

Australia China
Environment
Development
Partnership

6-monthly progress report
no 8

Covering the period
1 January to 30 June 2011

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Commonly Used Acronyms

ACEDP	Australia China Environment Development Partnership
ADD	Activity Design Document(s)
AusAID	Australian Government – Australian Agency for International Development
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
MOFCOM	Chinese Ministry of Commerce
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 eighth 6-monthly progress report for the ACEDP, covering the period 1 January to 30 June 2011.

Gunther Mau

Program Manager

Executive Summary

The ACEDP is progressing on schedule with 6 of its 24 projects completed and fully acquitted, 17 projects progressing on schedule (9 of these were extended to March 2012) and 1 project prematurely terminated in December 2010 (ANNEX 1).

As of 1 July 2011, the ACEDP had delivered **74%** of the original outputs (prior to extension) in terms of contract value¹. This compares favourably with the **49%** of outputs delivered at the end of the previous reporting period on 31 December 2010 and represents a steep 66% increase, as compared to the more modest 17% increase that occurred between July and December 2010.

In March 2011, nine project extensions with a combined additional output value of \$2.8 million were approved, raising total contracted output numbers from 162 to 195 and total output value from \$9.159 million to \$12.061 million.

A total of **26** outputs were achieved during the reporting period, raising total number of approved outputs from 65 to 91, representing 56% of the extended program outputs value.

Disaggregation of outputs (in dollars) shows that Study Tour reports experienced the fastest growth in budget realisation, from 45% in Dec 2010 to 67% in June 2011 (**3** study tours completed during the reporting period). Budget realisation of Technical Milestone Reports increased from 52% to 56% (**16** technical reports were approved during the reporting period) and, Training cum Workshops from 12% to 14% over the same period (**7** workshops/training courses delivered in the reporting period). Note these percentages already reflect the additional extension budget for the 8th progress report.

The 2nd meeting of the ACEDP Operations Committee (OPSCOM-2) was held on 21 February 2011 and it authorised AusAID to complete Terms of Reference for the Synthesis Program of Work (missions plus workshop); endorsed an indicative \$400,000 towards the Synthesis work program; endorsed 7 applications for extension directly, a further 3 subject to some queries² and, 2 reserve projects³ in principle and subject to availability of funding.

On 31 March 2011 the AusAID delegate signed off on a contract amendment between GHD Pty Ltd and the Commonwealth. The AusAID approval released funds for resumption of ACEDP Monitoring & Evaluation (**M&E**); Gender, Participation & Social (**GPS**) and, Communication & Engagement (**C&E**) functions that had to be curtailed due to the lack of specialist inputs.

On 30 April 2011 AusAID authorised PCO to commence replacement of the PCO M&E specialist (the previous specialist had resigned in January 2010) and a preferred candidate was proposed to AusAID on 23 June 2011. On 18 July 2011 AusAID endorsed the new PCO M&E specialist, Mr Jeffrey Bost, who commenced duty on 17 August 2011.

On 29 June 2011, a first draft of the Annual Plan 5 (2011-12), minus detailed budget figures, was submitted to AusAID and planning commenced for inputs by the PCO GPS and C&E specialists during the last year of the ACEDP. OPSCOM endorsed AP-5 out-of-session on 25 August 2011.

¹ The 12 extension projects approved during the reporting period added another \$2.814 million in contract value.

² Queries were answered to OPSCOM satisfaction during the reporting period and the 3 project extensions approved on 25 May 2011.

³ These were approved by OPSCOM on 1 August 2011.

Key challenges for the reporting period included maintaining, in the absence of the M&E specialist but to an appropriate professional level, the project level M&E work⁴ and to advance GPS integration. It included timely completion of activity design documents for AusAID/MOFCOM approval of extension projects that OSCOM-II had endorsed-in-principle on 22 February 2011 and, implementation of the Hancock paper recommendations on the Strategic Direction for the ACEDP.

PCO continued with its enhanced quality control process for technical and other milestone reports and also with field inspections of projects. Outputs from the GPS project were developed into a bilingual training manual and a recommendation made to OPSCOM-3 to fund publication and dissemination to Chinese Program Core Partners⁵. PCO assisted applicants to produce ADDs to ACEDP standards and all were approved by AusAID/MOFCOM. Preparation for the Synthesis Work was completed, a joint team confirmed and logistic planning for its first mission to Australia and China during September/October 2011 commenced.

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 collectively aim to strengthen and expand the bilateral policy dialogue between Australia and China through targeted capacity building measures and development of sustainable partnerships among relevant public and private sector institutions.

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.

The second meeting of OPSCOM on 22 February 2011 endorsed a total of 12 applications for project extension from a list of 17 applications received by deadline 24 November 2010. Of these, 3 applications were approved subject to clarification of issues and a further 2 as reserve projects, subject to availability of funding. Applicants provided clarification regarding the 3 projects in question and the 2 reserve projects were given green light on 10 June 2011, after reallocation of planned commitments resulted in availability of sufficient funds.

All applicants had to prepare Activity Design Documents (ADD) for appraisal by PCO and approval by AusAID on behalf of OPSCOM. 10 ADD were approved during the reporting period. Of the 2 reserve projects, one applicant had submitted a draft ADD by 30 June 2011 while the other one is expected in early 2011-12. Work on contract amendment and on new contracts began shortly after approval of the ADD. As of 30 June 2011, 4 contracts had been executed with the remaining 4 still at legal scrutiny stage and 1 had not yet commenced.

⁴ Program level M&E had stopped since resignation of the M&E specialist in early 2010 but will resume with the appointment of the new specialist in mid 2011.

⁵ This was subsequently endorsed at OPSCOM-3 in July 2011.

Implementation of the 'Hancock Paper'⁶ recommendation for a Synthesis-Program-of-Work during the final year of the ACEDP commenced with AusAID authorising PCO on 26 April 2011 to circulate draft Terms of Reference to Australian and Chinese Program Core Partners for comment. By the end of the reporting period AusAID had finalised these TOR.

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 facilities⁷ it is unique in that it operates without a designated counterpart agency, employing instead a loose collaboration of 4 Chinese national level ministries⁸ and 5 Australian Government Departments⁹ that, under overall stewardship from AusAID and MOFCOM, together determine the strategic direction of the facility.

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 Pty Ltd that talked of 'goals'¹⁰ 'purposes'¹¹ 'foci'¹² and, 'component objectives'¹³. 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. The Hancock Paper, commissioned by AusAID in response to the IPR, suggested a program of 'synthesising lessons and outcomes from the ACEDP, disseminating them to a wider audience and, ideally, showing the way forward for continuing development bilateral collaboration on environmental management.

To-date, the ACEDP has been providing funds for 24 projects of which 6 are completed 1 terminated and 17 at various stages of an implementation process that had been extended during the reporting period (ANNEX 1).

This 8th progress report continues the analyses of progress-towards-outcomes for a representative selection of projects. Of the ten projects selected this time, eight had been subject to analyses in the previous 7th progress report and three new projects were added, viz 'Capacity Building for Climate Change Adaptation in the Field of Water Environment',

⁶ Endorsed at HLRT-4 in December 2010 and reinforced by OPSCOM-2 in February 2011.

⁷ The 'China Australia Governance Program' (2005-10) and the 'China Australia Health and HIV/AIDS Facility' (2007-12) are its two sister programs.

⁸ The Ministry of Water Resources (MWR), the Ministry of Environmental Protection (MEP), the National Development & Reform Commission (NDRC) and the State Forestry Administration (SFA).

⁹ 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).

¹⁰ The goal was to support China's policies for a better environment.

