



Australian Government
AusAID



中华人民共和国商务部
MINISTRY OF COMMERCE OF THE PEOPLE'S REPUBLIC OF CHINA

ACEDP

Australia China Environment Development Partnership

Annual Plan 2011-12 (Final Year)

August 2011

An Australian Government AusAID initiative
implemented by GHD Pty Ltd

Content

Acronyms

1. Introduction	4
2. Facility Description	4
2.1. Goal, Components, Objectives and Outcomes	
2.2. Risk Management	
3. Review of Progress-to-date	6
3.1. Lessons Learned	
4. Implementation Strategy	8
4.1. Project Delivery	
4.2. Policy & Partnership Outcomes	
4.3. Communication & Engagement	
4.4. Gender Mainstreaming, Public Participation & Social Impact	
4.5. Monitoring & Evaluation	
5. Critical Issues	11
5.1. Technical Quality Control - update	
5.2. Stakeholder Communication - update	
5.3. Gender Integration - update	
5.4. Progress Reporting - update	
5.5. End of Facility Timeline – new	
5.6. Legacy - new	
6. Program of Work for 2011-12	14
6.1. Projects	
6.2. Non-Project Activities	
6.3. Budget Summary Year 5	
Tables	
1 - Projects Year 5 by order of completion	15
2 - Budget Summary Year	16
3 – Risk Matrix	17
Annexures	
i. Program Budget 2011-12	
ii. Work Plan 2011-12	
iii. Field Monitoring Inspections	

Acronyms

ACEDP	Australian China Environment Development Partnership
AP	Annual Plan – AP-I for 2007-08, AP-II for 2008-09, AP-III for 2009-10, AP-IV for 2010-11
AusAID	Australian Agency for International Development
CEF	Communication and Engagement Framework
CCPS	China Country Program Strategy (AusAID-MOFCOM)
CoA	Commonwealth of Australia
CSIRO	Commonwealth Scientific and Industrial Research Organisation (Australia)
DAFF	Australian Government Department of Agriculture, Fisheries and Forestry
DCCEE	Australian Government Department of Climate Change and Energy Efficiency
EAT	Environment Advisory Team
5YDP	Five Year Development Plan (China), eg the 12 th 5YDP from 2011-15
GPS	Gender Mainstreaming, Public Participation and Social Impact Management
HLRT	Joint Australia China High-level Roundtable (HLRT) - the 'governing board' of the ACEDP
IPR	Independent Progress Report (formerly known as 'mid-term review')
MEF	Monitoring and Evaluation Framework
MDBA	Australian Government Murray Darling Basin Authority
MEP	Ministry of Environmental Protection (China)
MOFCOM	Ministry of Commerce (China)
MWR	Ministry of Water Resources (China)
NDRC	National Development and Reform Commission (China)
NWC	Australian Government National Water Commission
OPSCOM	Operations Committee of the ACEDP
PCO	Program Coordination Office in Beijing (includes the Program Liaison Office in Melbourne)
SEWPaC	Australian Government Department of Sustainability, Environment, Water, Population and Communities
SFA	State Forestry Administration (China)

1. Introduction

1 The ACEDP is a five-year, \$25m Australian Government, AusAID initiative with the objective of supporting and improving policy development in China in the area of environmental protection and natural resources management. It's initial focus on water resources and integrated river basin management, confirmed at HLRT-III in July 2009, will continue. In this last year of operation, the ACEDP will aim to maximise policy outcomes and foster sustainable partnerships between Australian and Chinese environmental agencies.

2 Designed as a facility, the ACEDP funds a number of discreet and largely un-connected project interventions that 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 government, academic and private sector agencies.

3 Specific end-of-program outcomes for the ACEDP were revised in 2009 and are now integrated with AusAID's China Country Program Strategy. They are (i) 'Contributing to Policy'¹, (ii) 'Developing & Sustaining Partnerships' and, (iii) 'Strengthening Capacities at Technical & Managerial Levels'.

