

Australia China
Environment
Development
Partnership

6-monthly progress report
no 7

Covering the period
1 July to 31 December 2010

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Table of Content

	Executive Summary	3
1	Progress towards Achieving Sustainable Outcomes	4
	1.1 End-of-Facility Outcomes	
	1.2 Project Outcomes	
2	Key Outputs (Quantity & Quality)	21
	2.1 Quality of Outputs	
3	Implementation Progress against Annual Plan and Budget	23
	3.1 Delivery on time	
	3.2 Not delivered	
	3.3 Extensions	
	3.4 Adequacy of Inputs	
	3.5 Budget	
4	Management Systems and Processes	25
	4.1 Annual Planning	
	4.2 Financial Management	
	4.3 Value for Money	
	4.4 Quality of M&E System	
	4.5 Risk Management	
	4.6 Staffing and Human Resources Development	
	4.7 Facility Specific Issues	
	Annexures	30
	1 List of Current Projects	
	2 Field Monitoring Plan 2010-11	

Commonly Used Acronyms

ACEDP	Australia China Environment Development Partnership
CEF	Communication & Engagement Framework
EAT	Environment Advisory Team
GPS	Gender Mainstreaming, Public Participation and Social Impact Management
HLRT	Joint Australia China High-level Roundtable
HRD	Human Resources Development
IPR	Independent Progress Report (formerly the Mid term Review)
MEF	Monitoring & Evaluation Framework
OPSCOM	Operations Committee of the ACEDP

Pursuant to Clause (9.4) under Schedule 1 of Contract no 41568 between the Commonwealth of Australia and GHD Pty Ltd for the Australia China Environment Development Program, I hereby submit the seventh 6-monthly progress report for the ACEDP, covering the period 1 July to 31 December 2010.

Gunther Mau
Program Manager

Executive Summary

The ACEDP is progressing on schedule with 7 of its 24 projects completed (30%), 15 at implementation stage (63%) and only 2 that have not yet commenced (ANNEX 1).

As of 31 December 2010, the ACEDP has delivered 49% of outputs in terms of contract value, with \$4.5 million of a total of \$9.2 million in contracted outputs acquitted. This represents a 17% increase in value over the last reporting period¹. The actual number of outputs has risen substantially from 45 to 65 during the same period.

Disaggregation of outputs (in dollars) shows that Technical Milestone reports experienced the fastest growth in budget realisation, from 42% in June 2010 to 52% in December 2010. Budget realisation of Training increased from 32% to 40% and Study Tours from 42% to 45% over the same period.

This 7th progress report continues the analyses of progress-towards-outcomes for a representative selection of projects. Eight of the ten selected projects were included in the 6th progress report and only two, now completed, projects were substituted. One of the eight projects was discontinued.

The Terms of Reference for the ACEDP Operations Committee (OPSCOM) were endorsed by HLRT-IV and OPSCOM it is now operational. HLRT-IV endorsed its recommendation that residual program funds of approx \$2.8 million be allocated to enhance the policy impact of existing projects and for measures to leave a legacy from the ACEDP.

Following the inaugural OPSCOM meeting on 19 October 2010, the PCO invited joint project teams to submit applications for enhancement/extension of existing projects. A total of 18 proposals were received by early December. The HLRT-IV meeting on 16 December 2010 resolved that applicants be given an opportunity to amend their proposals by 14 January 2011 to reflect a new selection criterion of 'partnership' that HLRT had added to the original criteria proposed in the Hancock Paper 'Strategic Direction for the ACEDP'. The HLRT meeting endorsed the Hancock Paper and delegated authority for selection of extension proposals to the 2nd meeting of OPSCOM.

At its meeting the HLRT-IV also noted the PCO 6-monthly progress report no 6 (Jan-Jun 2010), the Independent Progress Report and, the Terms of Reference for the new Operations Committee.

¹ 42% in value had been acquitted at the time of the 6th progress report in June 2010.

1 Progress towards Achieving Sustainable Outcomes

The ACEDP was established in 2007 as a facility in support of China's policies for a better environment in the area of water resources management.

The ACEDP funds a number of discrete and largely un-connected project interventions that together aim to strengthen and expand the bilateral policy dialogue between our two nations through targeted capacity building measures and development of sustainable partnerships among relevant government, academic and private sector agencies.

The ACEDP aims to facilitate change. A key aspect of the work undertaken under the program is thus the exposure of Chinese technical, scientific and managerial personnel to different and novel ways of thinking, to more efficient and effective water resources management systems and, last but not least, to the lessons from Australia's own successes and failures in water resources management.

The ACEDP facilitates this through interventions that display a combination of study tours, training courses and workshops, through high-level policy dialogues and, through collaboration in demonstration projects that explore adaptation of Australian experiences to Chinese conditions.

Establishment of an AusAID-led Operations Committee (OPSCOM) for the ACEDP that would include all program core partners, was one of the key recommendations of the IPR to support improved oversight and, therefore, long-term sustainability and value for money. OPSCOM was established at its inaugural meeting on 19 October and its Terms of Reference endorsed at HLRT-IV on 16 December 2010.

The other key recommendation of the IPR, that the strategic direction of the ACEDP at the facility level be defined, resulted in the Hancock Paper 'Strategic Direction for the ACEDP' that recommended residual program funds be utilised to enhance the policy and partnership impacts of existing interventions and also, as a legacy, to distil lessons from ACEDP projects and promote these at suitable fora to a wider audience. This too was endorsed at HLRT-IV.

The 3rd key recommendation from the IPR, the need for more appropriate progress reporting by the PCO, had already been actioned upon for the previous six-monthly progress report (Jan-Jun 2010). The new format was approved by both OPSCOM and HLRT-IV and this 7th report follows the same format.

1.1 End-of-Facility Outcomes

The ACEDP is a novel concept in Australia's Development Cooperation Program with China. While it is one of three such facilities² it is unique in that it operates without a designated counterpart agency, employing instead a loose collaboration of 4 Chinese national level ministries³ and 5 Australian Government Departments⁴ that, under overall stewardship from AusAID and MOFCOM, together determine the strategic direction of the facility.

² The 'China Australia Governance Program' (2005-10) and the 'China Australia Health and HIV/AIDS Facility' (2007-12) are its two sister programs.

³ The Ministry of Water Resources MWR, the Ministry of Environmental Protection MEP, the National Development & Reform Commission NDRC and the State Forestry Administration SFA.

⁴ The Department of Sustainability, Environment, Water, Population and Communities SEWPaC, the Department of Agriculture, Fisheries & Forestry DAFF, the National Water Commission NWC, the Commonwealth Scientific and Industrial Research Agency CSIRO, the Murray Darling Basin Authority MDBA and, in an observer capacity, the Department of Climate Change and Energy Efficiency DCCEE.

The concept of a facility outcome for the ACEDP is a recent mid-term innovation, not contained in the 2007 contract between the Commonwealth and GHD that talked of 'goals'⁵ 'purposes'⁶ 'foci'⁷ and, 'component objectives'⁸. At HLRT-III, in July 2009, three program-level outcomes, patterned after the AusAID China Country Program Strategy, were implicitly endorsed: (i) policy engagement, (ii) sustained partnerships and, (iii) strengthening technical and managerial capacities.

Outcomes at the program (facility) level had thus never been defined and the mid-term Independent Progress Report (IPR) for the ACEDP found it difficult to appraise progress towards end-of-facility outcomes. This was exacerbated by the fact that, due to a slow start-up of core projects, only a limited number of projects had made measurable progress towards contributing to the newly defined facility outcomes. Consequently, the IPR focused on project level outputs and their potential for contributing toward outcomes.

The IPR concluded that the program required a renewed focus of its strategic direction and recommended, inter alia, the preparation of an 'Operationalised Policy Engagement Strategy' and an 'Operationalised Partnership Strategy' for the ACEDP. This requirement has been met by the Hancock Paper 'Strategic Direction for the ACEDP' referred to above, that will be implemented over the remainder of the program.

To-date the ACEDP has been providing funds for 24 projects of which 7 are completed and 15 at various stages of the implementation process ([ANNEX 1](#)). This 7th progress report continues tracking eight⁹ of the ten projects that were subject to detailed analyses in the 6th progress report. The two new substitute projects are the 'Australian Total Channel Control Technology Project' a partnership between the MWR-affiliated China Irrigation and Drainage Development Centre CIDDC and Australia's Rubicon Pty Ltd and, the 'Improving Gender Equality in Qingtongxia, Ningxia, through Women's Empowerment in Water Management Project' a partnership between the same MWR affiliated CIDDC and UN Women (formerly UNIFEM) Beijing Office.