¹¹ The purpose was to improve environmental protection and natural resource management (in particular water) to balance the need of environment and human development in China.

¹² The focus was on water resource management.

¹³ The objectives were: 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.

'Application of Multi-Criteria Analyses to Monitor Forestry Ecological Programs and Evaluate Community Compensation Mechanisms such as Carbon Sequestration in Qinghai Province' and 'Environmental Informatics', to replace the 'Large Irrigation System' project (terminated), the 'Total Channel Control' project (basically complete) and the 'Gender, Public Participation & Social Impact' project (completed). The 10 projects selected for analyses have a combined contract value of \$13.2 million, representing 91% of the total extended ACEDP 'project budget' of \$14.5 million.

1.2 Project Outcomes

As in the previous 7th six-monthly progress report, analyses are disaggregated by intended end-of project outcomes, gender equality outcomes, partnership outcomes, policy outcomes¹⁴, progress towards sustainable outcomes and, contributing factors. Under the heading, 'implementation progress', changes to the last reporting period are tracked. The disaggregation into 'major projects', 'significant projects' and 'cross-cutting projects' is maintained.

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
Significant	5	Capacity Building for Climate Change Adaptation
	6	Impact of Climate Change on Economic Development
	7	Qinghai Forestry Carbon Sequestration
	8	Environmental Informatics
Crosscutting	9	Public Participation in Social and Environmental Impact Assessment
	10	Gender Equality in Qingtongxia, Ningxia

1.2.1 Lake Tai Water Pollution Treatment Project (NDRC) - **extended**

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.

The *goals and preferred future situation* is one in which there is: (1) Successful environmental governance mechanisms at Municipal, Province and Basin levels; (2)

¹⁴ It would be better 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, after all, is incremental and a continuous process.

Greater use of science-based planning, management and interventions with feasible and predictable outcomes for lake restoration which support lake and river basin management, (3) A substantial decrease in the frequency and intensity of algae blooms as a result of specific and modern technical measures which support IRBM and lake management.

Gender Equality Outcomes

No change over previous report. The program of work for the two approved extension projects includes a review of institutional governance, policy and legislation governing liquid pollution discharge at municipal level. This creates an opportunity for the project team to encourage incorporation of GPS issues in regulatory frameworks.

Partnership Outcomes

The high level IRBM study tour to Victoria, ACT and Queensland in March 2011 was designed to provide an opportunity for senior level national and provincial government officials from China to meet their Australian peers, facilitate information exchange, and to build long-term relationships. Altogether 32 presentations were given to Australian government agencies and 2 high-level roundtable discussions held during the study tour further established a sound basis for future collaboration among agencies.

Policy Outcomes

TBA, the 'Taihu Basin Authority'¹⁵, part the Ministry of Water Resources, has evolved as a major project stakeholder and is now an equally important conduit for influencing Chinese Government policy as NDRC is. It is the TBA that is responsible for the Government's mid term review of the Tai Basin Masterplan and senior staff from both the TBA and the China International Engineering Consulting Corporation (the unit commissioned by TBA to conduct the mid term review of the Masterplan) participated in the recent IRBM study tour. Chinese study tour delegates also prepared a range of policy recommendations for circulation to the Chinese 'Leading Group for Restoration of Lake Tai' and the joint project implementation team will follow up on the adoption process.

Progress Towards Sustainable Outcomes

Progress towards achieving sustainable outcomes continues to be **on track**. Evaluation of the most recent high-level study tour to Australia (March 2011) illustrate clearly that participants have developed an improved understanding of IRBM in the Lake Tai environment and the recommendations formulated by delegates are indicative of a commitment towards government action beyond the Australian project, eg development of special legislation, establishment of an inter-ministerial and provincial level committee (Lake Tai covers 2 provinces and 1 municipality) and, introduction of a regime of market based mechanisms to reduce pollution and emissions.

Contributing Factors

The mixture of 3 target groups (scientists, administrators/managers, executives) at both the national and the provincial/municipal level is perhaps the most important factor to sustainability. Involving all three target groups in the project guarantees a degree of complementarity and mutual reinforcement that is essential in introducing new ideas

¹⁵ 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 Basin'

and changing established work practices and perceptions. Involvement of TBA is another major contributor.

Implementation Progress

Since the last progress report the value of acquitted outputs, reimbursable and management fees has increased from 55% to 78% against the original budget. Allowing for the additional extension, the overall expenditure stands at 67% of the extended project budget. 57% of milestone reports and 91% of study tour reports are now acquitted. All outputs passed PCO quality control requirements. The project is scheduled to submit its final technical report in February and its ACR in March 2012.

1.2.2 Wetlands Management Policy, Guidelines & Capacity Building Project (SFA) - extended
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Intended End-of-Project Outcomes

The project aims to develop a *range of guidelines* applicable to the various wetland management responsibilities administered by the Chinese government, principally under the State Forestry Administration (SFA).

Guidelines dealing with management *planning and monitoring* of listed Internationally Important Wetlands specifically aim to assist China meet its commitments under the Ramsar Wetland Convention.

Guidelines dealing with the *construction and assessment* of National Wetland Parks (NWP) aim to provide SFA with confidence that its accreditation of NWP is based on sound and rigorous principles, particularly in respect to maintaining biodiversity and social values associated with these parks. Wetland restoration guidelines also aim to instill confidence that these values are maintained when developing and implementing provincial and municipal wetland restoration plans.

In meeting the aims of guideline development, the project has directly engaged in national *wetland policy development*, including the enhancement of the national institutional coordination mechanisms required to effectively implement the guidelines. Moreover, supplementary work in the Ningxia autonomous region aims to improve wetland management coordination mechanisms at the sub-national level.

A significant element of the project aims to further develop China's wetland policy, management and *scientific capacity* through training activities and international collaboration. Supplementary work takes this aim to a new level by incorporating Australia's wetland Ecological Character Description methodology into the guidelines, through its trialing and adaptation. This process has involved academics and site managers.

Gender Equality Outcomes

Discussions between Chinese site managers and Australian industry and community groups on public participation and social impact on communities, a component of the April 2011 policy study tour to Australia, laid the groundwork for inclusion of GPS issues in the final draft guidelines that will be peer-reviewed in December 2011 before formal submission to the Chinese Government in January 2012.

Partnership Outcomes

Exploratory talks between SFA and SEWPaC, initiated at HLRT-IV, resulted in a SFA proposal for a bilateral MOU on nature conservation. Wetlands International has

extended its already existing partnership with SFA and municipal/provincial wetland management agencies. The ACEDP project was seen to be instrumental in revitalising China's National Implementation of Ramsar Convention Committee (NIRCC) and inter-agency collaboration among its 15 member ministries has been strengthened as a result.

Policy Outcomes

At the January 2011 meeting of China's 'National Ramsar Convention Implementation Committee' CNRCIC several ministries already indicated they would adopt the ACEDP produced guidelines once they become available in January 2012.

Progress Towards Sustainable Outcomes

Progress towards achieving sustainable outcomes continues to be **on track**. Guidelines were further expanded and tested/ peer-reviewed at the project pilot sites in preparation for a final peer review in December 2011 and followed by formal submission to the Chinese Government in January 2012. Two project extensions were granted – (1) to include wetlands in arid areas of NW China (Ningxia Hui) and, (2) to apply Australia's 'Ecological Characteristics Description' to Ramsar sites.

Contributing Factors

A strong policy motivation exists through the commitment by both countries to implement the RAMSAR Convention requirements for sound wetland management.