4 The recommendations from the 2010 Independent Progress Report of the ACEDP were endorsed and are being implemented². A Dec 2010 strategic review of the ACEDP, the 'Hancock Paper on Strategies for Moving the ACEDP Forward' concluded that residual funds be used (i) to extend high performing existing projects and, (ii) for a legacy process, distilling lessons and outcomes from the ACEDP to be carried forward and communicated to a wider community.

5 Program core partners from both nations, supported by the Australian Agency for International Development (AusAID) and the Chinese Ministry of Commerce (MOFCOM), will continue their strategic oversight of the ACEDP, ensuring its relevance to national policy priorities. The newly established Operations Committee (OPSCOM) of the ACEDP will continue overseeing the day-to-day operations of the ACEDP.

6 GHD Pty Ltd is the AusAID-engaged Managing Contractor for the ACEDP and discharges this responsibility through its Program Coordination Office (PCO) headquartered in Beijing and its Australian based Program Liaison Office (PLO) in Melbourne.

2. Facility Description

2.1 Goal, Components, Objectives and Outcomes³

7 The goal of the ACEDP is to support China's policies for a better environment. The purpose of the ACEDP is to improve environmental protection and natural resource management (in particular water) to balance the needs of the environment and human development in China. The Program focuses on improving outcomes for the environment in China through stronger engagement between Australia and China on environmental issues of mutual interest. In the long term, these outcomes are expected to serve Australia's strategic interests for the environment. The ACEDP has three components, each with a specific objective:

¹ Initially termed 'Influencing Policy', it has since been renamed.

² The 3 key recommendations are: 'Operationalised Policy Engagement and Partnership Strategies' (the Hancock Paper); improved oversight of the operational side of the ACEDP (the new OPSCOM) and, 'improved progress reporting by PCO (a new report format adopted from Jan-Jun 2010 onwards)

³ Those are the original 2007 outcomes that were superseded by the 2009 revision (refer §3 above).

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

OUTCOME 1.1 - Improved environmental governance in China, initially in relation to water resource management, including water rights.

Achieved through demonstrations and adaptations of water policy mechanisms to maintain ecosystems services and achieve environmental outcomes, including market-based approaches (water trading and pricing), incentives, awareness, legislation, community consultation processes etc.

OUTCOME 1.2 - Scientific and technological tools that can enhance environmental (risk) management in China are more integrated with policy processes, initially in the area of water resource management.

Achieved through the adaptation and integration of scientific and technological tools that can enhance water resource management in China

OUTCOME 1.3 - Improved models to address environmental impacts that exacerbate poverty, reinforce gender imbalances and are detrimental to HIV-AIDS control and integration of these models in policy processes.

Achieved through demonstrations and adaptation of models, including new strategies, approaches, methods and processes.

OUTCOME 1.4 - Strong bilateral linkages for dialogue in the environment sector, enhancing existing engagement between Chinese and Australian agencies, and shared knowledge on a range of environmental management issues of mutual interest.

Achieved through activities that enhance environment policy dialogue and support exchange of expertise between China and Australia on environmental issues of mutual interest

OUTCOME 1.5 - Active high-level policy dialogue to promote/develop priorities for ACEDP.

Achieved through activities that support identification of priorities for ACEDP through whole of government consultation at all relevant levels.

Component 2 - Integrated River Basin Management to assist with the practical application of IRBM principles in China

OUTCOME 2.1 - Shared understanding of IRBM and IWRM principles and practices in Australia and China.

Achieved through activities that support engagement between Australia and China on IRBM principles.

OUTCOME 2.2 - Improved water resource management through applications of IRBM principles in China and their adoption by Chinese agencies.

Achieved through activities that support strategic demonstrations and piloting of models and policy options for IRBM in China, including integrated resource assessment, participatory planning and community ownership.

Component 3 - Program Management to provide strategic direction to, and effective coordination and efficient management of, the ACEDP

OUTCOME 3.1 - Effective and efficient delivery of the program.

Achieved through a collaborative management approach that emphasizes coordination and networking, building of national ownership and ongoing quality control.