1.2 Project Outcomes

As in the previous 6th six-monthly progress report, analyses are disaggregated by intended end-of project outcomes, gender equality outcomes, partnership outcomes, policy outcomes¹⁰, progress towards sustainable outcomes and, contributing factors. Under a new heading, 'implementation progress', changes to the last reporting period are tracked. The disaggregation into 'major projects', 'significant projects' and 'cross-cutting projects' is maintained.

⁵ '...to support China's policies for a better environment'

⁶ '...to improve environmental protection and natural resource management (in particular water) to balance the need of environment and human development in China'

⁷ '...water resource management'

⁸ 'To demonstrate methods and applications of improved environmental governance in China', 'To develop and enhance the environment policy dialogue between China and Australia', 'To assist with the practical application of Integrated River Basin Management (IBRM) principles in China' and, 'To provide strategic direction, and effective coordination and efficient management of ACEDP'.

⁹ Both the '2009 High-level Water Policy Meeting' and the 'Australia Session at the 4th IYRF' are excluded in this 7th progress report because they are already completed.

¹⁰ It would be more correct to call this 'changes that can influence policy outcomes' as it is unrealistic to expect discreet policy outcomes to accrue during the ACEDP lifetime. Policy is incremental and a continuous process.

Major	1	Lake Tai Water Pollution Management
	2	Wetlands Management Policy & Guidelines
	3	Water Ecology Compensation (these are 2 projects)
	4	River Health & Environmental Flows
	5	Water Efficiency & Irrigation District Management
Significant	6	Impact of Climate Change on Economic Development
	7	Australian Total Channel Control Technology
Crosscutting	8	Public Participation in Social and Environmental Impact Assessment
	9	Gender, Public Participation & Social Impact Management
	10	Gender Equality in Qingtongxia, Ningxia

1.2.1 Lake Tai Water Pollution Treatment Project (NDRC)

Intended End-of-Project Outcomes

At the *municipal government managerial level* it aims to enable staff in Suzhou (Jiangsu) and Huzhou (Zhejiang) Municipal Government to appreciate, and subsequently apply, lake water resources management principles, ultimately leading to adoption of science-based planning and management tools in Government that will facilitate lake restoration and improved lake management as part of broader river basin management.

At the *national, provincial and municipal government executive level* it aims to achieve an awareness of more effective river basin governance models and systems among government executive personnel/decision makers, ultimately leading to adoption of improved environmental governance mechanisms for management and restoration of Lake Tai.

At the *technical/scientific level* the project aims to build individual capacities with a view to contribute, ultimately, towards a measurable decrease in frequency and intensity of algal blooms as a result of specific techniques demonstrated by the project.

Gender Equality Outcomes

Good progress has been made in raising the awareness of, and building practical competencies in, GPS¹¹ applications to natural resources management by holding a workshop¹² for municipal officers involved in managing public funded environmental protection projects.

Partnership Outcomes

Not designed specifically as a partnership project it is fortunate that the Victorian State Government is a stakeholder of the Australian Subcontractor AUS (Australian Urban Systems). State government officials participate actively in the project, building on the existing sister state relationship between the State of Victoria and Jiangsu Province¹³ and prospects thus exist for post-intervention collaboration.

¹¹ Gender Mainstreaming, Public Participation and Social Impact Management

¹² The workshop was conducted by a team from the ACEDP-funded Gender Mainstreaming, Public Participation and Social Impact Management Project

¹³ The sister-state relationship between Jiangsu and Victoria started in 1979. On 13 Dec 2009, the two governments signed an MOU on S&T cooperation.

Policy Outcomes

This NDRC project was always designed to complement Chinese Government efforts to clean up Lake Tai and to institutionalise a modern science-based lake management regime as part of a broader river basin management system. Since project inception, the Chinese Government 'Taihu Basin Authority'¹⁴, under the Ministry of Water Resources, has evolved as a major project stakeholder and beneficiary. Their participation ensures that project interventions are consistent with, and supportive of, the broader national policy goals by the Chinese Government for Lake Tai.

Progress Towards Sustainable Outcomes

Progress towards achieving sustainable outcomes continues to be **on track**. Evaluation of study tours, training courses and workshops indicate higher level of awareness among municipal staff with responsibilities for science-based lake management. Municipal Governments are now applying the project recommendations for increasing wastewater plant efficiency by reducing total nitrogen outputs and also plan to adapt an Australian-designed 'Algal Monitoring & Early Warning System'¹⁵. The Chinese Government invited the project to contribute to the mid-term review of the Chinese Master Plan for Lake Tai to be conducted in 2011, a good sign of government confidence in the project.

The PCO-initiated virtual 'eutrophication network' has found some traction nationally and internationally. Over time, it is hoped this could become a regular stand-alone event, attracting national and international scientists and lake practitioners. PCO provided advice to NDRC on how to establish and sustain such a science network. Preparations have begun for the final dissemination workshop in mid 2011 that will be crucial in setting the scene for Chinese government post-project activities.

Contributing Factors

A key contributing factor was the exposure of Chinese technicians and managers to Australian wastewater technology systems through study tours and in-China training. The project team has now established a high level of trust and confidence among their Chinese partners and municipal/national stakeholder agencies, as evidenced by the invitation to participate in the government mid term review of the master plan.

Implementation Progress

Since the last progress report the value of acquitted outputs, reimbursable and management fees has increased from 43% to 55% of contract budget. 71% of milestone reports are now acquitted versus 55% in the previous report. All outputs passed PCO quality control requirements. The project is scheduled to conclude in June 2011. HLRT-IV endorsed in principle its extension to April 2012

¹⁴ The TBA is the National Government appointed body to coordinate implementation of the April 2008 'Master Plan for Comprehensive Management of Water Environment in the Taihu Lake Basin'

¹⁵ The previous 6th progress report could only report a general interest by Chinese agencies as compared to their action now.

1.2.2 Wetlands Management Policy, Guidelines & Capacity Building Project (SFA)

Intended End-of-Project Outcomes

The project aims to *prepare draft national guidelines* for (i) management planning & monitoring of RAMSAR listed wetlands, (ii) assessment & construction of national wetland parks and, (iii) restoration of wetlands. Through evaluation of the draft guidelines at project pilot sites and subsequent refinement, their eventual adoption by Chinese authorities will ultimately lead to improved wetland management outcomes.

It aims to *enable* members of China's National Ramsar Convention Implementation Committee CNRCIC to assess, and ultimately facilitate adoption of, the draft guidelines prepared by the project through study tours and workshops for exposing them to Australian ways of wetland management and restoration. This will also contribute to greater inter-agency collaboration among CNRCIC members.

The project aims to *build individual capacities* of Chinese wetlands specialists through study tours and training in Australia and China, in order to facilitate joint preparation of the guidelines and their ultimate adoption and application.

Gender Equality Outcomes

The project aims to integrate GPS in all aspects of guidelines preparation, evaluation at pilot sites through to eventual application. Australian lessons and experiences, conveyed during study tours and in-China training, demonstrate the advantages of applying GPS in public funded projects. This continues to enhance GPS awareness and builds competencies in applying GPS throughout the process of developing and refining the guidelines.

Partnership Outcomes

Not designed specifically as a partnership project, realistic opportunities exist nevertheless in establishing twinning relationships between wetland offices in Australia and the Chinese pilot sites for ongoing support and advice. As a side event at HLRT-IV, SFA commenced discussions with Australian Government Departments SEWPaC and DAFF to enhance policy dialogue on wetland management and illegal logging issues. Interest also exists in ABARES¹⁶ for an MOU on bilateral collaboration on agriculture and forestry issues.

Policy Outcomes

Involvement of China's 'National Ramsar Convention Implementation Committee' CNRCIC ensures ongoing relevance of project interventions to China's national policy goals. It also provides a basis for enhanced inter agency collaboration.

Progress Towards Sustainable Outcomes

Progress towards achieving sustainable outcomes continues to be **on track**. Intensive training in Australia and China resulted in preparation of draft guidelines that were scrutinised by external experts at a workshop in October and a revised draft will be

¹⁶ The Australian Government Bureau of Agricultural and Resource Economic and Science (ABARES) comes under the auspices of the Australian Government Department of Agriculture, Fisheries and Forestry DAFF and is a recent amalgamation of two independent DAFF Bureaus, ABARE and BRS.

presented at the Annual Meeting of the National Ramsar Convention Committee in Beijing in January 2011 at which 15 Chinese ministries are expected¹⁷. Afterwards, that is from early 2011 onwards, the draft guidelines will then be entering an extensive testing/review stage at the pilot sites, following which they will be revised and refined. Policy dialogue on wetlands between SFA and SEWPaC resumed in December (a side event of HLRT-IV), further testimony that the project has achieved some policy traction at national government level.