Implementation Progress

Since the last progress report the value of acquitted outputs, reimbursable and management fees has increased from 23 to 56% against the original budget. Allowing for the extension, the overall expenditure stands at 45% of the extended project budget. 7 out of 13 milestone payments, representing 46% of the budget allocation are acquitted compared to 25% in the previous reporting period. All outputs passed PCO quality control requirements. The project is scheduled to conclude in March January 2012.

1.2.3 Water Ecology Compensation (Payment for Environmental Services PES) Policy & Mechanisms Project (MEP & MWR) - extended
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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 develop an assessment framework that can be used when considering the adoption of PES schemes. MEP and MWR staff will be able to use the assessment framework to select whether PES schemes are to be adopted and in what form.

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

One discreet project outcome is a recommendation from MEP counterpart staff to their ministry that Government should 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. MEP's commitment to enshrining participatory approaches is evidenced also by the other ACEDP project for MEP "Public Participation in Social and Environmental Impact Assessment and Water Pollution Control". That project, now complete, developed relevant guidelines and tested them in different community settings.

Partnership Outcomes

This is very much work in progress and while the various study tours and training courses have established a basis for future collaboration, no partnership agreement has been formalised yet.

Policy Outcomes

The project extension will test the proposed PES methodology and produce an outline for production of national PES guidelines. The ACEDP inputs will cease here and it will be then up to MEP and MWR to formulate and finalise these guidelines and introduce the required legislation.

Progress Towards Sustainable Outcomes

Progress towards achieving outcomes continues to be **on track**. Chinese Government decision to extend the project, so as to test the methodologies developed by it, are the best evidence of their own assessment that this project delivers towards its stated objectives.

Contributing Factors

A strong policy motivation by the Chinese Government underpins this project and the fact that both MWR and MEP were able to finetune, even partly redesign, the project at the inception phase guaranteed it was highly targeted at Chinese needs.

Implementation Progress

Since the last progress report the value of acquitted outputs, reimbursable and management fees has increased from 47 to 57% against the original budget. Allowing for the extension, the overall expenditure stands at 44% of the extended project budget. 6 out of 14 milestone payments, representing 47% of the budget allocation, are acquitted. All outputs passed PCO quality control requirements. The project is scheduled to conclude in March January 2012.

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

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 has been successful in raising GPS awareness amongst counterpart personnel and staff involved in training and study tours. Public participation and social impact management are the more immediate foci for a project developing flow monitoring methodologies and reporting on river health and the Pearl River Commission will consult riverine communities on the draft reporting cards, utilising surveys, publish public notices, and/or hold public meetings.

Partnership Outcomes

Opportunities for post-project collaboration exist for academic institutions¹⁶ involved in the four pilot projects and there has been already a considerable uptake in collaborative research facilitated by the project and funded outside of it. Participation by SEWPaC and the QLD State Government¹⁷ 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. IWC have initiated an MOU between MWR with QLD Department of Environment and Resources (DERM) that is currently at final review stage in MWR.

Policy Outcomes

Policy outcomes will only accrue at the end of the project, once the methodologies have been assessed as being appropriate and useful to China. Only then will MEP and MWR make a decision on development of national guidelines patterned after the project. An MWR affiliated design institute, the 'General Institute of Water Resources and Hydropower Planning & Design' is planning to incorporate the key project reports, incl the national e-flow framework report, into a best-practice publication earmarked for dissemination within the Chinese administration at both national and provincial/municipal level.

Progress Towards Sustainable Outcomes

Progress towards achieving outcomes continues to be **on track**. Most of the work of the original project is now completed, including the national E-Flow framework report that had been endorsed by MWR. The approved extension work entails expansion of the river health assessment pilots in the Pearl and Liao basins, a strong evidence that the Chinese Government considers the project being on track towards its stated objectives.

¹⁶ 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

¹⁷ The QLD State Government Department of Environment and Resource Management

Contributing Factors

A strong policy motivator for this project exists in China. Executive membership in the high-level steering committee ensures ongoing policy traction in both countries and guarantees the project remains geared towards highly specific Chinese needs.

Implementation Progress

Since the last progress report the value of acquitted outputs, reimbursable and management fees has increased from 50 to 69% against the original budget. Allowing for the extension, the overall expenditure stands at 57% of the extended project budget. 5 out of 17 technical milestone reports are acquitted, representing 59% of the relevant budget allocation. All outputs passed PCO quality control requirements. The project is scheduled to conclude in February 2012.

1.2.5 Capacity Building on Adaptation to Climate Change in the Field of Water Environment (MEP / PRCEE & Uni Melbourne / ACCWRR) - extended
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Intended End-of-Project Outcomes

The project aims to enable 'Policy Research Centre for Environment and Economy' of the MEP to *provide authoritative policy advice* to the Chinese Government.

It further aims to facilitate the provincial EPB in Ningxia Hui to develop appropriate *measures and programs* to prepare for, and mitigate where required, local climate change impact on the water environment.

Gender Equality Outcomes

One of the outputs of this project was a policy paper summarising lessons from the Yuehai wetlands research pilot in Ningxia Hui. Amongst are very specific recommendations to Government to involve the wider public as a major stakeholder in aspects of wetlands management and decision making and to assess social impacts. While gender specific recommendations are not relevant at this early stage, the counterpart team and provincial scientists/administrators underwent gender-sensitive training as part of the participatory consultation process.

Partnership Outcomes

The already existing relationship between municipal/ provincial agencies and the MWR affiliated design institute on the one hand and University of Melbourne on the other hand has been strengthened and intensified through this project. While there are no other parties involved at present, the wide scope of climate change adaptation has potential for bringing new partners into the arrangement, once the extended project is complete in early 2012. Potential for future collaboration at the research level is thus good.

Policy Outcomes

The case study report on the Yuehai wetlands research pilot has triggered already a policy paper with discreet recommendations for the provincial government and the project extension is evidence of Chinese government assessment of the value of this project.

Progress Towards Sustainable Outcomes

Progress is **on track**. The extension will feature development of a provincial level adaptation policy framework accompanied by a implementation and dissemination plan targeting local, provincial and national government agencies and non-government stakeholders.

Contributing Factors

A strong policy motivator exists in the accelerating drought experienced throughout large part of NW China and in government policy priority of harmonising environmental with demographic and economic needs.

Implementation Progress

Since the last progress report the value of acquitted outputs, reimbursable and management fees has increased from 30 to 81% against the original budget. Allowing for the extension, the overall expenditure stands at 41% of the extended project budget. 4 out of 14 technical milestone reports are acquitted, representing 43% of the relevant budget allocation. All outputs passed PCO quality control requirements. The project is scheduled to conclude in January 2012.

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

The eventual implementation of the larger project is likely to involve Australian government agencies and/or education and research bodies on both sides, opening the way for new and sustained partnerships over an extended period of time. It will only be at that stage that the full potential of this project will be realised.

Policy Outcomes

A design document for the proposed "China's Low Carbon Economic Strategy Study" has been produced by the project and was vetted by the Australian Government Department of Climate Change and Energy Efficiency. Discussions on funding this future project, outside ACEDP, are in progress. The value of the ACEDP project lies in funding the design of that larger project and any policy outcomes will only be realised once the future project.

Progress Towards Sustainable Outcomes

The project is basically **complete** with all outstanding outputs submitted by the end of the reporting period.

Contributing Factors

China's policy commitment towards a low carbon economy, in combination with Australian cutting edge research on quantifying economic impact scenarios, are the main causes of the project's success.

Implementation Progress

Since the last progress report the value of acquitted outputs, reimbursable and management fees has increased from 29% to 59% of contract budget. 3 out of 6 milestone reports, representing 56% of the budget allocation, were acquitted. All outputs passed PCO quality control requirements that included specialist advice from Melbourne University.