2.2 Risk Management

8 The IPR critique of the adequacy of the ACEDP Monitoring & Evaluation Framework MEF in elucidating facility-level outcomes, as opposed to project-level outcomes, resulted in a decision to postpone work on a revision of the MEF until implementation of the Hancock Paper commenced in early 2011. In the interim, PCO continued with an accelerated program of field monitoring inspections and strengthened quality control for projects that are now at a stage where they produce substantial technical reports with policy recommendations⁴. PCO collaboration with Australian program core partners has proven invaluable here and their willingness to contribute to critical appraisal of such reports is highly appreciated.

9 A new M&E expert is envisaged to be engaged in July 2011, with responsibilities for revising the existing MEF, providing a site-inspection toolbox plus associated training and, providing logistical and technical support for the separately engaged Synthesis Team that is managed by AusAID.

10 Consistent with the maturation of the ACEDP the role of the Environment Advisory Team EAT is evolving and its main focus is now on provision of ad-hoc advice and participation in major policy fora such as HLRT-V and the final Synthesis Workshop.

11 Key risks facing the facility in year 5 include: (i) policy relevance of project outputs, (ii) facilitation of lasting partnerships, (iii) legacy from the ACEDP after cessation of AusAID inputs and, (iv) timely completion of projects in time for PCO dissolution on 30 June 2012. They are further discussed in chapter (5) of this annual plan and summarised in the Risk Matrix Table on page 17.

3. Review of Progress-to-date

12 Of the 24 projects registered with the ACEDP by June 2011, 6 are already completed⁵ having met their stated objectives on time and within budget; another 8 are progressing on schedule⁶ and; 1 project had to be terminated prematurely. 9 projects were successful in their application for additional extension work⁷. All projects are slated to conclude their final operations in early 2012 with final reports due in April/May 2012, in time for cessation of the ACEDP on 30 June 2012.

13 The most recent progress report for the ACEDP (#7, Jul-Dec 2010) notes that, in terms of contract value, the facility to-date has delivered 49% of contracted outputs⁸. This represents a 17% increase over the previous reporting period Jan-Jun 2010. Analyses of 10 selected projects, representing 65% of facility funds, show that all projects, bar one that was terminated, are tracking well against their policy, partnership and capacity building outcomes.

14 Financial management of the facility continues to improve. Compared to Year 1 (2007-08) with 23% of planned expenditure achieved, an even poorer performance in Year 2 (2008-09) with only 17%

⁴ Existing M&E mechanisms such as application of the GPS guidelines for improved gender equality, use of project steering committees and GHD's internal Quality Assurance System, the ISO 9001 certified 'Practice Quality Management System' continue.

⁵ The 7th completed project, the 2009 High-level Water Policy Meeting, was recently extended and is thus not included in the list of completed projects.

⁶ Of these, three projects were granted a cost-neutral extension.

⁷ A total of 12 extension projects, varying between \$60,000 to \$350,000, were approved in principle by HLRT-IV in December 2010, including 2 reserve projects. Some projects lodged more than one application for extension.

⁸ These include study tour evaluation reports, workshop evaluation reports, technical training evaluation reports, technical reports and progress reports.

of planned expenditure⁹ and, Year 3 (2009-10) with 76% of planned expenditure achieved, Year 4 expenditure (2010-11) is tracking at 62% with disbursement of \$4.297 million expenditure by 22 June 2011 against a forecast of \$6.922 million for the full year. A contributing factor to that drop in performance is that projects are now producing substantial technical / policy reports that require detailed appraisal, sometimes by external specialists. This translates into a time lag between submission of reports and their acceptance by PCO that triggers disbursement of contract payments.

15 Speeding up disbursement is a function of: (i) project implementation schedules consistent with approved project work plans as per ADD and contract; (ii) timely production of contracted outputs such as reports and technical/policy papers; (iii) speedy clearance of draft reports through counterpart ministries before submission to PCO; (iv) fast turnover of reports by PCO quality control; (v) quick response from Australian agencies / steering committees that have agreed to appraise project outputs; (vi) quick response by project teams in addressing PCO comments and resubmitting reports to PCO; (vii) timely submission of correct invoice to PCO and; (viii) quick turnover by GHD in approving the invoice and authorizing payment.. Note here that GHD reserves the right to apply a 28-days period between authorizing payment and actual transfer to the beneficiary accounts.

