.

Integral to the success of the ACEDP is an annual planning process to determine the strategic direction of the ACEDP work program. While AusAID and the Chinese Ministry of Commerce (MOFCOM) have oversight of the ACEDP, the Australian and Chinese Core Program Partners make up the decision making body for determining China's national policy priorities that will be addressed through discreet activities under the ACEDP. The Core Program Partners will be supported in their role by an Environment Advisory Team comprising Chinese and Australian experts who will independently assess activity proposals and ensure they are consistent with the ACEDP objectives.

Throughout the life of the program, which commenced in July 2007, the program will remain dynamic and flexible to respond to emerging environmental policy priorities, and provide a unique level of access and engagement between senior levels of Australian and Chinese Government officials.

The inaugural meeting of the Joint High-level Roundtable (HLRT-1) was held in Beijing, on Tuesday 25th September 2007 and was attended by the Program owners AusAID and MOFCOM, core partner agencies in China (MWR, SEPA, SFA, and NDRC), members of the Interim Environment Advisory Team (EAT), and ACEDP staff. The meeting was broadcasted by videoconference to Canberra where Australian partner agencies were in attendance including: DEW, NWC, MDBC, CSIRO Land and Water and DAFF. A list of participants in China and Australia is included in Appendix C.

The purpose of the meeting was to discuss the Annual Planning Cycle recommendations provided the EAT based on the initial proposals for activity funding. ACEDP received 57 proposals for activity funding which included 40 proposals from Chinese agencies and 17 proposals from Australian agencies.

The outcomes of the 1st Roundtable were:

1. Agreement on the merit list of proposals received
2. Agreement on the approach for next steps
3. Agreement on the need to involve other program partners/ stakeholders.

This **ACEDP High-level Roundtable Summary Report** has been prepared for submission to program partners in Australian and China to provide a summary of the meeting proceedings.

ACEDP would like to thank all participants in China and Australia for their involvement in the ACEDP – 1st Joint High-level Roundtable

2. Summary of HLRT handout documentation

Participants at the ACEDP HLRT were issued with the following background information, provided in both the Chinese and English languages:

1. **Proposals for Funding**
All submitted proposals from Chinese and Australian agencies
2. **Summary Spreadsheet of Proposals**
A summary spreadsheet of all proposals
3. **ACEDP – High-level Roundtable Agenda**
Agenda for the meeting.
4. **ACEDP Interim Activity Selection Guidelines**
Interim selection guidelines issued to Chinese and Australian agencies to assist preparation of proposals
5. **ACEDP Environment Advisory Team – Report and Recommendations**
The draft report summarising the findings of the EAT and production of a merit list of proposals received from Chinese and Australian partner agencies.

Simultaneous translation Chinese-English / English-Chinese was provided throughout the meeting.

3. Welcome Address

3.1 Welcome Address – Robin Davies, AusAID Canberra

Mr Robin Davies gave the welcome address from AusAID Canberra and introduced attendees based in Canberra. Mr Davies provided a brief summary on the AusAID Australia-China Country Program.

Mr Davies mentioned that together with Health and Governance, Environment is one of the main pillars of the Australia China Country Program Strategy 2006-2010. The ACEDP is aligned with the recently released, Aid and the environment –building resilience, sustaining growth: An Environment Strategy for Australia Aid. The strategy identifies three themes: water, environmental governance and climate change. Consistent with this, the ACEDP aims to support and improve policy development in China in the area of environmental protection and natural resources. The immediate focus is on water resource management with the flexibility to address climate change. The AusAID environment strategy and the ACEDP are the result of extensive consultation with other Australian Government agencies. This consultation will continue in their implementation.

AusAID commits to foster and strengthen long term durable relationships between Australian and Chinese agencies. The HLRT meeting is the start of long-term partnership building. Continued support and engagement are critical to the success of the Program. Mr Davies stated that on behalf of AusAID he looked forward to a constructive and fruitful discussion and wished the meeting and the Program every success.