Contributing Factors

A contributing factor continues to be the existence of a strong policy motivation on both sides, the RAMSAR Convention to which both governments are signatories. Exposure of Chinese technicians and managers to Australian wetlands management approaches through study tours and in-China training was another contributing factor.

Implementation Progress

Since the last progress report the value of acquitted outputs, reimbursable and management fees has increased from 10% to 23% of contract budget. 25% of milestone reports are now acquitted versus nil in the previous report. All outputs passed PCO quality control requirements. The project is scheduled to conclude in January 2012. An extension to April 2012 was granted in principle by HLRT-IV.

1.2.3 Water Ecology Compensation (Payment for Environmental Services PES) Policy & Mechanisms Project (MEP & MWR)
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Intended End-of-Project Outcomes

The project aims, through a combination of study tours, workshops and training, to achieve development and *adoption of realistic and practical PES schemes* for MEP and MWR staff, ultimately leading to provision of safe and adequate urban water supplies.

It aims to *build practical and hands-on knowledge* among MEP and MWR staff through application of PES schemes at pilot sites used for urban water supply.

It aims to *strengthen knowledge bases* in both MEP and MWR through identification of common PES principles, methodologies and policies, ultimately leading to safer and more secure urban water supplies.

Gender Equality Outcomes

Exposure to Australian concepts and applications of GPS to PES featured heavily in the learning content (study tours, training, workshops) and analyses of evaluation questionnaires and internal evaluation by ministries show they contributed to raising participants' awareness and understanding of GPS issues. As a result MEP officers recommended that the Chinese Government adopt laws to guarantee public and stakeholder's rights to 'know' and to 'oppose' government decisions and, to prescribe in legislation the public participation method, scope and procedures.

¹⁷ The next 6-monthly progress report (Jan-Jun 2011) will provide an update on how the draft was received by ministries

Partnership Outcomes

Not designed specifically as a partnership project, opportunities exist at the academic exchange level between the Australian implementing agency ANU and Chinese research institutes.

Policy Outcomes

The fact that this project is under the direct tutelage of two national level ministries (MEP and MWR) provides confidence that it continues to be relevant to Chinese Government policy goals. Eco-Compensation is a key policy issue for the Chinese Government with direct impact on other policy priorities like social stability and justice, public participation, and ecologically sustainable development.

Progress Towards Sustainable Outcomes

Progress towards achieving outcomes continues to be **on track**. The project has achieved traction in ministries as evidenced by results from the MEP driven Miyun Reservoir case study (Miyun provides Beijing's water supply) where the project identified realistic options to convince farmers change their farming behaviour, resulting in a reduction of phosphorus intake for the reservoir. These options continue to be trialed by MEP. Based on their own in-house evaluation of the outcomes from the Miyun Case study and the parallel Australian case study (study tour) at the Northern Victoria Irrigation Renewal Project, MEP officers prepared policy recommendations for the ministry executive that suggest uptake and mainstreaming of PES at national level. The project completion (dissemination workshop) on 27 October 2010 brought together more than 40 delegates from the two ministries and associated academic institutions that scrutinised project outcomes. Comments and observations from this workshop will contribute to preparation of the final technical report, due in early 2011.

Contributing Factors

The project had to be largely re-defined at the inception phase. This is a unique case in the ACEDP and came as a surprise as the project design team included MEP-MWR appointed specialists and both ministries had formally endorsed the design document. The rationale for that change is difficult to ascertain and may include changing policy priorities and/or the ongoing organisational restructure, eg from SEPA to MEP. Irrespective, it underlines the importance of having an inception phase, one of whose objectives is to reconfirm or refine the thrust of the project and its implementation modalities.

Implementation Progress

The project is basically complete and is now preparing final reports. Since the last progress report the value of acquitted outputs, reimbursable and management fees has increased from 30% to 47% of contract budget. 60% of milestone reports are now acquitted versus 35% in the previous report. All outputs passed PCO quality control requirements. The project is scheduled to conclude in March 2011. HLRT-IV endorsed in principle its extension to April 2012.

1.2.4 River Health & Environmental Flows in China Project (MWR / MEP)

Intended End-of-Project Outcomes

The project aims to develop draft *policy recommendations* for MEP and MWR, ultimately leading to adoption of river health and environmental flow guidelines in China and introduction of river reporting cards, with the ultimate aim of improving river health in China. This will be facilitated through pilot studies to develop, trial and demonstrate the application of river health and e-flow assessment methods as well as through study tours, workshops, and training courses that demonstrate science-based river monitoring and environmental flows estimation concepts.

It further aims to *strengthen capacities* of staff in MEP and MWR in evaluating monitoring and flow estimation at the four pilot sites, to replicate this methodology and apply it at other sites throughout China.

Gender Equality Outcomes

The project aims to raise the level of awareness of technical staff at MEP and MWR on the importance of GPS issues in determining river health and environmental flows and build competencies in basic skills needed to integrate GPS into their work. An intended trial of GPS mechanisms in the Pearl River pilot was postponed subject to refinement of the Public Participation framework (this includes gender issues) at a workshop in early 2011.

Partnership Outcomes

Not designed specifically as a partnership project, opportunities for post-project collaboration exist for academic institutions¹⁸ involved in the four pilot projects. Participation by SEWPaC and the QLD State Government¹⁹ executive personnel through membership in the project steering committee establishes additional policy-level contacts that can lead to post-project policy dialogue and/or collaboration on projects.

Policy Outcomes

Establishment of a Steering Committee at Director General (China) and Senior Executive Service level (Australia) guarantees ongoing policy relevance of this project intervention to national policy goals. Pending successful completion, it will contribute towards shaping national guidelines on river health monitoring and determination of environmental flows.

Progress Towards Sustainable Outcomes

Progress towards achieving outcomes continues to be **on track**. During the reporting period the Chinese Government endorsed a range of key technical output reports²⁰

¹⁸ Note here that the Australian implementing agency, the International Water Centre in Brisbane is a collaboration of The University of Queensland, The University of Western Australia, Griffith University and Monash University

¹⁹ The QLD State Government Department of Environment and Resource Management

²⁰ They included: 'Report on Data and Information on River Health in the Pearl River Basin (Gui River Catchment)' prepared by Pearl River Water Protection Bureau; 'Report on Data and Information on River health in the Liao River Basin (Taizi Catchment)' prepared by Chinese Academy of Environmental Sciences; Report on Data and Information on River Health and Environmental Flow in the Yellow River Basin' prepared by Yellow River Conservancy Commission.

dealing with policy measures and mechanisms for a national framework on Environmental Flow and River Health.

Contributing Factors

Contributing factors include the existence of a high level steering committee that ensures executive attention to project outcomes and an Australian study tour at the design phase that enabled Chinese scientists and managers to target the project towards specific Chinese needs and to what Australia had to offer.

Implementation Progress

Since the last progress report the value of acquitted outputs, reimbursable and management fees has increased from 48% to 50% of contract budget. The same 50% of milestone reports are acquitted as were in the last reporting period. This is due to the fact that the latest major batch of policy milestone reports were all submitted in late 2010 and had not yet been acquitted by the end of the year. All outputs passed PCO quality control requirements. The project is scheduled to conclude in September 2011. HLRT-IV endorsed in principle its extension to April 2012.

1.2.5 Improving Water Efficiency through Better Irrigation District Management and Water Rights Trading Project (YRCC)

Intended End-of-Project Outcomes

The project aims to develop *draft guidelines* and strategies for irrigation district management and water allocation planning to improve water use efficiency in the Yellow River Basin. It also aims to develop *policy recommendations* for MWR and YRCC that ultimately may lead to an expanded water entitlements and trading/transfers system, strengthened by scientific decision making.

The project aims to facilitate this through study tours, workshops and training courses at which YRCC staff will be exposed to Australian experiences in improving water use efficiency, thus *enabling* YRCC and irrigation system staff to contribute, ultimately, to improved irrigation water use efficiency in the Yellow River Basin.

It aims to strengthen *individual and institutional capacities* to better manage water allocation and entitlements transfers within the basin, utilising remote sensing tools for estimating crop-specific water requirements and providing the basis for implementation of a future water entitlement and trading system.