16 Of these steps, prime responsibility for steps (i) - (iii), (vi) and (vii) rests with implementation teams and counterpart ministries, step (iv) with PCO and step (v) with ministries on both sides. PCO will work in close collaboration with implementation teams in ensuring strict adherence to workplans but has to rely on the proactive cooperation from beneficiary ministries to instruct implementing agencies accordingly. PCO will now track project workplans continuously to identify any potential slippage and work with AusAID/MOFCOM to mitigate its impacts.

17 The facility M&E specialist who had resigned in early 2010 will not be replaced until July 2011, with AusAID/MOFCOM having decided to await the recommendations from the May 2010 'Independent Progress Report' and the Dec 2010 'Hancock Paper on Strategies for Moving the ACEDP Forward'. In the interim, PCO continued its accelerated program of project field inspections and enhanced quality control of technical/policy outputs. The enhanced quality control system appears to work well and while the field inspection visits enable PCO to get independent feedback from project end-user and stakeholders, it may be possible to improve it through development of a professional toolkit and appropriate training by the new M&E specialist.

18 It continues to be ACEDP policy that all outputs (reports) must be cleared by the respective Chinese/Australian partner agencies prior to submission to PCO. This enhances product quality and generates national ownership of the product. It does however sometimes lead to extended delays as the Facility moves into its final phase and the now more substantial technical project reports require vetting by different parts of the bureaucracy. Within PCO, reports are cleared by the Program Manager in the first instance. Any milestone reports / major technical/policy papers are also appraised through the ACEDP Senior Policy Coordinator (who is part of the PCO) and relevant sector experts within GHD.

19 The 'Bilingual Schedule of Events' that lists all ACEDP-funded activities¹⁰ in Australia and in China over a 3-4 months forward rolling period is available through the ACEDP website and is also circulated by AusAID to all Chinese and Australian program core partners. Production of the bilingual quarterly Newsletter continues and all approved project reports are uploaded on the ACEDP Project Portal, accessible to subscribers by password.

20 Allocation of residual facility funds of approx \$2.8 million was delayed to await the recommendations from the IPR and the Hancock Paper in Dec 2010. A rapid but robust identification

⁹ The main reason for that delay was the slower than expected start up of core projects, caused inter alia by extended joint designs, lengthy counterpart approval processes and slow procurement.

¹⁰ Eg, workshops, training, seminars, study tours, etc

and appraisal process led to endorsement of 12 project extensions in February 2011 that were submitted by 8 existing projects¹¹. After acceptance of Activity Design Documents during April/May, work on contract amendments / new contracts began during May/June and, as of 22 June 2011, one had been executed, 3 are awaiting signature and 4 are still at negotiation stage¹².

3.1 Lessons learned

21 Time for implementing the 12 extension projects is now extremely short. One key lesson is that a more streamlined process for allocating residual facility funds would have mitigated against the high risk of projects not being able to have their final reports cleared and accepted by the time the ACEDP concludes in June 2012.

22 Another lesson is that amendment of contracts through variations, or issue of new contracts, for the approved extension projects is more time consuming than a best-case scenario allowed. Especially with government and academic institutions as implementing agencies, and their requirements to pass any contract matter through their legal departments, this adds substantially to the time lag in contract execution.

4. Implementation Strategy

23 With all projects either completed, extended or at final implementation stage, and no more funds available for new initiatives, the focus for the last year of the ACEDP will be on timely completion of projects. This will pose a significant challenge for the project subcontractors that manage the joint project teams, the PCO and also participating program core partners. A total of 12¹³ projects are now scheduled to conclude in March/April of 2012, with a further 5 projects concluding during the first half of 2011-12.

24 One of the recommendations of the 'Hancock Paper on Strategies for Moving the ACEDP Forward' was for a 'synthesis process' to 'draw out lessons, implications and outcomes from ACEDP that can be carried forward and communicated to a wider audience'¹⁴. This work is currently scheduled to commence with a first in-China mission in September/October 2011, followed by a second mission in January/February 2012 culminating in a final Synthesis Workshop in March/April 2012.