3.2 Welcome Address – Jiang Jiqing, MOFCOM Beijing

Madame Jiang gave the welcome address from MOFCOM Beijing and thanked those attending in Beijing and Canberra. She highlighted the importance of the ACEDP in improving environmental governance in China and building enduring relationships between Chinese and Australian Agencies. All attendees at the roundtable were then asked to introduce themselves. The ACEDP Program Manager, Mr Gunther Mau then outlined the agenda for the meeting.

4. ACEDP Environment Advisory Team Findings

4.1 Background to EAT involvement in the ACEDP Annual Planning Cycle

Peter Millington introduced himself and the other interim EAT member Mr Si Zhiyong. Mr Millington then informed participants of the role of the Interim EAT which is to provide a high level and independent advisory, planning and review function to ACEDP. Its main function is to provide high-level policy and programming advice, guidance and support to ensure the strategic focus and objectives of ACEDP remain appropriate and selected activities contribute to the agreed Program objectives. For the 1st Annual Planning Process the interim EAT appraised all proposals that were submitted by Australian and Chinese agencies either directly or through the national workshop mechanisms and produced a merit list.

4.2 Summary of Initial Proposals

In total, the ACEDP received 57 proposals including 40 from China and 17 from Australia. The program started only three months ago and there has been very little time for preparation of proposals. Hence to receive 57 proposals in such a short time is a positive demonstration of the program's capacity to engage the interest of agencies in Australia and China. The EAT was faced with a difficult task to review all the proposals in the tight timeframe. The short period has not allowed much time for agencies and interested parties to add detail to concepts or to identify which might be the best counterpart agencies with which to 'team-up' nor what might be a reasonable estimate of cost spread over how many years. **The draft EAT Recommendations report is included in Appendix B.**

4.3 Grouping of Proposals

Due to the large number of proposals the EAT decided to group them into 4 categories based on their assessment in accordance with the selection criteria. The table provides an explanation of the grouping system.

Group 1	Proposals that can proceed immediately to activity design stage. Concepts are reasonably well developed and address high priority policy areas but there is considerable overlap with other proposals. It is suggested to consolidate proposals through a combination of activity scoping and activity design ⇒ Feasibility /Design Studies.
Group 2	Proposals where further conceptual or project development is necessary or where there are a significant number of similar activities that require much more information, consolidation and development ⇒ Project Development Missions to Australia.
Group 3	Higher level policy areas (including those that may be emerging at present) that would benefit from further interaction and cooperation at senior agency levels in Australia and China ⇒ This is a new group. Activities to be identified by PCO in consultation with Chinese and Australian agencies and program partners.
Group 4	Proposals that are not supported at present.

4.4 Summary of findings – Group 1

Peter Millington then recommended the following activities in Group 1 for further activity design and possible implementation in the 1st Annual Planning Cycle.

1. Tarim Basin Integrated Water Resources Planning Project
2. Regulatory Strengthening and Governance for Shiang River Basin
3. Lake Tai Water Resources Management and Pollution Control
4. Wetlands Management Policy, Guidelines and Capacity Building
5. Water Ecology Compensation Policy and Mechanisms
6. Water Rights and Allocation trading in the Yellow River Basin
7. Irrigation Water Management for Large Irrigation Districts in the Yellow River Basin.

Each of the seven proposed activities were derived from numerous initial proposals submitted by different agencies. Hence during the next phase of activity design, the design teams will need to engage closely with all the relevant agencies to ensure activities are inclusive and meet the requirements of all partners.

Also included in Group 1 are a number of smaller activities which predominately focus on capacity building and study tours. They include:

8. Trans-administrative Region Water Environment Policy/ Guidelines
9. Study on the Mechanisms for Public Participation in Water Pollution Control
10. Groundwater Management Policies and Regulations

4.5 Summary of findings – Group 2

The second category included proposals that were relevant to the objectives of ACEDP but required further conceptual development. The EAT suggested that proposals categorised into Group 2 could benefit from participation in a Project Development Mission to Australia, to meet with Australian agencies and gain a more detailed insight into how engagement can be successfully maximised under the ACEDP. The EAT proposed two Project Development Missions, one focusing on Environmental Management and the second mission focussing on Integrated River Basin Management. It is hoped that from the Project Development Missions good proposal concepts can be developed which are in-line with the strategic objectives of ACEDP.