1.2.7 The Application of Multi-Criteria Analyses to Monitor Forestry Ecological Programs and Evaluate Community Compensation Mechanisms such as Carbon Sequestration in Qinghai Province (SFA / QFB / FEDRC & SCU / ABARES / UNSW) - extended
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Intended End-of Project Outcomes

The main aim of the project is to *measure the carbon sequestration or storage in the trees* as they grow through a 100 ha reforestation demonstration site near Xining with mixed species of Poplar, Spruce and Pine trees. On-going measurements will include a carbon leakage analysis, additional monitoring, design of a *forest carbon accreditation framework*, technical training, and the production of a *reforestation manual* to guide further reforestation and afforestation projects.

The ultimate aim of QFD is to gain enough experience with these types of studies to be able to build a bigger project (e.g. 1000 ha) for *CDM accreditation, or domestic carbon markets* which can be developed in China. The experience gained from this project will be applied to various catchments in Qinghai Province.

Gender Equality Outcomes

GPS issues featured heavily in the community based carbon sequestration component of this project and farmers at two pilot sites (Hudan and Xiaying/Gangou) participated in the project. Methodologies employed included socio-economic analyses of farming

communities, questionnaires, focus groups and individual interviews. However, reports do not demonstrate gender-disaggregated analyses.

Partnership Outcomes

Continuing interaction of staff from the 3 Chinese and 3 Australian agencies participating in this project augurs well for a continuation of this initiative beyond the lifetime of the ACEDP. Extension of the scientific work program on carbon sequestration in particular, funded by multilateral donors and/or the Chinese Government, is deemed highly likely.

Policy Outcomes

In their extension project the Qinghai authorities are now expanding the project scope to a 100 ha reforestation site, which offers scope to influence Chinese provincial / national policies on direct action, eg carbon sinks to offset emissions and alternative income generation for farmers to offset opportunity costs in delivery environmental services. The main value of the project lies in training a critical mass of foresters in carbon sequestration and forest management methodologies – fields of increasing importance to sustainable agroforestry programs.

Progress Towards Sustainable Outcomes

Extension of the initial research to a larger demonstration site is the best evidence of the policy traction this project has achieved in the Qinghai Government and a good indicator of potential success and long-term sustainability.

Contributing Factors

The novel character of carbon sequestration and a strong policy commitment to appraise it for potential applications in the Chinese agroforestry environment, combined with a government policy focus on assistance to Qinghai Province, appear to be the main motivators for this project.

Implementation Progress

Since the last progress report the value of acquitted outputs, reimbursable and management fees has increased from 5 to 57% against the original budget. Allowing for the extension, the overall expenditure stands at 30% of the extended project budget. 2 out of 9 technical milestone reports are acquitted, representing 27% of the relevant budget allocation. All outputs passed PCO quality control requirements. The project is scheduled to conclude in March 2012.

1.2.8 Environmental Informatics for Landscape Monitoring and Modelling (CSIRO & SBSM / SASMAC) - extended
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Intended End-of-Project Outcomes

Improved capabilities of national/provincial government agencies to *inform ecological management policies* through introduction of Australian mixed sensors remote sensing techniques for monitoring of landscape-scale changes of landuse patterns.

Novel capabilities of national/provincial government agencies to *assess the impacts of dam failure* and subsequent flooding on infrastructure, agriculture and urban/rural households. These can be used for planning mitigation and to support post-disaster management.

Gender Equality Outcomes

Not pertinent to this type of applied research project.

Partnership Outcomes

The existing partnership between CSIRO and the 'State Bureau of Surveying and Mapping' and its associated institutions is strengthened through this project that enabled CSIRO to showcase a range of its cutting edge science applications such as dam breaking scenarios and remote sensing application to ecological monitoring.

Policy Outcomes

The project demonstrated the applicability of CSIRO-developed 'mixed sensor' remote sensing techniques to the Qinghai Provincial Government program of monitoring land use change at a large (provincial) scale. It also provided Qinghai government with a powerful modelling tool to predict the impacts from dam failure such as flooding and the destruction of infrastructure. This in turn has potential for influencing provincial policies relating to regional planning and development, infrastructure planning and natural disaster prevention and mitigation.

Progress Towards Sustainable Outcomes

Progress towards achieving outcomes is **on track** and the fact that the project was extended a sure sign of its value to Qinghai Provincial Government and national institutions such as the SBSM. Final technical/scientific reports were produced on both aspects of the project (large scale ecological monitoring and dam breaking scenarios) and the project is now entering its extension phase, development of a 'Dam breaking Risk Framework'.

Contributing Factors

The current Chinese Government policy focus on assistance to Qinghai province, combined with the changing land use patterns caused inter alia by climate change on the Qinghai Tibet Plateau, are the main drivers behind this project. Coupled with CSIRO scientific excellence and its commitment for long-term collaboration with China, this is a good example of a highly targeted and needs-oriented project that brings the 'optimal' partners together.

Implementation Progress

Since the last progress report the value of acquitted outputs, reimbursable and management fees has increased from 0 to 81% against the original budget. Allowing for the extension, the overall expenditure stands at 43% of the extended project budget. 1 out of 4 technical milestone reports are acquitted, representing 12% of the relevant budget allocation. That relatively low performance was caused, inter alia, by the highly technical nature of the reports that required extensive QC measures. All outputs passed PCO quality control requirements. The project is scheduled to conclude in February 2012.

1.2.9 Public Participation in Social & Environmental Impact Assessment and Water Pollution Control (MEP / NIES & CIAD / IDSS)

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 Community Consultation Group (CCG) Model that was developed and tested in this project has proven to be an adaptable model for effective public participation in village and river basin wide pollution control. Standardised CCG organisational, operational and management procedures, including use of 'Women Focus Groups' and involvement of local cadres of the 'All China Women's Federation' are now available for replication in other environments and are suitable for use by community groups, the academe and/or NGO including professional associations. The final case study documentation is currently being revised for future use by MEP as a standard reference for establishment of CCG.

Partnership Outcomes

No immediate partnership opportunities can be identified but the Chinese counterpart agencies NIES and NJU have expressed a strong interest in future collaboration with Australian agencies to explore cooperation in community participation, energy saving, emission reduction, public discussion fora, climate change action plans and heavy metal emissions.

Policy Outcomes

The project aims to inform amendment of national 'Environmental and Social Impact Assessment Regulations' by providing a tested methodology for stakeholder involvement in the EIA process. This has been achieved and early indications are that MEP considers the work to be useful and replicable in other environments. Only after that further decision point by MEP can the project be deemed to have had a policy impact.

Progress Towards Sustainable Outcomes

The project is on **track** and, with the Project Completion Workshop held in early July, it is basically complete. It is now producing final analytical reports and refine policy recommendations based on input from the completion workshop.

Contributing Factors

Policy priorities in China to adopt public participation and to safeguard drinking water supplies are perhaps the strongest drivers for this project. On a technical/managerial side the selection of an Australian contractor who worked together with a Chinese academic body, the Centre for Integrated Agricultural Development CIAD proved to be highly effective as they could relate to Chinese needs and understood local constraints and opportunities.

Implementation Progress

Since the last progress report the value of acquitted outputs, reimbursable and management fees has increased only marginally from 74 to 75% of contract budget. No change from the previous reporting period in milestone reports acquitted (76% of budget allocation). All outputs passed PCO quality control requirements. The project is scheduled to conclude in September 2011.

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. A first workshop to train rural women is planned for the second half of 2011.

Partnership Outcomes

Implemented through UN Women and the MWR affiliated 'China Irrigation and Drainage Development Centre' this project is not designed to facilitate partnerships with Australian agencies.