25 This synthesis work is now assuming significant importance. Indications are that most, if not all, of the 17 currently running projects will deliver high quality outputs to the satisfaction of beneficiary agencies, contributing to the three facility outcomes policy, partnership and capacities. The legacy from the ACEDP however could conceivably be more than just the sum of its outputs and, it is hoped, lead to a continuation of the bilateral policy dialogue, technical/scientific exchanges and, people to people contacts that have been established through the ACEDP.

4.1 Project Delivery

26 All of the 17 currently running projects are scheduled for completion by the end of this year (TABLE 1). This will put significant pressure on the PCO and its capacity for continuously delivering high

¹¹ Some contractors are responsible for more than one extension, hence the discrepancy in figures.

¹² Some contractors are responsible for more than one extension, hence the discrepancy in figures.

¹³ These 12 projects represent a combined value of \$10.839 million, or 62% of the total Imprest Account budget.

¹⁴ Quoted from the June 2011 'Draft Terms of Reference for the Synthesis Reports and Workshop'.

quality outputs that have passed a robust appraisal process. To the extent possible, PCO will collaborate with Australian Government agencies that have expressed a willingness to cooperate with ACEDP in ensuring project outputs authoritatively reflect Australian Government policy, are internally consistent and technically sound.

27 In cases where reports are prepared by Australian Government agencies in their role as implementing agency, PCO will rely on the in-house expertise of GHD Pty Ltd's global network of specialists¹⁵. Where appropriate, ACEDP also relies on Chinese government peer reviews to determine the relevance of reports and their usefulness for China¹⁶. As stated above, all project reports must be endorsed by the Chinese Government partner agency and, in the case of more complex projects, they also have to be supported by a high-level bilateral steering committee.

4.2 Policy & Partnership Outcomes

28 Assessment of project outputs and feedback from Chinese beneficiary agencies paint a coherent picture of outputs meeting recipients' expectations. This is also evidenced by the fact that all of the 11 government agencies that constitute the HLRT¹⁷ endorsed 12 applications for extension from 9 ACEDP projects, confirming thereby that these 9 projects¹⁸ had demonstrated achievements and were hence worthy of further support¹⁹.

29 One of the tasks for the newly appointed M&E specialist (refer §9 and 15 and chapter 4.3 of this Annual Plan) will be to develop performance indicators that can measure/appraise the impact of ACEDP interventions at the facility level. This work will then feed into the work by the Synthesis Team referred to above.

4.3 Communication & Engagement

30 Monthly or bi-monthly catch-up meetings between PCO and Chinese program core partners continue to be routinely minuted and AusAID is aiming to join these meetings when possible. AusAID's suggestion to have these meetings on a regular monthly basis is being implemented where possible but is constrained by competing commitments of Chinese ministries and/or travel commitments by senior Chinese personnel who need to be involved in these catch-up meetings. As a principle it is however being pursued.

31 On the Australian side, no such institutionalised mechanism exists and AusAID Canberra, as part of its whole-of-government commitment, continues to manage relations with Australian program core partners on behalf of the ACEDP²⁰.

¹⁵ A case in point here is a technical report prepared by CSIRO under one of the partnership projects where GHD spatial experts appraised the technical content of the document.

¹⁶ This was trialed successfully for the final technical report under the 'Trans-Jurisdictional Water Pollution Management' project, where an internal MEP review panel in late 2009 confirmed the value of that project to the Chinese Government.

¹⁷ AusAID, MOFCOM, 4 program core partners from China and 5 program core partners from Australia.

¹⁸ Not all ACEDP projects applied for extension. The only ACEDP projects that applied for extension but were unsuccessful were the now terminated 'Large Irrigation System Project', the 'GPS Project' and the 'Public Participation in Social & Environmental Impact Assessment Project'.

¹⁹ The 17 Nov 2010 Guidelines for Extension state: "Critically, any proposal for extension must build on demonstrable successes/achievements in existing/past projects..."

²⁰ That communication protocol was introduced by AusAID in mid 2009 and continues to this date. Previously, PCO through its Australian liaison office, had been co-responsible for liaison with

32 Other PCO initiatives such as the bilingual 'Schedule of Events'; a dedicated 'Project Portal' on the ACEDP website from which registered users can download approved project reports; the quarterly 'ACEDP Newsletter', the bilingual 'ACEDP website'; updates to the ACEDP 'Operations Manual'; casual 'PCO Notes for Project Teams' and; last but not least, project specific C&E activities such as 'Project Websites / Project Newsletters' continue to be produced and updated on a regular basis.