4.6 Summary of Findings – Group 3

There were a number of activities that would benefit from a joint study mission to Australia focusing on high-level policy and regulatory reform dialogue. Chinese ministries have an immediate and emerging policy and regulatory program under development and it would benefit both countries if a mechanism for high level dialogue, experience sharing and exchange on these issues, as they relate to environmental management, could be developed. The Program would develop a mechanism to facilitate such exchanges and review the broader interpretation of environmental issues that ACEDP might start to consider later in the program.

4.7 Summary of Findings – Group 4

Proposals categorized into Group 4 were not supported by the EAT. Proposals in this category, predominately included highly technical activities, which did not meet the selection criteria. Although proposals categorized into Group 4 were not supported by the EAT, many of these proposals had the potential for inclusion at a later stage of the Program if there were modified to more closely reflect the ACEDP objectives.

4.8 EAT Conclusions

The EAT concluded that they were impressed with the quality and quantity of the proposals given the very short timeframes for Australian and Chinese agencies to respond. However due to the constraints of time, many of the proposals require more development before they can be designed, tendered and implemented under the ACEDP. The EAT also concluded that it was important for the ACEDP to carefully design activities to ensure they meet the objectives of the Program, especially in regard to high level engagement and policy development. The grouping of proposals into 4 categories should assist the Program Coordination Office PCO to manage the activity pipeline for 2007-08.

5. Roundtable Discussion

5.1 Robert Speed (on behalf of DEW)

Robert Speed, the Australian Team Leader for the Water and Entitlements Trading (WET) Project, representing DEW, expressed overall support for the ACEDP and its objectives and indicated that the DEW proposal followed on from the successful WET Project. During the last 18 months the WET Project has been involved in many studies on environmental flows and Mr Speed expressed reservations on categorising this proposal into Group 2. Instead he suggested that a 10 page proposal could be submitted to the EAT to give a full explanation of the proposed activity and this may be more beneficial and efficient than including the proposal in Group 2.

Mr Millington responded to this query by indicated that 14 proposals were submitted which focused on specific areas of environmental management. For the reason the EAT suggested that the most appropriate way to move forward was to categorise these numerous environmental management activities into Group 2, which will involve a Project Development Mission aimed at refining these numerous proposals into a detailed activity proposal for the 2nd Annual Planning Cycle.

Mr Speed then made a broader comment that the program was designed to target agencies with a high-level of policy influence, and that the current proposals put forward by the EAT do not do this. He concerned that the program had lost some of its initial focus, and that activities should be directed back to Chinese agencies with appropriate policy influence.

Mr Millington responded to this comment by indicating that there are many agencies and research institutions in Australia, which have significant potential to contribute to environmental policy and dialogue with China. Therefore the ACEDP needs to select the best partners whilst also move ahead with suitable procedures. The Program needs to further develop existing partnerships whilst also provide opportunities to develop new partnerships.

5.2 Madame Jiang Jiqing, MOFCOM

Madame Jiang congratulated the EAT on the way they reviewed the numerous proposals in such a short timeframe. She then indicated that the ten activities in Group 1 cover some areas where there has been previous involvement of AusAID and the ACEDP provide an opportunity to strengthen achievements in the areas of integrated water resource management, pollution governance, policy exploration and research on related subjects with participation of private sectors, river governance programs with focus on Yellow River Basin, and research carried out on water rights. There was also scope to develop activities not included in Group 1 through the process suggested by the EAT.

Madame Jiang then commented that despite the comparatively short lifetime of the ACEDP and the limited funds available, the program aims to establish long-term cooperative relationships of China and Australia, and through such a mechanism more cooperative programs and intentions may emerge and be developed continuously, which is one the key foreseeable achievements of the ACEDP. As for the influence on policy, partners need to be realistic on this matter, meaning that we need to be aware that we cannot expect significant change of any key policies simply through implementing one program. However what the program can do is to provide decision makers with increased resources to influence policy development. Concerning the influence on high-level policy dialogue, the Program also needs to realise that the Chinese Government has been attaching great importance to the Program from the initial

design to evaluation and selection, and has tried to involve all the relevant departments in participation. In addition, high-level meeting mechanisms in water and environment sectors should be developed in both China and Australia that can contribute to regular updating of information in key policy areas and then incorporating these updated issues in joint programs between the two parties. Such a model is also essential to policy development.