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

Project is **on track** with its first training course targeting local Government officials having been completed in May. The next training course targeting farmers is scheduled for October.

Contributing Factors

A major motivator for this project is the February 2011 State Council Directive to MWR to orient its work towards rural farmers. The ACEDP project builds on an earlier UNIFEM project in the same geographic area that MWR had assessed as being very successful and worthy of continuing support.

Implementation Progress

The project is progressing according to the agreed workplan. There are only 2 payments in this small UN style contract – upon contract execution and acceptance of ACR in December. The project is scheduled to conclude in December 2011.

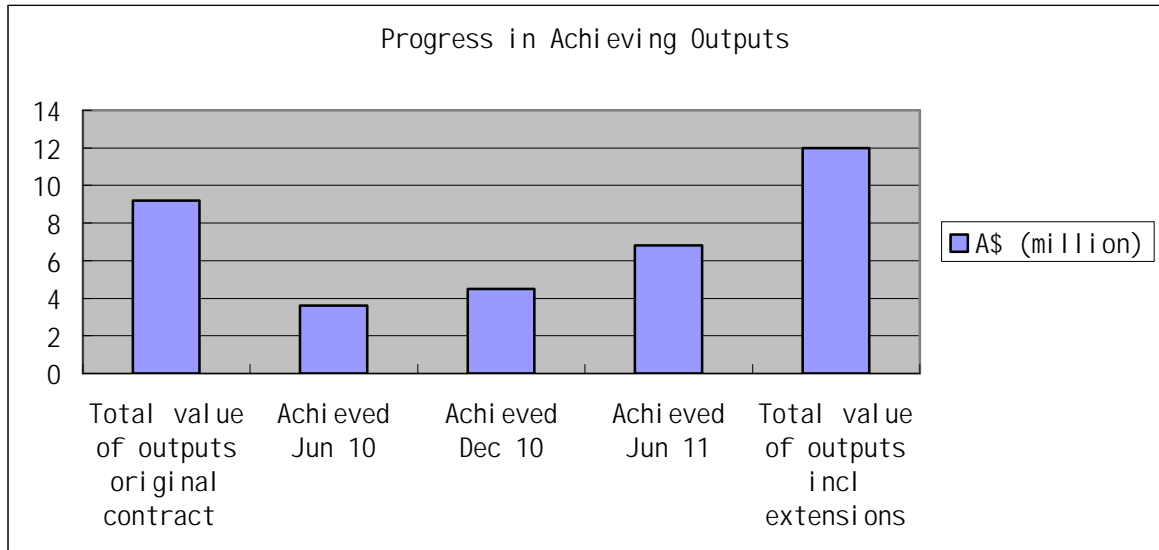
2 Key Outputs

Of the 24 ACEDP projects, 6 projects are completed and fully acquitted, 1 was prematurely terminated (only phase 1 was completed) and 17 projects, of which 9 were extended during the reporting period, are progressing on schedule (ANNEX 1).

Together these 24 projects are contractually required to produce 195 outputs¹⁸ with a combined contract value of \$12 million. Of these, 91 outputs with a total value of \$6.8 million have been acquitted, representing **56%** in terms of dollar value and 47% in terms of numbers of outputs. The respective figures for the last progress report were 65 outputs or **49%** in dollar terms and 40% in terms of numbers of outputs.

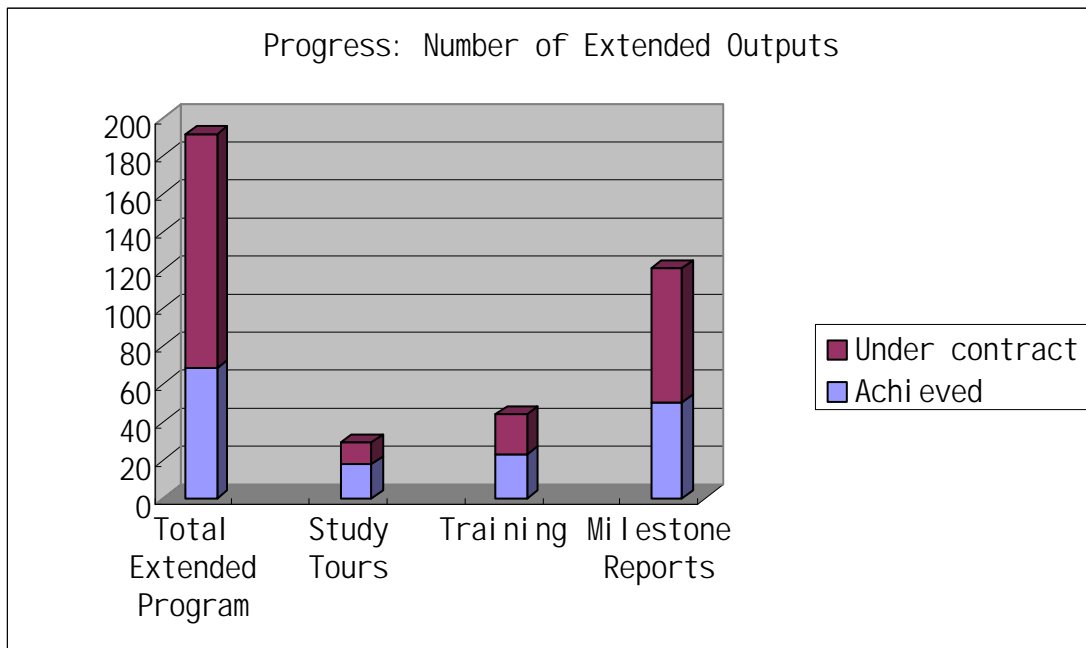
A more accurate measure of progress however would be comparing outputs achieved versus the original number of outputs prior to extension, ie 162 outputs. In terms of contract value ACEDP has then delivered **74%** of all outputs, compared to **49%** during the previous reporting period.

¹⁸ This includes predominantly study tour reports, technical & progress reports, training courses, workshops, etc



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

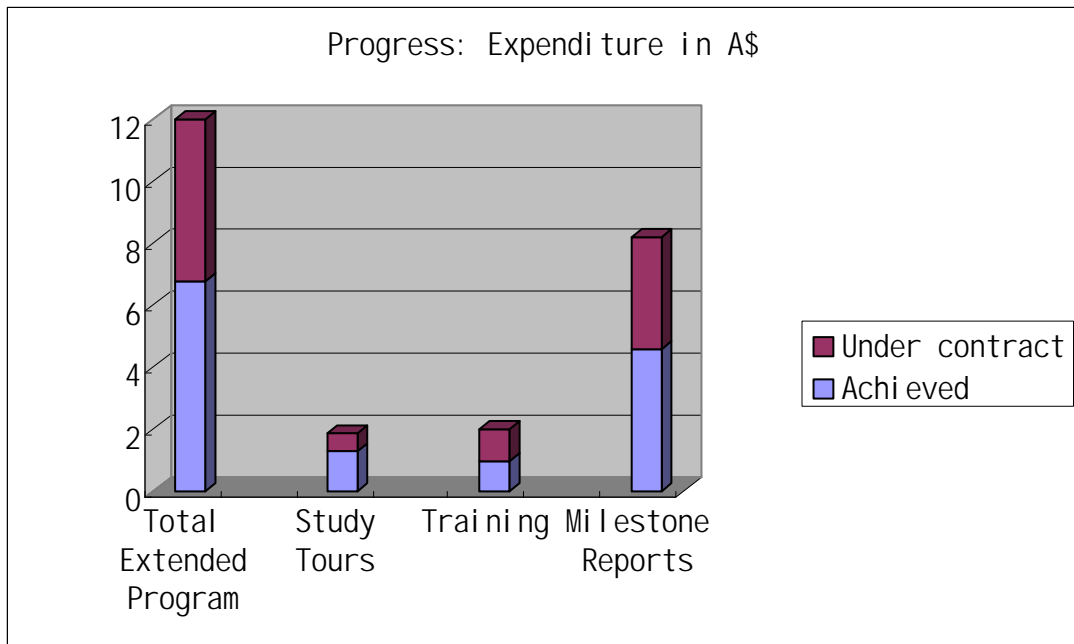
- Of 29 contracted study tours, 18 had been acquitted, or **67%** vs 15 tours or 45% in the previous report – a growth of 22%
- Of 121 contracted technical milestone reports¹⁹, 50 had been acquitted, or **56%** vs 34 reports or 52% in the previous report – a growth of 4%
- Of 45 contracted training events²⁰, 23 had been acquitted or **14%** vs 16 courses or 12% in the previous report – a growth of 2%.