33 With conclusion of the 2009 contract amendment between the Commonwealth and GHD in early 2011, resources are now available to re-engage the ACEDP Communication & Engagement specialist. His primary role will be in working with the Synthesis Team in identifying and disseminating those lessons and experiences from the ACEDP that should be communicated to a wider audience.

4.4 Gender Mainstreaming, Public Participation & Social Impact

34 While the proposed 'GPS Outreach Extension' was not supported by HLRT-IV, the joint project team has now put forward a revised minimalist proposal that aims to disseminate the bilingual GPS Manual produced by the project²¹ and make it available as a training resources to ministries' HRD departments and also as a learning resource to provincial/municipal officers with responsibilities for administering government natural resources and/or environmental management programs.

35 The role of the ACEDP GPS specialist during the final year of operation will be largely to work with both the M&E specialist and the Synthesis Team in identifying GPS lessons and experiences, in particular examples of the ACEDP contributions to gender equality and, through the Synthesis Work, to make them available to a wider audience.

4.5 Monitoring & Evaluation

36 The current MEF²² was last updated in October 2009, shortly before the resignation of the facility M&E specialist (refer §9 and 15 above). It comprises a 5-step approach to M&E: (i) the contractor bearing prime responsibility for project level M&E prepares a Project Results Framework and M&E plan; (ii) PCO supervises the contract, monitors progress, appraises outputs and records those on the 'Activity Tracking System'; (iii) detailed analysis of selected projects through 'case studies'²³; (iv) aggregation of findings into annual 'Statements of Success or Failure' in regard to facility outcomes²⁴ and; (v) annual review of progress by the EAT²⁵.

37 One of the key tasks for the newly appointed M&E specialist is to revise the MEF and to make it compatible with the work of the Synthesis Team. Importantly, any revision should be highly targeted and focus on any value-adding at the project level M&E. More important will be the capacity of a revised MEF to capture outcomes at the facility level.

38 Field inspection of projects will continue in 2011-12 (ANNEX III) and the M&E specialist has been tasked to develop a tool kit and to train PCO officers in its application.

Australian government departments. Since mid 2009, PCO is authorised to communicate with Australian government agencies on direct project related matters only.

²¹ A draft, since updated, was launched by UN Women, MOFCOM and PCO in December 2010.

²² http://www.acedp-partnership.org/en/frameworks/Monitoring_and_Evaluation_Framework/45.aspx

²³ The IPR was critical of this aspect of the MEF and it was subsequently agreed to cancel the case studies. Instead the PCO commenced an accelerated program of 'Field Monitoring Inspections' and 'technical quality control' through appraisals.

²⁴ Following an IPR recommendation, the PCO is now providing this analysis as part of its new-format 6-monthly progress report to AusAID.

²⁵ This too was discontinued with AusAID having opted for the work of the Synthesis Team instead.

5. Critical Issues

39 The previous Annual Plan IV (2010-11) had identified four areas of concern, viz (i) technical quality control of outputs, (ii) stakeholder communication, (iii) gender integration and, (iv) progress reporting. Action has been taken on all four areas and the following chapter provides an update. In addition, two new critical issues have arisen that are being dealt with further below, viz (v) timely completion of projects and, (vi) the post-intervention legacy from the ACEDP.

5.1 Technical Quality Control - update

40 PCO response to this issues has been robust and, to-date, adequate. The highly technical/scientific nature of many ACEDP project reports requires a level of specialised expertise that is not resident among PCO staff. In response PCO has institutionalised the following multifaceted system:

41 Quality control relies in the first instance on the sub-contractor's own professional quality control mechanisms.

42 The next step is endorsement of reports/findings/recommendations by counterpart agencies. That counterpart endorsement is a standard requirement that applies throughout the program. It aims to ensure (i) that reports are not prepared by one side in isolation (in most cases this would be the Australian sub-contractor) and without input from the counterpart/beneficiary; (ii) to enhance national ownership of the interim and end products; (iii) to ensure the report authoritatively reflects Chinese government policy/programs and, importantly; (iv) that outputs meet Chinese needs and aspirations for the project.