5.3 Robin Davies, AusAID Canberra

Mr Davies congratulated the EAT on their efficiency and commented positively on the quality of the appraisal process. He then stressed that the program should assess the areas in which the Australian Government has been working as Australia has many agencies and stakeholders who can add value to the ACEDP. Mr Davies indicated that both the Chinese and Australian agencies will need to assess and evaluate their cooperation so that partners can balance their respective resources and jointly determine appropriate ways of contributing to the ACEDP.

5.4 Yan Chenggao, SFA

Mr Yan Chenggao from SFA commented on the high importance of wetland management in China. Wetlands play a very important role in ecological functioning and the State Council has approved the National Wetland Conservation Program with a planned investment of CNY 9 Billion on wetland conservation during the 10th Five Year Plan Period. Despite this China still lags behind in wetland conservation and is looking forward to international cooperation. They believe that Australia is relatively advanced in regard to wetland policy, legislation, conservation and management. SFA looks forward to progressing the wetlands management activity included in Group 1 under the ACEDP.

5.5 Yu Xingjun, MWR

Mr Yu Xingjun from MWR commented positively on the progress to date of the ACEDP. He then indicated that the Program calls for inter-agency cooperation as well as cooperative relationships between Australian and Chinese agencies through ACEDP. Inter-agency cooperation in China is important and is an important component of the ACEDP. Due to the limited funding of the ACEDP it is necessary that agencies and partners work together so as to use resources in the most efficient manner and ensure that activities are appropriately designed and implemented. In addition, there need to be clear procedures for Chinese and Australian agencies as to how the programs should be implemented as well as the roles and responsibilities of partner agencies. This is an important task of the ACEDP, to ensure roles and responsibilities are clearly defined for program partners. In regard to the 2nd proposal in Group 1 – Regulatory Strengthening and Governance for Shiyang River Basin, this is an important activity and many international donors are currently working in this area. MWR has been overseeing the implementation of many of their activities. The proposed activity will need a clear lead organisation and Mr. Yu has some concerns on the suggestion by EAT that the China Academy of Science leads the project. Actually The China Academy of Science did not participate any of the previous implemented aid projects at Shiyang River basin. Mr Yu also highlighted the need for the Program to be focused rather than spreading out its resources thinly.

Peter Millington responded to this comment by suggesting that during the activity design phase, the most appropriate lead agency will be nominated, however the decision on which should be the lead agency should be made by the Chinese partners.

5.6 Hou Enquan, NDRC

Mr Hou Enquan from NDRC commented that in China usually one agency takes charge of the implementation of specific projects and seeks support from other agencies. However the environment issues in China involve a lot of national ministries and agencies and usually more than one agency will be involved in a specific project. It is therefore important that a lead agency is nominated and the roles and responsibilities of partners are well documented and understood. The Tai Lake program is of extreme importance and is the top priority focus at the national level. Current activities related to Tai Lake involve more than 10 government agencies including the municipal governments of Zhejiang and Shanghai and state-level agencies such as MoA, MoF, MWR, SEPA, etc. NDRC is authorised by the State Council to take the lead of the program but coordination has been difficult to-date. NDRC is currently designing the implementation plan for Tai Lake Governance. The decision on who should lead an ACEDP funded activity related to Tai Lake is important, and it is necessary that detailed consultations among all agencies will occur during the design phase of this activity.