¹⁹ This includes progress reports

²⁰ Defined to include workshops, training courses and meetings

In terms of where the money went, the bulk of output funds went, not unexpectedly, to production of milestone reports with \$4.6 million (66%), followed by study tours with \$1.3 million (20%) and training \$0.9 million (14%).



2.1 Quality of Outputs

Based on feedback from GHD in-house quality control and from Australian and Chinese program core partners - eg through endorsed progress reports, through communication at regular catch-up meetings, through project internal evaluations that must, as a matter of routine be endorsed by Chinese counterparts – and, through PCO field monitoring, the PCO considers the quality of outputs to have been high, both in terms of relevance to Chinese needs and appropriateness of learning content to Chinese conditions.

During the reporting period PCO continued with its enhanced quality control process for technical and other milestone reports and also with field inspections of projects (refer 6th and 7th progress report). Outputs from the GPS project were developed into a bilingual training manual and a recommendation made to OPSCOM-3 to fund publication and dissemination to Chinese Program Core Partners²¹. PCO assisted applicants to produce ADDs to ACEDP standards and all were approved by AusAID/MOFCOM. Preparation for the Synthesis Work was completed, team confirmed and logistic planning for its first mission to Australia and China during September/October 2011 commenced.

3 Implementation Progress against Annual Plan and Budget

3.1 Delivery on time

All six completed projects were completed on-time and per annual plan schedule. 1 project was terminated and all 17 projects currently at implementation stage are

²¹ This was subsequently endorsed at OPSCOM-3 in July 2011.

progressing according to revised workplans. All projects are scheduled to deliver their last and final outputs by not later than 26 March 2012 to allow for timely dissolution of the ACEDP by end of June 2012 and finalisation of all payments by close of accounts on 9 June 2012.

No more delays are thus acceptable and AusAID have advised that the above dates are non-negotiable. In the unlikely event that projects should experience unforeseen delays, project components would then need to be curtailed or even deleted.

3.2 Not Delivered

All projects had commenced by the end of the reporting period and are progressing on schedule. Only one project, the 'Large Irrigation Scheme' project had to be terminated because it did not deliver on time and to expected quality. Refer to progress report no 7 for details.

3.3 Project Extension

During the reporting period, 9 projects were granted a total of 12 extensions (some projects had applied for 2 extension projects). The combined value of these extensions was \$2.814 Million, funded out of the unallocated ACEDP Imprest Account program budget.

3.4 Adequacy of Inputs

Based on PCO monitoring and feedback from Chinese counterpart agencies through regular (bi)monthly catch-up meetings, inputs have been adequate and appropriate for all projects during the reporting period and no project team has requested for additional inputs or substantial input variations. The \$2.8 million that were granted in extension activities are additional and aim to further enhance the impact of projects. They are not essential in meeting the original project objectives.

3.5 Budget

The revised budget forecast²² for Q3 and Q4 of Annual Plan IV (2010-11) was for \$669,523 in management fees and \$4,263,100 in Imprest Account expenditure.

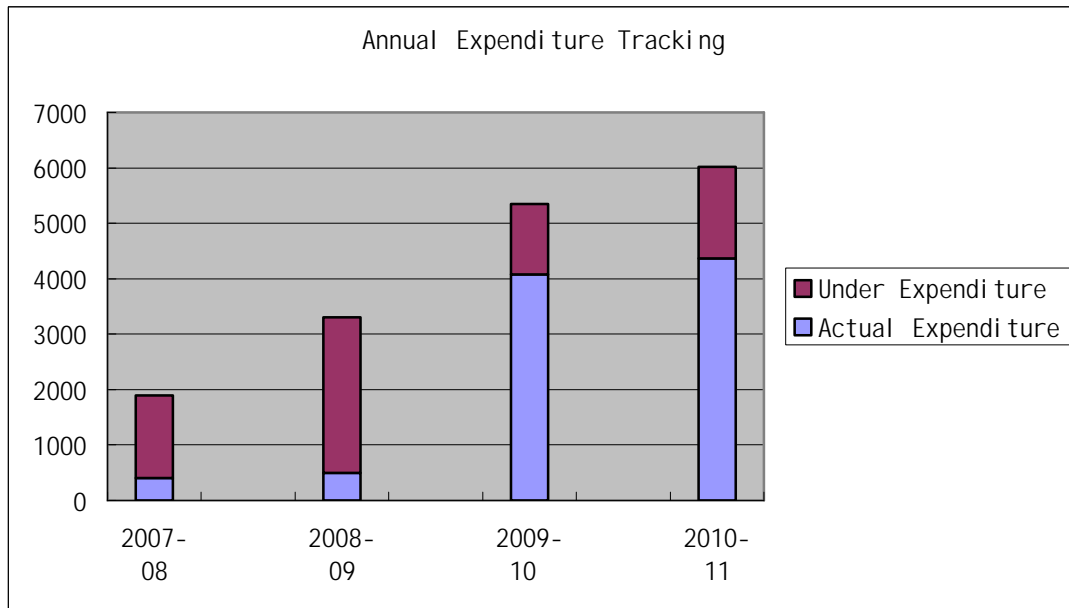
Management fee expenditure is slightly underspent with only \$654,096 instead of a nominal \$669,523 for the 6-months period Jan – Jun 2011.

Imprest Account expenditure is with \$2.6 Million 61% below the \$4.2 million estimate for Q3 and Q4 of 2010-11. No immediate reason for this poorer than expected performance can be ascertained, although it can be assumed that subcontractors' project management resources were averted towards documentation for the extension projects (submission, ADD, contract) and away from production of milestone reports and claims of reimbursable expenditure.

This is also reflected in the annual performance for 2010-11 where imprest account expenditure shows only 4.367 million versus a planned 6.022 million for the 12 months period July 2010 to June 2011. On an annual basis imprest account underexpenditure was 27% of budget, slightly below the 2009-10 results.

²² Figures taken from 6-monthly progress report no 6 (Jul-Dec 2010)

A major contributing factor for actual annual expenditure falling below planning figures for the year is the increasingly complex technical nature of final reports that have to undergo contractor scrutiny, recipient government scrutiny and PCO scrutiny that may or may not involve further appraisal by external experts. The other factor is of course that the ACEDP is working on a forward rolling budget rather than on annual budget, hence the pressure to deliver expenditure targets is balanced by the need to deliver quality targets. This will somewhat diminish in the last year of the ACEDP as projects will then be in the wrap-up and completion phase. Nevertheless, the tight timeline constitutes a risk that is discussed in chapter (4.5) of this report.