Gender Equality Outcomes

The planned involvement of Water User's Associations (WUA) will provide an opportunity for YRCC staff to appreciate the advantages inherent in adopting GPS principles in their daily work and also enhance capacities of participating WUA members to contribute to YRCC policies and programs, thus empowering female WUA members to partake in decision-making.

Partnership Outcomes

The project is designed specifically to partner Australian and Chinese water utilities, initially through collaboration in pilot projects. A total of eight potential partners from Australia and China were identified at the design stage and the declared objective of the project is to facilitate their engagement during implementation stage.

Policy Outcomes

China's 'Yellow River Conservancy Commission' YRCC and the Australian Government 'Murray Darling Basin Authority' MDBA signed a Memorandum of Understanding MOU at the launch of the project in October 09. This is likely to ensure continuing high-level policy attention. A high-level Steering Committee²¹ was established that aimed to ensure ongoing relevance of this project intervention to national policy goals.

Progress Towards Sustainable Outcomes

This project was **terminated** prematurely. Always considered to be a high-risk project (overly complex design, uncertain commitment from potential partners to engage, no well defined implementation plan), significant delays in completing phase I activities on-time and to an acceptable standard led to an OPSCOM decision to recommend termination and to reallocate earmarked project funds. This was endorsed by HLRT-IV.

Contributing Factors

The lack in progress for this project cannot be traced easily to a single root-cause and is a combination of several contributing factors, among which are: (i) a perhaps over-ambitious design philosophy that aimed to replicate the ACEDP by lining up a very large number of potential future partner projects under the one project umbrella, but without getting firm commitments to engage. This in turn led to (ii) considerable design complexity that needed to accommodate the needs and objectives of a larger-than-usual number of project stakeholders, which resulted in (iii) extended negotiation time required to produce a mutually agreeable activity design document. As a result of the above, (iv) the originally envisaged 6 months for stage 1 (extended design) proved to be unrealistic. Although a study tour to Australia had been part of the original design phase, and another study tour occurred during phase I, this did not result in an acceptable project design.

Implementation Progress

Acting upon a recommendation from OPSCOM, HLRT-IV agreed to terminate the project. 62% of phase-I expenditure has been acquitted as opposed to 14% at the end of the last reporting period. A small legacy activity, funded partly from unspent project funds, is under consideration to maximise impact of monitoring equipment supplied in phase I.

²¹ Presently, this steering committee is envisaged to include SES level representatives of DEWHA, the CSIRO and DSE (Victoria) on the Australian side and MWR and YRCC on the Chinese side.

1.2.6 Impact of Climate Change on Economic Development and Policy Options in China
(NDRC – Monash University - DCCEE)

Intended End-of-Project Outcomes

The project aims to scope a future cooperative arrangement, through preparatory research, to develop China's low-carbon development strategy, ultimately leading towards a substantive greenhouse gas emission reduction policy for China, including a carbon tax.

Strengthen *institutional capacities* in NDRC State Information Centre to model energy and emission intensity reduction targets to 2020 and the impacts of a carbon tax on the Chinese national economy, including disaggregation of impacts on different economic regions, through domestic and cooperative research with the Australian National University, Melbourne University and Monash University/Centre of Policy Studies, study visits, workshops and training courses.

Gender Equality Outcomes

Not pertinent for this type of initial research but GPS issues will need to be addressed at any future full project stage.

Partnership Outcomes

Although designed as a research project, the project nevertheless opens considerable opportunities for a sustained and long-term partnership between Australian universities / research teams and Chinese government agencies involved in modelling impact of climate change on national policy and in developing & implementing policy options for the Chinese Government. Through this latter aspect in particular, there is also substantial potential for enhanced policy dialogue between relevant Australian Government Departments²² with their Chinese counterparts.

Policy Outcomes

The ACEDP intervention is the initial phase (preparatory research and design of a future intervention) by the Chinese Government to develop a national 'Low Carbon Economy Strategy'. The Australian Government is supportive of this.

Progress Towards Sustainable Outcomes

Progress towards achieving outcomes is largely **on track** although the project has been facing some delays. The final international dissemination workshop concluded on 6 December 2010. It saw presentations from Chinese and Australian climate change scientists and Government officials, with both governments reiterating their commitment to low-carbon-footprint economies. The Australian Government Department of Climate Change and Energy Efficiency, an early supporter of the ACEDP project, considers the possible larger follow-up project to be in Australia's interest. The ultimate test of sustainability of the ACEDP intervention will be Chinese government acceptance of the design for that larger follow-up project to develop a national low carbon economy strategy.

²² The Australian Government Department of Climate Change and Energy Efficiency DCCEE has expressed interest in the aims and objectives of this project.

Due to delays in implementation – caused by unavailability of key Australian project personnel²³ - this is now expected for mid 2011.

Contributing Factors

Contributing factors are the combination of China's commitment towards a low carbon economy, Australia's cutting edge research on quantifying impact scenarios on the national economy and, the involvement of the Australian Government's Climate Change Advisor. Together this guaranteed, and continues to guarantee, sustained policy traction in both countries.

Implementation Progress

Since the last progress report the value of acquitted outputs, reimbursable and management fees has increased from 20% to 29% of contract budget. 20% of milestone reports are acquitted versus 13% in the previous reporting period. That low figure for a project at the end of its lifetime is due to the fact that the major technical papers produced for the completion workshop had not yet been acquitted by the end of this year. All outputs passed PCO quality control requirements. The project is scheduled to conclude with submission of the Activity Completion report in March 2011²⁴.

1.2.7 Research on the Applicability of Australian Total Channel Control Technology in China (MWR / CIDDC – Rubicon Pty Ltd)
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Intended End-of Project Outcomes

Investigation of the effectiveness of Australian-made water metering and control equipment in Chinese rivers and canals characterised by high loads of suspended sediments. Its adoption, if found effective, then leading to improved irrigation management, water savings and minimisation of water losses in arid areas of NW China (Ningxia Hui Autonomous Region).

Building *capacities* for provincial water management staff. Familiarising local farmers with the benefits of the equipment and training them in handling and maintenance.

Gender Equality Outcomes

Training of local farmers is an essential aspect of this project. Demography in China's remote provinces has changed with development of an expanding, and largely male, migrant workforce that seeks work in the coastal provinces. Consequently women's role has shifted to also include farm work, traditionally a male domain. Gender specific training material was developed and delivered that focused on improving education levels and empowering women through pro-active participation in Water Users Associations. The PCO intends to optimise lessons from this project for the new partnership project with UN Women – 'Improving Gender Equality in Qingtongxia, Ningxia, through Women's Empowerment in Water Management'.

²³ Prof Ross Garnaut was asked by the Australian Government to provide an update of his 2008 White Paper "Carbon Pollution Reduction Scheme – Australia's Low Pollution Future".

²⁴ The project was subsequently extended to June 2011.

Partnership Outcomes

Although funded under the partnership umbrella of the ACEDP project, the research nature of this project makes it unique and, aside from a continuing commercial collaboration with RUBICON for maintenance and further outreach of the technology to other provinces, a traditional partnership is not likely to eventuate. There is however potential to generate flow-on partnerships between provincial and state agencies related to the supply of technology and expertise from RUBICON.

Policy Outcomes

The outcome of this project, if the Australian technology is indeed found to be transferable to China – and clear indications are, it is - will be to improve irrigation efficiency for agricultural production in arid parts of China.

Progress Towards Sustainable Outcomes

Progress in achieving outcomes continues to be **on track**. Already the project has achieved considerable policy traction. In August, and on the request from Shanxi Provincial Government, training was conducted for Shanxi officials. MWR ranks this project very promising as evidenced by the high interest it has triggered in the MWR executive. At least two MWR Vice Ministers have asked for progress briefings and visited the project. The potential for post-project sustainability can thus be ranked as very high indeed.

Contributing Factors

One major reason for the traction of this project is that it has been developed in response to a highly specific request by MWR who knew exactly what they wanted. There was no confusion or introduction of externalities as can happen when outside consultants are involved in design. MWR accommodated the PCO induced GPS criteria because of their consistency with Chinese legislative requirements. Considerable upfront collaboration between MWR and RUBICON further helped to define this successful project and ensured it is highly targeted.

Implementation Progress

Since the last progress report the value of acquitted outputs, reimbursable and management fees has increased from 42% to 60% of contract budget. 50% of milestone reports are acquitted, equal to the percentage in the last progress report. All outputs passed PCO quality control requirements. The project team is now preparing final technical reports and the project is due to conclude with a project completion workshop scheduled for April 2011²⁵.