5.7 Song Xiaozhi, SEPA

Ms Song Xiaozhi from SEPA raised the following points for consideration by ACEDP management:

1. More detailed and specific objectives need to be clarified as soon as possible for activities included in Group 3. COD emission reduction is a specific target in respect to water management. Technical cooperation between Australia and China is important as is focusing on policy engagement.
2. Small scale and targeted activities are a good alternative in the circumstances of limited annual Program budgets. Activities need to focus on the top prioritised issues and be implemented by a small number of agencies resulting in less coordination costs but hopefully in more significant outcomes.
3. Sufficient time is necessary for proposal preparation in the following years. It is likely that some proposals of high merit have been excluded from the selection process. It is suggested that for future years the proposal process is more clearly defined.
4. More contribution from GHD and AusAID is required for linking Australian agencies with the relevant Chinese agencies. SEPA nominated only a few Australian counterpart agencies in their initial proposals, due mainly to limited exposure and cooperation experience with Australian agencies. However there will be substantial opportunities for cooperation in areas such as COD emission reduction and river basin management. SEPA hopes that GHD, AusAID and the EAT can assist in matching appropriate Australian counterparts for implementing approved activities.
5. Clarification of the specific activity implementation procedures need to be provided as soon as possible.

6. Communication should be strengthened among ACEDP partners.

Gunther Mau indicated that the PCO in association with GHD in Australia should be the main point of contact to promote cooperation between Australian and Chinese agencies. Chinese agencies are therefore encouraged to contact the PCO to facilitate engagement and visa-versa with the Australian agencies seeking association with Chinese agencies.

5.8 Luka Grey, Department of the Environment and Water Resources, Canberra

DEW confirmed that the ACEDP will be an important platform for developing and reinforcing partnerships between China and Australia. Policies and relevant projects in water resources management in Australia have attracted attention from around the world. Since the 1990's Australia has applied considerable attention to the effective management of water resources both at the local implementation level and at the national policy development level. It is important that activities in Group 1, 2 and 3 are developed and implemented concurrently. When prioritising applications, consideration should be given to placing emphasis on proposals that focus at the national policy level and well as locally. This would enable a consistent approach to any policy reforms and improve the success of outcomes at a national level, while still allowing for regional flexibility.

5.9 Madame Jiang Jiqing

Madame Jiang confirmed the importance of establishing clear procedures for activity implementation as well as developing well-understood procedures outlining the role of partner agencies. She also agreed with Mr Hou that one major coordinating agency should be appointed for each activity. She also highlighted the important role for GHD in facilitating partnerships between Australian and Chinese agencies.

5.10 Peter Jensen, AusAID Beijing

Mr Jensen reiterated that the objective of ACEDP is to establish and strengthen partnerships between China and Australia focusing on the environment. He then thanked the EAT and the ACEDP management team for undertaking the proposal evaluation process in a professional manner. The ACEDP budget is limited and therefore it is important to ensure activities are well designed and meet the objectives of the partner agencies and ACEDP.

6. Involvement of other Partner Agencies

6.1 Gunther Mau, ACEDP Program Manager

Mr Mau introduced the second session of the HLRT, which was a discussion on the involvement of other program partners in the ACEDP. ACEDP funded activities are supposed to reflect the policy priorities of both Governments and issues related to water are currently a priority of China and Australia and will continue to be so in the future. However the Program is designed to be flexible and respond to other emerging issues such as climate change. As the Program broadens there may be a need to include other agencies or organisations in China and Australia with appropriate expertise.

6.2 Peter Jensen, AusAID Beijing

Mr Jensen agreed with Mr Mau and concurred that the ACEDP was a dynamic program with flexibility initially focusing on natural resource management and integrated river basin management in particular. Issues related to water are the current priority and will continue to be so in the future. However the Program is designed to be flexible to ensure that it can respond to emerging priorities. Internationally, climate change is a top priority and Australia is currently developing capabilities in this field.

6.3 DEW, Canberra

Climate change is a very important environmental issue and Australia has a number of potential international partners. Currently DEW is implementing 10 relevant projects related to the science of climate change. The emphasis of climate change has been on emissions reduction. Australia has proactively established relationships with other countries on climate change and we believe there will be cooperation opportunities in this area.