4 Management Systems and Processes

4.1 Annual Planning

HLRT-IV authorised OPSCOM to implement the recommendations from the Independent Progress Report IPR and the Hancock Paper on the 'Strategic Direction of the ACEDP'.

Projects that had submitted expressions of interest for extension during November 2010 were given a new deadline of 14 March 2011 for production of activity design documents that would address the partnership aspect recommended in the Hancock Paper. Following PCO appraisal, AusAID/MOFCOM approved the majority of revised design documents on 16 May 2011. On 10 June 2011 they also gave the go-ahead for the 2 reserve projects, bringing the total number of project extensions to 12. Contract negotiations that had already commenced went into high gear and, by the end of the reporting period, were still continuing for most project extensions.

In parallel, work commenced on the Synthesis Team, another recommendation from the Hancock Paper. TOR were produced and circulated by AusAID during April 2011 and finalised at the end of the reporting period when PCO commenced the selection process for the Australian Teamleader of the Synthesis Team.

Following strong Government interest to participate in the Synthesis Team, OPSCOM-3, on 7 Jul 2011, authorised AusAID to expand the number of Government representatives and the final agreed team comprised 9 delegates / specialists, one each from MEP-FECO,

MEP-CRAES, MWR, SFA-AFIP, NWC, SEWPac, CSIRO, plus a senior researcher from the Chinese Academy of Sciences, Prof Jiang Luguang and the Australian Teamleader, Dr Neil Byron, Commissioner Productivity Commission (ret).

Three inputs by the team are envisaged during the last year of the ACEDP – (i) a fact-finding mission to Australia (26 - 30 Sep 2011) and China (17 – 28 Oct 2011) under the theme of ‘Sustainable Water Management in Changing Environments’, (ii) a fact finding mission to China (11 – 24 Apr 2012) under the theme ‘Valuing Environmental Services’ and, (iii) presentation of findings and discussion of recommendations for the future at a concluding Synthesis Workshop in Hangzhou, China (27 Apr 2012). The 5th and final HLRT of the ACEDP will be held at the same venue the day before, on 26 April 2012.

In the lead up to OPSCOM-3 in early July, PCO prepared a list of outstanding project outputs, including milestone report, progress reports and other technical and management reports for the 17 running projects. PCO is using this list to monitor strict adherence to timelines and ensure all ACEDP activities finish on time. The agreed deadlines for the ACEDP projects are as follow

- 26 Mar – deadline for receipt of all project outputs (milestone and other reports/papers) plus all invoices for reimbursable expenses and associated management fees
- 27 Apr – deadline for the GHD financial delegate authorising payment of final invoices from contractors, following PCO acceptance of reports / revised reports submitted in March
- 25 May – deadline for deposit of all outstanding payments into beneficiaries’ bank accounts
- 1 Jun – PCO consolidates accounts
- 4 Jun – GHD deposits surplus funds into AusAID accounts
- 8 Jun – End of Financial Year closure of AusAID accounts

4.2 Financial Management

This chapter summarises expenditure for the period 1 Jan to 30 June 2011, 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 June 2011 is **\$14,746,979.13** (inclusive of GST). This amount was transferred to the ACEDP Imprest Account in nine 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
9	12 Apr 11	2,643,468.87	264,346.89	2,907,815.76
Total		13,406,344.66	1,340,634.47	14,746,979.13

As of the end of June 2011, GHD had made total payments of **\$10,830,321.92**, inclusive of GST, from the Imprest Account. The GST amount has been fully refunded by the end of June 2011. 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 17 currently running projects.

Total Imprest Account expenditure over the reporting period 1 January to 30 June 2011 was **\$2,801,047** (\$2,608,702.25 plus GST of \$192,344.74).

Management Account

Total expenditures for management and personnel costs (1 Jan to 30 Jun 2011)

Total Program Management	310,500
Long Term Personnel	258,574
Short Term Personnel	11,166
Program Administration & Equipment	36,928
Total	654,096

Total Expenditures for the Imprest Account & Management Account

Imprest Account total expenditure to date (GST exclusive)	10,144,994.31
Management Account expenditure to date (GST exclusive)	5,369,803.84
Total	15,514,798.15

Budget for next six months Jul-Dec 2011

Imprest Account budget for next 6 months (without GST)	4,812,013
Management Account budget for next 6 months	717,892
Total	5,529,905

4.3 Value For Money

The analyses 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 and are consistent with Australian Government policy priorities in regard to collaboration with China. Enhanced quality assurance mechanisms²³ that the PCO introduced during 2009-10 continue to ensure the program meets government priority needs and delivers high quality outputs. This will be further strengthened through appointment of the PCO M&E specialist expected for early July 2011.

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

²³ 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 and 2011 High-level Water Policy Meetings’, the CSIRO driven ‘Environmental Informatics’ project, the DAFF-ABARES supported ‘Qinghai Carbon Sequestration’ project extension and the three SEWPaC-DCCEE supported climate change projects. For those the Australian agencies have indicated that outcomes continue to meet their program aspirations.

One of the preconditions for an assessment of value-for-money, the delivery of quality products to client satisfaction, has therefore been met. 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

With AusAID signing off on the August 2009 Deed of Amendment, PCO had now the resources to start contracting a replacement specialist for the M&E position that had been vacant since the former incumbents resignation in early 2010. AusAID authorised recruitment on 30 April and on 23 June 2011 PCO had completed a competitive selection process and recommended a preferred candidate to AusAID²⁴. Throughout the reporting period PCO field monitoring continued.

The main tasks for the newly appointed M&E specialist will be to (i) develop a simple but efficient tool kit for PCO field monitoring; (ii) train PCO staff in its use; (iii) update the existing M&E Framework MEF; (iv) work with the PCO GPS specialist to integrate GPS, and gender equality in particular, in the MEF and the toolkit; (v) provide ad-hoc and home-based advice to PCO as required and; (vi) support the work of the Synthesis team.

4.5 Risk Management

This chapter deals only with significant risks that have the potential to seriously impede program outcomes. Most of the risks identified in the IPR were addressed satisfactorily during previous reporting periods Jan-Dec 2010, but efforts to improve gender integration and communication continue. The imminent conclusion of the ACEDP in less than ten months has generated its own risks that are discussed below:

Strengthening Gender Integration in the Program

- AusAID signing off on the 2009 Deed of Amendment on 31 March 2011 released resources for the PCO GPS specialist who will be reactivated in July 2011 for joint work with the PCO M&E specialist. Main tasks for the GPS specialist will be critical editing and layout of the ‘Public Participation Methodology case studies, the ‘PPSB Manual’ and layout/design for production and dissemination of the bilingual GPS Manual – both produced by the two ‘social’ project under the ACEDP

²⁴ On 18 July AusAID endorsed the PCO selection and contract negotiations with the candidate commenced who started work in mid August

- Other tasks include identification of lessons learned from GPS work in other ACEDP projects and collaboration with the M&E specialist in incorporating GPS issues in the field monitoring toolkit for PCO officers.

Communication & Engagement

- 2 bilingual ACEDP Newsletter (#10, 11) were issued during the reporting period and 6 bilingual monthly 'Schedule of Events' disseminated. In preparation for the Synthesis Team, the ACEDP website was updated with uploading of all approved project reports
- 7 minuted catch-up meetings were held with Chinese program core partners and separate meetings convened with both NDRC and MEP affiliated agencies to assist preparation of acceptable design documents for the 2 reserve projects under the extension program
- Individual projects continued issuing project newsletters, updating project websites and, through presentations at fora and meetings, promote the ACEDP externally
- Release of funds for the PCO C&E specialist on 31 March 2011²⁵ will enable PCO to plan for a concerted C&E effort in support of the dissemination work under the Synthesis Team.