²⁵ Extension to end 2011 is considered to enable synergies with project 1.2.10 – “Improving Gender Equality in Qingtoingxia”

1.2.8 Public Participation in Social & Environmental Impact Assessment and Water Pollution Control (MEP / NIES – CIAD / IDSS)
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Intended End-of-Project Outcomes

The project aims to make *policy recommendations* to MEP, thereby enabling MEP to raise the awareness, and promote the application, of 'public participation' in social and environmental impact assessment SEIA as an integral aspect of river basin water pollution control.

These draft policy recommendation arise from the testing of Australian public participation mechanisms, *enabling* the participating local EPB and MEP staff to apply and implement improved water control or environmental awareness measures by exposing them to Australian public participation mechanisms, through a combination of study tours, workshops and training courses.

The project will *strengthen individual and institutional capacities* by building competencies in adopting Australian experiences to Chinese conditions, trialing them at pilot sites, evaluating and then refining them.

Gender Equality Outcomes

The policy recommendations for amendment of the national SEIA guidelines will feature GPS, and gender equality in particular, as core issues for any national public participation mechanism to be adopted by MEP. Progress towards production of these guidelines is on schedule. Following input from municipal-level workshops and input from Community Consultative Groups, the guidelines are currently being revised. Importantly, it is the Chinese subcontractor, the 'Centre for Integrated Agricultural Development' CIAD of the China Agricultural University, that takes the lead role in revising these guidelines and in applying the Australian GPS experiences to the Chinese context. This raises the confidence that they will be both practical and acceptable to the Chinese Government, important factors in sustainability.

Partnership Outcomes

Not designed specifically as a partnership project, opportunities exist through the existing Jiangsu-Victoria sister state relationship that can underwrite additional relationships facilitated by the ACEDP project. Using the sister state relationship as an introduction, Changzhou City (Jiangsu Province) and Maribyrnong City Council (Victoria) have commenced exploratory talks for further collaboration. If successful, these talks may go beyond the immediate project issue of 'public participation in social and environmental impact assessment' and cover broader public participation and other issues of mutual interest.

Policy Outcomes

The project will inform production of national 'Environmental and Social Impact Assessment Regulations' by providing a tested methodology for stakeholder involvement in the EIA process.

Progress Towards Sustainable Outcomes

Progress towards achieving outcomes continues to be **on track**. The 'Public Participation Mechanisms Manual' has been updated and amended following a series of workshops involving Community Consultative Groups to test its applicability in the field. A further round of pilots on specific pollution control issues will run through to April 2011. Project internal monitoring during November 2010 confirmed the ongoing relevance to MEP policy goals and also led to finetuning of the pilots.

Contributing Factors

Policy prerogatives in China to adopt public participation are a strong driver but constrained by bureaucratic inertia. That is a common lesson from this project that recognises technical/scientific advice is not sufficient to change ingrained thinking and established work routines. The final policy recommendations will therefore contain specific actions for MEP on how to influence bureaucratic behaviour. Furthermore, the final project completion workshop will include a discussion by MEP on how they propose to take the project outputs forward towards implementation, through incentives or otherwise.

Implementation Progress

Since the last progress report the value of acquitted outputs, reimbursable and management fees has increased from 38% to 74% of contract budget. 76% of milestone reports are acquitted versus 34% during the last reporting period. All outputs passed PCO quality control requirements. The project is scheduled to conclude in September 2011.

1.2.9 Gender Mainstreaming, Public Participation and Social Impact Management (MEP / MOFCOM / MWR / NDRC / SFA – CIAD / IDSS)

Intended End-of-Project Outcomes

The project aims to *raise awareness* of GPS among designated staff in the five ministries through study tours, workshops and training courses that expose them to Australian GPS applications, lessons and experiences that will be documented and made available to the five ministries providing them with the tools to apply GPS in their work.

Gender Equality Outcomes

This project is specifically designed to address GPS issues. Gender mainstreaming, the term adopted by the ACEDP, is loosely defined to include (i) the appreciation of AusAID gender policy outcomes (ii) the acquisition of tools and mechanisms to contribute towards enhanced participation of women in decision-making processes related to water management, leading ultimately to (iii) empowerment of women and their improved economic status²⁶. The major project output, the 'Bilingual GPS Manual' has been endorsed by UN Women Beijing Office which also contributed case studies and co-edited the manual.

²⁶ This is not to say that other gender equality outcomes such as education, health and the plight of girl-children will be not considered where appropriate. However, for the purposes of the ACEDP 'empowerment' would appear to be the area where the program is most likely to have an impact.

Partnership Outcomes

Not designed specifically as a partnership project, opportunities have been identified for future collaboration with the Victoria Women's Trust. Initially this link will be maintained through the Chinese sub-contractor for the project, the College of Humanities & Development at the Centre for Integrated Agricultural Development of the China Agricultural University. A major 'domestic' partnership outcome was the strengthened link between the five Chinese ministries taking part in the Australian study tour and delegates undertook to explore collaborate in future.

Policy Outcomes

The policy priority in China is 'public participation' and 'mitigation of unintended negative social impacts' of policy/programs. Gender equality is not considered to be a major issue by the Chinese Government²⁷ although there is a growing realisation that improvements are needed. Translating that into action in the ministries is difficult however but it is hoped that the bilingual GPS Manual will contribute to a growing awareness of gender issues and how to address them.

Progress Towards Sustainable Outcomes

Progress towards achieving outcomes is **on track**. An outreach workshop for the Lake Tai Pollution Management project was successful in building GPS competencies among municipal water resources officials and provided feedback for the GPS Manual. The first bilingual draft of the Manual had been circulated to ministries and interested donors and was then critiqued at a Partners Workshop on 19 November 2010. It led to a revision of the Manual (also bilingual), which was circulated to ministries and partners for final comments by late February 2011. The manual in particular has achieved traction in ministries that expressed interest in publishing it for wider circulation to HRD and natural resource management departments.

Contributing Factors

Policy prerogatives in China plus the selection of an Australian contractor in joint venture with a qualified high-profile Chinese agency (CIAD) provided a perfect mix of Australian and Chinese experiences that resonates well with Chinese agencies.

Implementation Progress

Since the last progress report the value of acquitted outputs, reimbursables and management fees has increased from 30% to 37% of contract budget. 37% of milestone reports are acquitted, a very similar figure to that in the last progress report. The main reason for that rather low figure at the end of a project being that major outputs were delivered in late 2010 and had not yet been acquitted by the end of the year. All outputs passed PCO quality control requirements. The project is scheduled to conclude in March 2011.

²⁷ China's constitution confirms the equality of men and women

1.2.10 Improving Gender Equality in Qingtongxia, Ningxia through Women's Empowerment in Water Management (MWR / CIDDC – UN Women Beijing (formerly UNIFEM))

Intended End-of-Project Outcomes

Government *officials taking measures* to improve women's participation in local water management through advocacy, awareness raising and training

Local farmers having a better *understanding* of gender equality and the important role of women in water management

Raised public and media *awareness* on gender equality and women's role in water management

Gender Equality Outcomes

This project is specifically designed to empower rural women, to deepen understanding and appreciation of gender equality in rural communities and to build knowledge among local government officials on how they can improve women's participation in water management.

Partnership Outcomes

Implemented through UN Women and the MWR affiliated 'China Irrigation and Drainage Development Centre', this project is not designed to facilitate partnerships although synergies with the Total Channel Control Project (refer 1.2.7 above) exist and are encouraged.

Policy Outcomes

It aims to achieve a change in the administration of local water resources at provincial and county level, leading, it is hoped, to a revised regulatory and administrative framework that is recognisant and supportive of women's role in water management.

Progress Towards Sustainable Outcomes

It is **too early** to state progress towards achieving outcomes as the project has not yet started. The project responds to a request from the Ningxia Water Resources Department and it builds on previous UNIFEM intervention in that area. It is supported, and indeed implemented, by the MWR-affiliated 'China Irrigation and Drainage Development Centre' that have expressed a strong interest in extending work to empower rural women in water resources management. A recent State Council directive (February 2011) also directed MWR to be oriented towards the needs of rural farmers. Potential for synergies with the target group of the Total Channel Control Technology project (see 1.2.7 above) will be explored during the inception workshop.

Contributing Factors

It is too early to draw lesson from this project.