6.4 Madame Jiang Jiqing

Climate change was one of the key topics addressed at the APEC Summit this year in Sydney. Ma Kai, the Chairman of the NDRC is leading the National Climate Change Office which consists of more than 20 ministries and relevant departments including MOFCOM. A national strategy on responding to climate change has been formulated by this office, which can be the foundation for cooperation between Australia and China and China is also looking to learn from Australia on improved practices and experience in addressing climate change. There will be numerous cooperation opportunities on energy saving and emission reduction and China looks forward to the potential cooperation with Australia on climate change and other emerging priorities.

6.5 Robert Speed (on behalf of DEW)

Two aspects need to be considered in regard to climate change. One aspect is how you adapt to climate change, particularly in a water management sense. This is about understanding implications of climate change for water supply and environmental flows and adjusting water planning and management arrangements accordingly. This is already considered in water resource management in Australia and to an extent in China. It would not involve a significant change to the existing scope/direction of the ACEDP, or the involvement of new partner organizations.

The other aspect is abatement measures: i.e. measures aimed at reducing greenhouse gas emissions. This is completely different from water management issues, and would need to involve different agencies (or at least different divisions from within the agencies currently engaged, like NDRC and the AGO within DEW).

7. Closing Address

7.1 Gunther Mau, ACEDP Program Manager

Mr Mau confirmed that the ACEDP Annual Plan would be submitted at the end of the month based on feedback from the HLRT and some of the proposals shall proceed to design/feasibility stage. ACEDP will continue to engage with the partners as the Program moves into the next phase.

Mr Mau thanked all the participants for their assistance to date in ACEDP and then declared the 1st HLRT successfully completed.

Appendix A
ACEDP HLRT-1 Agenda

Agenda for the Inaugural Meeting of the ACEDP High Level Round Table

25th September 2007

Beijing 09.00 – 11.00 REGUS China, China Life Tower Centre
5th Floor, 16 Chaowai Street, Chaoyang District, Beijing 100020
Contact: Ms Julia Zhou, mobile 139 1069 5506

Canberra 11.00 – 13.00 AusAID House, 255 Northbourne Avenue,
Canberra, ACT 2601
Contact: Mr Peter Wilson, mobile 0405-498 782

Outcomes (1) Agreement on merit list of proposals received
(2) Agreement on approach for next step
(3) Agreement on need to involve other program partners/ stakeholders

<u>China</u>	<u>Australia</u>	
08.45	10.45	Registration
		Opening
09.00	11.00	Welcome Speech AusAID Canberra
09.05	11.05	Welcome Speech MOFCOM Beijing
09.10	11.10	Agenda for today (GHD China)
09.15	11.15	Proposals received for funding under ACEDP (Environment Advisory Team – Interim Chair)
		- Presentation of findings and proposed approach
09.45	11.45	Roundtable Discussion (Chaired by GHD)
10.15	12.15	Involvement of other Program Partners to reflect policy priorities of either Government (Introduced by GHD/AusAID)
10.20	12.20	Roundtable Discussion (Chaired by GHD)
10.50	12.50	Next Meeting Other Issues
11.00	13.00	Closure
		Light Lunch Served Opportunity for continuation of discussion

Note: Simultaneous translation will be provided

Appendix B
EAT Draft Report to HLRT-1

ACEDP Annual Planning Process – 2007/08

Input of the Environmental Advisory Team (EAT)

The EAT is intended to provide a high level and independent advisory, planning and review function to ACEDP. Its main function is to provide high-level policy and programming advice, guidance and support to ensure the strategic focus and objectives of ACEDP remain appropriate and selected activities contribute to the agreed Program objectives. The prime tasks for the EAT for this year's work program have been to:

- Analyse and compare the findings and priorities from the two country surveys (China and Australia) developed in the first months of the project,
- Based on these considerations, evaluate and assess the relative merits of proposals put forward by individual Australian and Chinese agencies as well as those proposals generated by Chinese and Australian program partners, and recommend an appropriate package of proposals for the 07/08 work plan.

This short report summarises the initial findings of the EAT in regard to the 57 concept proposals that have been submitted for possible inclusion and funding.