End of Facility Timeline

- Of the 17 still running projects, 12 are scheduled to conclude in early 2012, putting enormous pressure on project teams, counterpart ministries and PCO to prepare, clear, submit, appraise and revise more than 30 reports and technical papers in these last 3 months alone
- Some of these papers are likely to be of a highly technical nature that will require appraisal by external agencies such as Australian program core partners that have agreed to assist
- PCO has introduced a monthly report tracking system to follow up with project teams on any outstanding reports and GHD will make additional appraisal resources available as needed. In addition, all non-essential leave for key PCO staff will be curtailed during January to May 2012.

Legacy

- More an opportunity than a risk, the legacy from the ACEDP should ideally be the enhanced future collaboration between our two nations in the area of environmental management. Building on the achievements and initial partnerships established under the 24 ACEDP projects, and working on the snowball principle, it is envisaged that the funding in the ACEDP will facilitate future collaborative work and/or policy dialogue
- A Synthesis Team will be commissioned to facilitate that work. Through appraisal of successes and failures, through synthesising lessons learned and through analyses of government directions and policies, the team will present final recommendations for the future of environmental collaboration at the wrap-up workshop in April 2012.

²⁵ AusAID signing off on the 2009 Deed of Payment.

4.6 Staffing and Human Resources

Staffing at the PCO Beijing office and its outrigger offices in Melbourne and Sydney has been largely static during the reporting period, with only one change in personnel. The Melbourne-based Australian Liaison Officer Mark Thompson, resigned from GHD and was replaced by Dr Alison Baker from the same office. No formal training for PCO staff was conducted during the reporting period but on-the-job training continued. M&E training for PCO staff will resume once the PCO M&E specialist has resumed his duties in early 2011-12.

4.7 Facility Specific Issues

There are no facility specific issues.

Status of Projects as of 30 June 2011 (in order of completion)

AP #	Title	Type	Partners	Complete
	Progressing on Schedule			
1.15.2	Impact of Climate Change on Economic Development and Policy Options in China	Partner	NDRC – Monash University	Aug 2011
1.6	Public Participation in Social & Environmental Impact Assessment and Basin Water Pollution Control	Core	MEP – IDSS/CIAD	Oct 2011
1.15.8	Research on the Applicability of Australian Total Channel Control Technology in China	Partner	MWR - Rubicon Pty	Dec 2011
1.15.9	Environmental Risk Assessment and Management of Persistent Organic Pollutants Contaminated Water Body	Partner	MEP - SEWPaC	Dec 2011
1.2	Inland River Basin Management: Managing the Threats to Sustainable Water Resources Development	Core	MWR – Melbourne University	Mar 2012
1.15.7	Capacity Building on Strategic Planning for Impact of Climate Change on Water Resources	Partner	NDRC - Trade to Future Training Centre	Mar 2012
1.15.11	Comparative Study on Countermeasure toward long-lasting Drought between China and Australia	Partner	MWR – Charles Sturt University	Mar 2012
1.16	Improving Gender Equality through Women’s Empowerment in Water Management	UN	MWR – UN Women China	Mar 2012
1.15.3	2011 High level Water Policy Meeting – extended	Partner	SEWPaC – MWR / NDRC	Dec 2011
1.1	Lake Tai Water Pollution Treatment – extended (2)	Core	NDRC – Earth Systems Pty	Mar 2012
1.3	Wetlands Management Policy, Guidelines and Capacity Building – extended (2)	Core	SFA – Kiri Ganai Research / Wetlands Int.	Mar 2012
1.4 (a)	Water Ecology Compensation (Payment for Environmental Services) Policy & Mechanisms Project A (MEP) – extended	Core	MEP – ANU Enterprises	Mar 2012
1.4 (b)	Water Ecology Compensation (Payment for Environmental Services) Policy & Mechanisms Project B (MWR) – extended	Core	MWR – ANU Enterprises	Mar 2012
2.2	River Health and Environmental Flows in China – extended (2)	Core	MEP / MWR – International Water Centre	Mar 2012
1.15.1	Capacity Building on Adaptation to Climate Change in the Field of Water Environment – extended	Partner	MEP – Melbourne University	Mar 2012
1.15.4	Application of Multi-Criteria Analysis to Monitor Forestry Ecological Programs and Evaluate Community Compensation Mechanisms such as Carbon Sequestration in Qinghai Province – extended (2)	Partner	SFA / Qinghai Forestry Bureau - Southern Cross University / Bureau of Rural Sciences / University of NSW	Mar 2012
1.15.10	Environmental Informatics for the Development of Landscape-scale Monitoring and Modelling – extended	Partner	CSIRO – State Bureau of Surveying and Mapping	Mar 2012
	Completed on time and within budget			
1.5	Trans-Jurisdictional Water Pollution Management Project	Core	MEP – CARDO Acil	Sep 2009
4.2	Australia China Legal Development Program	Emerging Priority	SC – AG	Jun 2009
4.3	Mekong Subregion Professional Training	Emerging Priority	MWR – ICEWaRM	Aug 2009
1.15.6	Australia China Session at 4 th International Yellow River Forum	Partner	YRCC – Australian Embassy	Oct 2009
4.1	Environmental Economic Accounting for Water	Emerging Priority	MWR – ICEWaRM	Aug 2010

3.8	Gender Mainstreaming, Public Participation and Social Impact Management Project	Core	MOFCOM/MEP/MWR /NDRC/SFA – IDAA	Feb 2011
	Terminated			
2.4	Improving Water Efficiency through Better Irrigation System Management	Core	YRCC – GHD	Dec 2011

ANNEX 2

List of Outputs Completed 1 Jan to 30 Jun 2011

Project Title	Output	Technical Milestone	Study Tour	Training Workshop
Lake Tai Water Pollution Treatment	Review of Lake Tai coordination plan	1		
	Modelling extension inception workshop			1
Wetlands Management Policy, Guidelines and Capacity Building	NIRCC study tour report and	1		
	Final draft guidelines	1		
	Mid-term progress report	1		
	NIRCC Annual Meeting 2010 report	1		
	Study Tour for Wetlands Managers		1	
	Draft Guidelines review workshop			1
	2010 NIRCC annual meeting			1
Gender Mainstreaming, Public Participation & Social Impact Management	Promoting environmentally sound behaviour workshop report	1		
	Training course for local officials report	1		
	Activity completion report	1		
Capacity Building on Adaptation to Climate Change in the Field of Water Environment	6-monthly progress report	1		
	Yinchuan local government workshop			1
Impact of Climate Change on Economic Development & Policy Options in China	Project progress report with annexed technical papers	1		
	Technical workshop in Australia			1
Application of Multi-Criteria Analysis to Monitor Forestry Ecological Programs and Evaluate Community Compensation Mechanisms such as Carbon Sequestration in Qinghai Province	Study tour plan for technical and policy study tours cum completion report	1		
	Contract amendment to trigger retroactive and advance payment	1		
Capacity Building on Strategic Planning for Impact of Climate Change on Water Resources	Progress report	1		
	Survey study tour to pilot sites		1	
Environmental Risk Assessment and Management of Persistent Organic Pollutants Contaminated Water Body	Australian study tour		1	
Environmental Informatics for the Development of Landscape-scale Monitoring and Modelling	Field work report	1		
	Remote Sensing workshop in Australia			1
Improving Gender Equality through Women's Empowerment in Water Management	First installment payment	1		
River Health and Environmental Flows in China	Pilot project reports	1		
	MEP workshop			1
Total		16	3	7