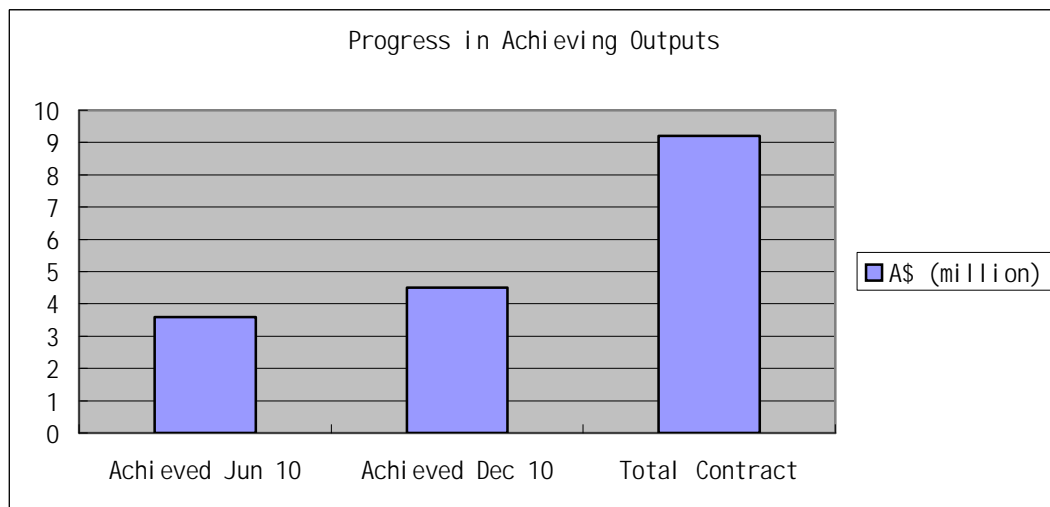
Implementation Progress

Signing of the project document (Pro-Doc) was a lengthy 4-months process that had to follow complex UN procedures, complicated by that fact that a new UN agency, UN-Women was established through amalgamation of several UN agencies, including UNIFEM, the original applicant. An inception workshop is scheduled for 24 March 2011 in Yinchuan, Ningxia Hui Autonomous Region.

2 Key Outputs

Of the 24 ACEDP projects, 7 are completed, 13 are at full implementation stage, 2 have just commenced²⁸ and only two have not yet started. One of which is at late design stage²⁹ while the other one is with AusAID/MOFCOM pending approval of a revised ADD³⁰.

These 20 projects – 7 completed and 13 at implementation – are contractually required to produce 162 outputs³¹ with a combined contract value of \$9.2 million. Of these, 65 outputs with a total value of \$4.5 million have been acquitted, representing 48.9 % in terms of dollar value and 40.1 % in terms of output numbers. The respective figures for the last progress report were 41.6% in dollar terms and 33.8% in terms of numbers of outputs.



²⁸ These are: 'Integrated River Basin Management: Managing the Threats to Sustainable Water Resources Development' and 'Improving Gender Equality in Qingtongxia, Ningxia through Women's Empowerment in Water Management'

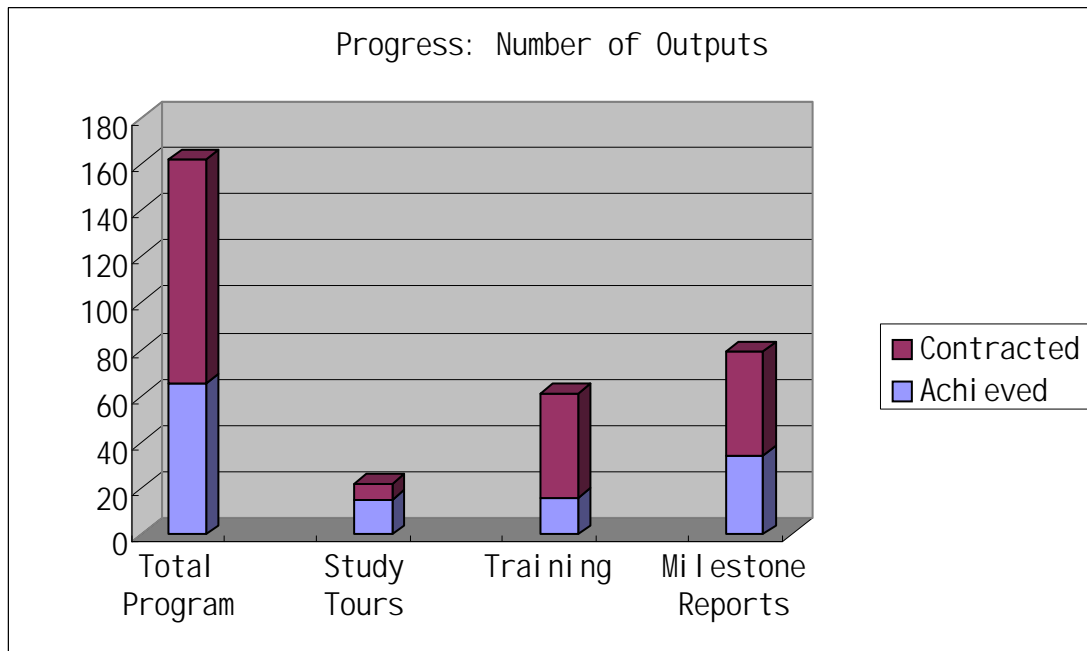
²⁹ 'Strategic Planning for Climate Change Impact' for NDRC

³⁰ 'Comparative Study on Countermeasures for long-lasting Drought' for MWR

³¹ This includes predominantly study tours, technical & progress reports, training courses, workshops, etc

Disaggregation by type of outputs (study tours, training milestone reports) shows that across the whole program

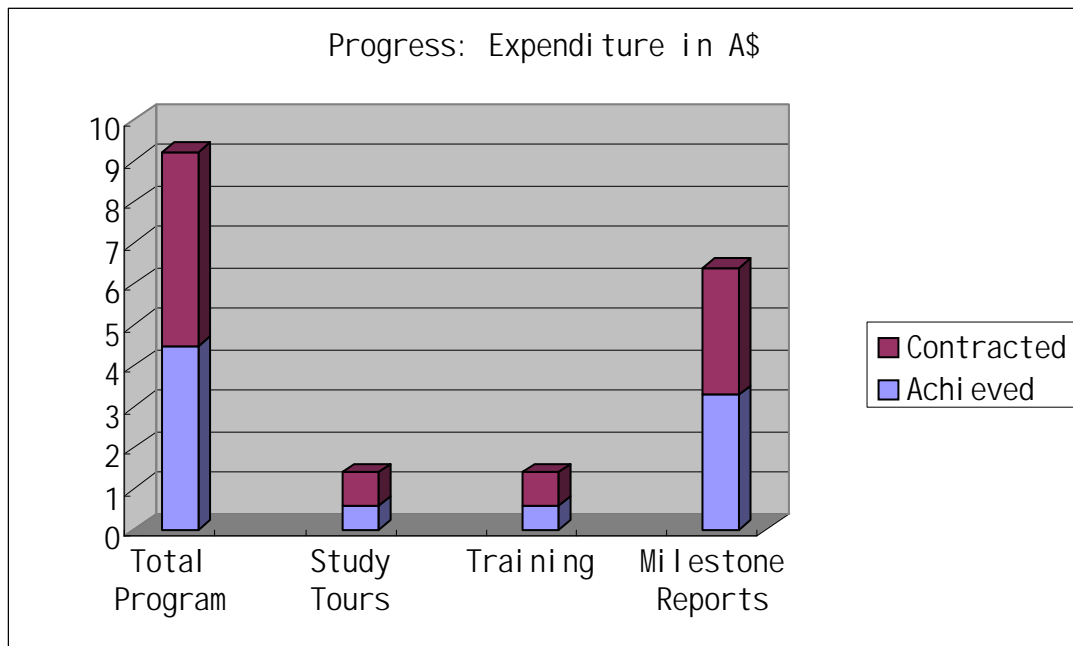
- Of 22 contracted study tours, 15 had been acquitted, or **68%** vs 55% in the previous report – a growth of 24%
- Of 79 contracted technical milestone reports³², 34 had been acquitted, or **43%** vs 36% in the previous report – a growth of 19%
- Of 61 contracted training events³³, 16 had been acquitted, or **26%** vs 17% in the previous report – a growth of 53%.



In terms of where the money went, the bulk of funds went, not unexpectedly, to production of milestone reports with \$3.3 million (74%), followed by study tours with \$0.6 million (14%) and training \$0.5 million (12%).

³² This includes progress reports

³³ Defined to include workshops, training courses and meetings



2.1 Quality of Outputs

Judging by Chinese feedback, eg through endorsed progress reports, through communication at regular catch-up meetings, through PCO field monitoring and, through project internal evaluation that are, as a matter of routine, endorsed by Chinese counterparts, the quality of outputs has been high, both in terms of relevance to Chinese needs and appropriateness of learning content to Chinese conditions.