The EAT for 07/08 is operating in an 'interim' capacity and it completes its work later in 2007 once the deliberations for this year's work plan have been completed. The interim EAT comprises Peter Millington (Australia) and Si Zhizhong (International).

The Proposals – some general remarks

40 proposals have been submitted by Chinese agencies and partners and 17 by Australian parties. There has been little time since the two country workshops were completed and requests made for likely concept proposals to be submitted. To receive 57 proposals in such a short time is exceptional.

As would be expected this short period has not allowed much time for agencies and interested parties to add detail to concepts, to identify which might be the best counterpart agencies with which to 'team' nor what might be a reasonable estimate of cost spread over how many years. All proposals have attempted this but we recognise that more time is needed to better focus activities in relation to Chinese strategic environmental management priorities and as well, the objectives and desired outcomes of ACEDP. The annual planning cycle for subsequent years will allow this more detailed approach to occur.

Assessing the Proposals

We believe that the summary nature of all the concepts is best handled by creating three groupings:

Group 1 - Those concept proposals that can proceed immediately to 'action planning' level, plus those where concepts are developed in high priority areas but have considerable overlap with others that can be brought together into a consolidated proposal through a relatively small project design activity,

Group 2 - Those concepts where further conceptual or project development is necessary or where there are a significant number of similar activities that require much more consolidation and development, and a degree of agency cooperation to resolve this,

Group 3 - Higher level policy areas (including those that may be emerging at present) that need to be further developed at senior agency levels in Australia and China.

Group 1

Note that all of these projects have a strong connection to key policy development areas. They need clearer definition of likely Australian partners (both at policy and technical levels) and the role that these could play both now and in the future.

i) - Tarim Basin Integrated Water Resources Planning – This proposal does not support the actual higher level basin master planning activity but concentrates on support for four underpinning and critical activities that feed into the planning process. This extends the earlier China-Australia cooperation in the Tarim basin and utilises an area of considerable experience in river basin planning from the Murray Darling Basin. This activity needs only small revisions to the existing project design document to proceed. Only a small amount of work is required for this activity to proceed.

ii) - Regulatory Strengthening and Governance for Shiyang River Basin – This proposal (#3) is close to integrated river basin management, by focusing a number of key elements, including regulatory development for river basin management, ecological monitoring, water resource reallocation, ecological compensation, demonstration of water-saving irrigation techniques, formation of water user associations and training. The river basin is a priority for both NDRC and SEPA. In recent years, it has drawn international attention, including from DFID and ADB. It is suggested that a feasibility/design mission proceed for a multi-year initiative, led by the Chinese Academy of Sciences, involving MWR, SEPA, and NDRC.

iii) - Lake Tai Basin Water Resources Management and Pollution Control –

At least three proposals deal with various parts of water management, water pollution, plan of action, and regulatory and institutional aspects of the Lake Tai Basin. This is a basin of highest Chinese priority and although none of the proposals submitted are 'complete' and in a format ready to proceed, the overall issue of improved Lake Tai Basin management has such a priority that immediate work on project enhancement should proceed. This would be at feasibility/design level for a multi-year initiative led by NDRC (proposal #4) and involve all relevant agencies; possible counterpart involvement would be identified.

iv) - Wetlands Management Policy, Guidelines and Capacity Building – Additional to the particular issues at Lake Tai, a high priority issue identified in the background studies is developing an improved capability in all aspects of wetlands management. At least four concept proposals cover parts of wetlands management but are not comprehensive in coverage. A start can be made immediately on assisting the relevant agencies (mainly SFA and SEPA) to further

develop the proposal and proceed to feasibility/design. This initiative could be led by the National Wetland Centre under the SFA. Counterpart partners would also need to be identified.

v) - Water Ecology Compensation Policy and Mechanism – Three proposals cover parts of this priority policy area. None can be immediately implemented in present form. The need for research and policy in this area is emphasised in all Chinese environmental management strategic priorities. Again, feasibility/design work can proceed immediately with relevant agencies to scope and design a suitable project led by Chinese Academy for Environmental Planning with the Guangting Reservoir as an initial case study (proposal #34). Guangting Reservoir is a major water supply source for Beijing.