A further measurable testimony of Chinese Government perception of program success is the current round of proposals for enhancement of existing projects, or 'project extensions' in short. The guidelines governing the process state that 'only those projects that have demonstrable successes/achievements³⁴ are eligible'. It is noteworthy in that context that Chinese program core partners supported proposals from all of the 9 core projects³⁵, obviously considering them of having met the success-achievement criteria³⁶.

3 Implementation Progress against Annual Plan and Budget

3.1 Delivery on time

Six of the seven completed projects (86%) were completed on-time and per annual plan schedule³⁷. Of the 15 projects currently at implementation stage, 8 are experiencing delays in completion dates. Individual delays are not significant and, at this stage, do not appear to affect program outcomes or timely conclusion of the ACEDP.

³⁴ Introduction to the PCO 'Guidelines for Project Extension' 17 November 2010

³⁵ The 10th core project, "Inland River Basin Management" has not yet commenced.

³⁶ With 13 out of 18 applications (72%) generated by the 9 core projects, the focus was very much on enhancing these rather than the partnership (28%) or training projects (Nil).

³⁷ The exception is Phase I of the now terminated LIS project, which experienced significant delays.

All 15 running projects largely adhere to approved annual plans. Delays are often linked to internal Chinese approval processes for participation in study tours³⁸. Other changes to annual plans relate to reallocation of unexpended funds for complementary project activities such as extended visits, training courses etc. These are subject to contract amendments that must be consistent with overall project aims and objectives and are cleared by both partners prior to submission to PCO.

3.2 Not Delivered

The two projects that have not yet started are delayed due to extended contract negotiations between the two partners in the one case and, in the other case, a career move of key personnel that necessitate search for a replacement partner. It is hoped that both projects will be able to commence in early 2011, failing which they will be cancelled and allocated funds returned to the program.

3.3 Project Extension

Of the currently running 15 projects 8 have sought extension for a combined 41 months over the lifetime of the program, representing 18% of an overall 223 project months for the 15 projects. The extensions are cost neutral with any additional costs being absorbed from within project savings.

3.4 Adequacy of Inputs

Inputs are adequate and appropriate for all 15 projects (100%) during the reporting period and no project team has requested for additional inputs or substantial input variations. Adequacy is further evidenced by end-of-study tour/training evaluations done routinely for all projects. The 100% success rate by the 9 core projects in obtaining Chinese Government endorsement for extension is further testimony to the high quality of Australian project inputs (see para 2.1 above).

3.5 Budget

The budget forecast for Annual Plan IV (2010-11) was for \$1.365 million in management fees and \$7.481 million in Imprest Account expenditure, with \$4.1 million earmarked for Q1 and Q2 disbursement (1 July to 31 December 2010).

Management fee expenditure is slightly underspent with only \$606,684 instead of a nominal \$682,500 for the 6-months period Jul – Dec 2010. The main reason for that discrepancy is the still pending contract variation that GHD had submitted to AusAID back in August 2009.

Imprest Account expenditure for the first 6 months is with \$1.9 million substantially below the \$4.1 million estimated for Q1+2. This has led to a revision of Year 2010-11 expenditure forecast, down from \$7.481 million to \$6.567 million. The main reason for the discrepancy are project extensions and delays incurred through an enhanced quality assurance process that requires multi-stakeholder steering committees to clear technical project reports.

³⁸ Throughout 2009 and 2010 the Chinese Government has been tightening criteria for officials attending study tour and overseas visits.

4 Management Systems and Processes

4.1 Annual Planning

In response to the 1st key recommendation from the Independent Progress Report IPR AusAID/MOFCOM had commissioned an independent strategic report to assist operationalising policy and partnership outcomes for the ACEDP. That report, the 'Hancock Paper' recommended to (i) allocate residual program funds of approximately \$2.8 million to existing projects in order to enhance their policy and partnership outcomes and, (ii) allocate sufficient funds to allow for a legacy program to collect and disseminate ACEDP achievements, lessons learned and show a way to continuing bilateral collaboration on environmental policy issues between Australia and China.

In response to the 2nd recommendation AusAID/MOFCOM established an ACEDP Operations Committee (OPSCOM) that held its inaugural meeting on 19 October 2010 (OPSCOM-I). Chaired by AusAID/MOFCOM all 9 Australian and Chinese program core partners were invited to participate on a voluntary basis. A minimum participation by one partner agency from each country establishes a quorum.

OPSCOM –I tasked the PCO to develop guidelines and invite existing ACEDP projects to submit proposals for enhancement of policy and partnership outcomes. By deadline early December 18 eligible proposals with a combined value of \$5.8 million had been received.

On 16 December, the HLRT-IV formally endorsed OPSCOM, the IPR and the Hancock Paper. The HLRT also delegated selection of the enhancement proposals to OPSCOM at its next meeting on 22 February 2011. Applicants were invited to amend their December proposals to ensure they did also address the partnership outcome, which was not explicitly mentioned in the Hancock Paper.

The 3rd IPR key recommendation, an improved progress reporting format, had already been introduced for the last progress report no 6 and the same new format is being used for this 7th progress report.

4.2 Financial Management

This chapter summarises expenditure for the period 1 July to 31 December 2010, disaggregated by Management Account and Imprest Account. All figures are in A\$.

Imprest Account

The total amount GHD received from AusAID for the Imprest Account by the end of December 2010 is **\$11,839,163** (inclusive of GST). This amount was transferred to the ACEDP Imprest Account in eight tranches.

Claim Number	Date	Net Amount (A\$)	GST (A\$)	Total (A\$)
1	06 Dec 07	976,550.00	97,655.00	1,074,205.00
2	07 May 08	1,130,822.79	113,082.28	1,243,905.07
3	15 Jan 09	875,581.91	87,558.19	963,140.10
4	24 Mar 09	945,000.00	94,500.00	1,039,500.00
5	8 May 09	895,000.00	89,500.00	984,500.00
6	30 Oct 09	1,798,187.16	179,818.72	1,978,005.88
7	28 Apr 10	1,852,991.12	185,299.11	2,038,290.23
8	18 Nov 10	2,288,742.81	228,874.28	2,517,617.09
Total		10,762,875.79	1,076,287.58	11,839,163.37

As of the end of December 2010, GHD had made total payments of **\$8,029,274.92** (inclusive of GST) from the Imprest Account. Note that the GST amount has been fully refunded by the end of December 2010. This expenditure mainly paid for milestone payments (eg professional fees), reimbursables (eg travel, meetings, per diems) and management fees (generally 10% of reimbursables) paid to Subcontractors for project implementation of the 15 currently running projects

Total Imprest Account expenditure over the reporting period 1 July to 31 December 2010 was **\$1,877,296.89** (\$1,758,593.75 plus GST of \$118,703.14).

Management Account

Total expenditures for management and personnel costs (1 Jul to 31 Dec 2010)

Total Program Management	310,500.00
Long Term Personnel	257,760.71
Short Term Personnel	854.55
Program Administration & Equipment	37,569.01
Total	606,684.27

Total Expenditures for the Imprest Account & Management Account

Imprest Account total expenditure to date (GST exclusive)	7,536,292.06
Management Account expenditure to date (GST exclusive)	4,752,665.00
Total	12,288,957.06

Budget for next six months Jan – Jun 2011

Imprest Account budget for next 6 months (without GST)	4,263,100.00
Management Account budget for next 6 months	669,523.00
Total	4,932,623.00

4.3 Value For Money

The analysis of project outcomes (chapters 1.2.1 – 1.2.10 above) and chapter 2.1 on Quality of Outputs in this progress report suggest that the program is successful in delivering high quality products to Chinese beneficiaries that meet Chinese government expectations. Enhanced quality assurance mechanisms³⁹ that the PCO introduced during 2009-10 continue to ensure the program meets government priority needs.

To what extent the program meets the aspirations of the Australian program core partners is a more difficult question to answer. Unlike for Chinese beneficiaries, their

³⁹ Eg through enhanced technical scrutiny of project outputs by PCO, through accelerated field monitoring of projects by PCO, by maximising the value of project steering committees and by judicious use of policy/technical expertise resident among Australian program core partners.

aspirations are not clearly defined – neither at the program or facility level, nor at the project level, with the exception of highly targeted projects such as the SEWPaC-MWR '2009 High-level Water Policy Meeting', the CSIRO driven 'Environmental Informatics' project, the DAFF-ABARES supported 'Qinghai Carbon Sequestration' project and the three SEWPaC-DCCEE supported climate change projects. For those the Australian agencies have indicated that outcomes meet their program aspirations.

One of the preconditions for an assessment of value-for-money, the delivery of quality products to client satisfaction, can therefore be said to have been achieved. The further question of whether the amount of funds spent to achieve that is justified and/or appropriate, is beyond the scope of this progress report.

Value for money for the partnerships the program endeavours to stimulate is another outcome that is next to impossible to assess while the program is still ongoing. A final evaluation of that outcome will only be possible after program cessation and all program management can do at this stage is to maximise opportunities inherent in the current portfolio.

4.4 Quality of the Monitoring and Evaluation System

Resignation of the ACEDP M&E Adviser in January 2010 put a stop on a program of intended in-depth project evaluations (case studies) that PCO had just commenced. AusAID did not authorise recruitment of a replacement M&E expert, preferring instead to await the recommendations from the Hancock Paper that was finally endorsed almost one year later, on 16 December 2010. Unfortunately that paper does not make any specific recommendations on project or program level M&E, suggesting instead another set of studies to generate an end-of program legacy. These studies would analyse successes and lessons learned and disseminate them at a final synthesis workshop.

Recruitment of an M&E specialist is further constrained by the fact that AusAID had not yet responded to a request for contract variation that GHD had submitted back in August 2009. That request had suggested to reallocate management funds from within the program towards short term specialists, including the M&E specialist.

In the absence of AusAID authorisation for recruitment of a M&E replacement specialist, PCO continued its established regime of quality control and field monitoring visits ([ANNEX 2](#)), as detailed in the previous 6-monthly progress report no 6.

4.5 Risk Management

This chapter deals only with significant risks defined in the IPR to have the potential to seriously impede program outcomes. They were discussed in detail in the previous 6-monthly progress report and only updates, where applicable, are given under the respective headings

Quality Control – Technical Project Outputs

- Enhanced quality insurance mechanisms (refer chapter 2.1) complement the steps outlined in the previous progress report
- During the reporting period EAT was not required to provide specialist advice for individual project outputs and PCO relied on a combination of Project Steering Committees, GHD in-house expertise and professional advice from Australian program core partners for quality assessment of technical reports.

Quality Control - Assessment of Enhancement Proposals

The process for inviting applications from existing projects and their selection followed a 8-step approach:

- Step 1- Authority – The decision to commence the process was made by OPSCOM-I on 19 October 2010 at which PCO was instructed to call for Expressions of Interest and develop Guidelines
- Step 2 – Expressions of Interest – on 20 October PCO contacted all existing project teams, including those from already completed projects, inviting short expressions of interest plus a brief description of any intended project extension, to be submitted to PCO by 7 November 2010
- Step 3 – Feedback - PCO provided comments against each EOI and forwarded them to AusAID and EAT for their comment. Unconsolidated feedback (PCO, AusAID, EAT) was provided to applicants on 17 November 2010
- Step 4 – Guidelines – PCO-developed guidelines for the process were approved by OPSCOM Chair and issued by PCO to all applicants by 17 November 2010. Acting on advice from a program core partner an amended version of the Guidelines was disseminated on 24 November 2010
- Step 5 – Lodgement - Deadline for lodgement was during the first week of December although late applications were permitted if PCO had been informed. Consequently all applications were accepted
- Step 6 – Appraisal – PCO assessed all applications and provided brief comments on their relative merit. All applications and PCO comments were forwarded to AusAID/MOFCOM that then instructed EAT to commence appraisal and rank applications. The EAT completed its appraisal and forwarded a ranked merit list to AusAID and PCO on 6 January 2011. AusAID/MOFCOM also conducted their own internal assessment and ranking
- Step 7 – Ranking – It is understood that AusAID will circulate an AusAID/MOFCOM proposed ranked merit list to OPSCOM members by 18 February 2011.
- Step 8 – Decision – OPSCOM-II will convene on 22 February (virtual meeting) to decide on the ranking of proposals. While the final amount of funds will depend on the costs of any legacy intervention⁴⁰, and pending agreement at OPSCOM-II, the initial \$2.3 million⁴¹ could be allocated to applicants by simply going down the ranked merit list. If additional funds should become available, the next applicant on the merit list would automatically qualify without the need to go for another assessment round.

PCO Progress Reporting to AusAID

- A new format for progress reports was introduced for the previous 6th progress report that was subsequently accepted by HLRT-IV. It is therefore now the standard format for all subsequent progress reporting by PCO, including this report.

⁴⁰ AusAID/MOFCOM agreed to set aside a maximum amount of \$500,000.

⁴¹ I.e \$2.8 million unallocated minus \$500,000 for legacy

Communication with Stakeholders

- Preparation and dissemination of bilingual electronic and hardcopy information by the PCO continues
- Regular catch up meetings with Chinese program core partners continue
- AusAID has undertaken to be responsible for communication with Australian program core partners.

Strengthening Gender Integration in the Program

- The bilingual gender manual that is being prepared as the major output from the GPS projects is likely to be the main program legacy on gender equality.

4.6 Staffing and Human Resources

Staffing at the PCO Beijing office and its outrigger offices in Melbourne and Sydney experienced some change during the reporting period.

Mr Xu Changjiang was appointed as senior program officer in August 2010 to replace Ms Ivy Jun Yan Wang who went on a 5 months maternity leave.

Ms Shen Yang was appointed as senior program officer in September 2010 to replace Ms Casey Mei Feng who won a 1-year scholarship in the UK.

Ms Cheng Fang was appointed as finance manager in December 2010 to replace Ms Jaycy Xiao Zhang who retired in preparation for her imminent migration to Australia

A request for channelling funds from the allocation for the Melbourne-based Australian Liaison Officer (part-time) to the Sydney-based Senior Policy Coordinator (part-time), submitted to AusAID in August 2009, was still pending at the time of preparation of this report. Training for Beijing-based PCO staff continued during the reporting period.

Date	Topic	Resources	Staff
21 Jul 2010	ACEDP Fraud Risk Assessment & Fraud Control Training, Part 2 / 3	GHD E-Learning China	All staff
31 Aug 2010	ACEDP Fraud Risk Assessment & Fraud Control Training, Part 3 / 3	GHD E-Learning China	All staff
August / September 2010	Handover, introduction and on-the-job for senior program officer	Ivy Wang, PCO staff	Mr Xu Changjiang
September/October 2010	Handover, introduction and on-the-job for senior program officer	Casey Feng, PCO staff	Ms Shen Yang
December 2010	Handover, introduction and on-the-job for finance manager	Jaycy Zhang, GHD E-Learning China, PM and DPM	Ms Cheng4 Fang

4.7 Facility Specific Issues

There are no facility specific issues.

ANNEX 1

List of Projects as of 31 December 2010

Completed		
1	Trans-Jurisdictional Water Pollution Management	MEP – Cardno ACIL
2	Improving Water Efficiency through Better Irrigation District Management – phase I only (terminated)	YRCC – GHD
3	2009 High Level Water Policy Meeting	SEWPAC – MWR
4	4 th International Yellow River Forum	YRCC – MDBA
5	Legal Profession Training	State Council – AG
6	Mekong Subregion Training	MWR – ICEWaRM
7	SEEAW Training	MWR – ICEWaRM
Implementation – Mid Stream		
8	Lake Tai Water Pollution Management	NDRC – AUS
9	Wetland Management Policy Guidelines	SFA – KiriGanai
10	Water Ecology Compensation Policy & Mechanisms	MWR – ANUE
11	Water Ecology Compensation Policy & Mechanisms	MEP – ANUE
12	Public Participation in Social & Environmental Impact Assessment	MEP – IDSS / CIAD
13	Gender Mainstreaming, Public Participation and Social Impact Management	MEP / MOFCOM / MWR / NDRC / SFA – IDSS
14	River Health & Environmental Flows	MWR / MEP – IWC
15	Capacity Building for Climate Change Adaptation	PRCEE – ACCWRR
16	Impact of Climate Change on Economic Development	NDRC – Monash Uni
17	Forestry Ecological Program and Carbon Sequestration	SFA – SCU / ABARES
18	Total Channel Control Technology	CIDDC – Rubicon
19	Environmental Risk Assessment for POP	MEP – SEWPAC
20	Environmental Informatics for Landscape-scale Monitoring	CSIRO – CASM
Implementation – Just Commenced		
21	Inland River Basin Mngement	GWRD – ACCWRR
22	Empowering Women to Protect Rural Dinking Water	UNIFEM – CIDDC
Not Yet Started		
23	Strategic Planning for Climate Change Impact	NDRC – TFDC
24	Countermeasures for long-lasting Drought	MWR – CSU