vi) - Water Rights and Allocation Trading in the Yellow River Basin – a trial water-trading scheme has been in operation in the YRB since 2003. As well, the AusAID supported WET project has almost completed two phases of a project that has explored how a water trading and water allocation scheme could be introduced; this has trailed concepts within a number of small sub-basins. It would be highly relevant to now further explore water trading at the much larger scale of the Yellow river which would provide practical experiences and outcomes, and lead to determining a range of important national policy outcomes. A number of proposals relate to water rights, trading and water allocation and these need to be rationalised with this broader Yellow River trading project to provide the widest possible set of experiences. Detailed design should now proceed.

vii) - Irrigation Water Management for Large Irrigation Districts (Yellow River Basin) - The main objectives are to study policies and strategies of irrigation water management to assess where considerable water savings can be made, productivity improved and the need and shape of new national policies identified. Departments within MWR are seeking to partner Australia's CSIRO Land and Water Division. There are also opportunities to involve Australia's large corporatised and privatised irrigation schemes to provide practical examples and experiences as to how water efficiencies have been achieved with increased productivity and improved scheme environmental management. Water use efficiency in irrigation has been specified as high priority in the 11th 5yr. plan. The proposal is too narrow at present, concentrating on the use of remote sensing to identify efficiency issues. A broader scoping of the project to include the intent of a number of other projects relating to irrigation can commence immediately with feasibility/designs to follow, facilitated by MC ACEDP.

Group 2

Virtually all other proposals – both Chinese and Australian - either need more development as a single stand-alone project before proceeding or need combining and rationalising into a more focused project that better meets the ACEDP objectives and specific Chinese priorities. This does not mean that these proposals are not dealing with priority issues – they mostly are. For example, there are 16 proposals that fall within an 'environmental management' category (ecological restoration methodologies, environmental flows, wetland management, coastal zone environmental management, erosion and land management issues etc.) and a further 9 that relate to IRBM approaches and experiences. As well there are a number of capacity building projects that cover

both of these categories that should not proceed until there is a clearer definition of the needs as the particular activity projects are developed and implemented. Groundwater and water quality are other 'cluster' areas but this needs further review.

We believe that the best way to deal with these Group 2 activities is to create a number of 'theme' or 'category' areas and then for Chinese agencies/partners involved in these 'themes' to visit Australian partner/technical organisations to discuss and observe experiences, policies and strategies and then, based in this experience, to develop appropriate project activities that align more closely with ACEDP objectives, Chinese priorities and agency needs. MC ACEDP would facilitate this process, which should take place progressively over the next 12 months and result in a range of better focused and more tightly designed projects that would be ready for the 08/09 work-plan.

At that stage it would be sensible for the Australian counterparts who have indicated a clear interest and role in these projects to visit China to become more familiar with environmental priority areas (or perhaps assist in final scoping of the project.)

Group 3

The present proposals address a wide range of issues that, when completed, will greatly enhance knowledge and should lead to new or adjusted environmental and natural resource policies and greater dialogue on these issues between the two countries.

There is a further area that would benefit from joint study/discussion and that is in the area of emerging policy discussion and regulatory reform. Ministries, and particularly the NDRC, have an immediate policy and regulatory program under development and it would benefit both countries if a mechanism for high level dialogue and exchange on these issues, as they relate to environmental/natural resources management, could be supported. This would also be the avenue to discuss a few of the current ACEDP proposals that are set at a higher policy level than would normally be a single ministry consideration.

As well such a group should look at the broader interpretation of environmental issues that ACEDP might start to consider later in the program after the water related issues have been advanced – areas such as climate change for one.

The MC ACEDP should take the lead in facilitating how such a high level group could be created and how it could operate, and how regular exchange visits could occur to each country for policy review and dialogue.

China Australia Environment Development Program
Partners for a Better Environment

Appendix C
List of Participants

Participants in Australia

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Mr Andrew Lloyd

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Australian Government Department of Agriculture, Fishery and Forestry

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Australian Government National Water Commission

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Ms Sharon Davis

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