43 The way the system actually works is by project implementation teams clearing draft reports through counterpart scientists/technicians in the first instance. These then communicate clearance to their ministry's foreign economic cooperation departments, which in turn communicates clearance to PCO. This process seems to work well.

44 On the Australian side PCO relies on specialised agencies such as SEWPaC when it comes to Australian government policy and programs, as PCO found that even very knowledgeable institutions (sub-contractors) do not necessarily possess the same in-depth knowledge of CoA policies and programs that Commonwealth departments possess. On other technical/scientific issues PCO relies on GHD in-house expertise (Australia and worldwide) and, where this is not sufficient/appropriate, on inputs from external experts that are knowledgeable of the program and the special conditions under which ODA projects in China work. This process too seems to work well.

45 One of the drawbacks from that extended quality control process is the time lag between submission of draft reports and their final clearance.

5.2 Stakeholder Communication - update

46 PCO response to this issue has been highly targeted. Chapter (4.1) above describes PCO initiatives in reaching out and informing stakeholders but this is largely restricted to China based stakeholders. For engagement of Australian stakeholders, PCO continues to cooperate with AusAID whose Canberra office has taken the lead in liaising with Commonwealth and State based government agencies in Australia.

47 The fact that most projects are now well into their final phase - with project teams well introduced to, and acquainted with, relevant Australian and Chinese government agencies, plus a

marked decrease in the number of study tours that some government agencies find particularly time consuming at times – has contributed to greater familiarity with ACEDP issues among government agencies in both countries.

48 Their willingness to engage with ACEDP is also highlighted by the fact that any PCO request for technical/policy appraisal of project reports is met with a high degree of responsiveness. Special thanks are due to SEWPaC in particular that has been on the receiving end of many PCO requests for assistance recently.

49 The imminent commencement of the Synthesis Work will provide another opportunity to gauge and promote the interest of Australian stakeholder agencies to engage with ACEDP in promoting its legacy.

5.3 Gender Integration - update

50 Gender integration remains a difficult area, especially in China, which considers gender equality issues to be fully addressed through her constitution that makes no difference between the sexes.

51 With the conclusion of the main gender specific project in the ACEDP in early 2010, the only remaining gender project is a small collaboration with UN Women (Beijing Office) and the MWR associated 'China Irrigation and Drainage Development Centre' for a 'Rural Women Empowerment in Water Management' project in Ningxia Hui Autonomous Region. This project however is local in that it does not aim to influence other Chinese ministries, nor other ACEDP projects.

52 The PCO strategy for the remainder of the ACEDP is to have the Facility GPS specialist work together with the M&E specialist and the Synthesis Team in identifying ACEDP projects that have made a positive contribution to the promotion of gender equality and, in drawing lessons that could then be disseminated through the Synthesis Work to a wider audience. The new field inspection toolkit will also contain a dedicated section addressing monitoring of gender equality issues and both the M&E and GPS specialist will train PCO personnel in its application.

53 Dissemination of the Bilingual GPS Manual, one of the major outputs from the GPS project, is another potential area of activity. The manual was designed as a training resource for use by ministries' Human Resources Development departments and as a learning tool for provincial/municipal officers with responsibilities for administering government natural resources / environmental management programs. A modest funding proposal was lodged for consideration at the next meeting of OPSCOM in early July 2011.

5.4 Progress Reporting - update

54 This relates to IPR critique of the format of the PCO 6-monthly progress reports. PCO response had been immediate and effective and a new reporting format was adopted for progress reports (#6, Jan-Jun 2010 and #7, Jul-Dec 2010).

5.5 End of Facility Timeline

55 A substantial risk is the fact that a total of 17 projects will conclude in the last year of the ACEDP. Of these, 12 are scheduled to conclude in April 2012, less than 3 months before the ACEDP formally comes to an end. This implies a challenge to fulfilling all the necessary works by 30 June 2012

such as formal appraisal and approval of the reports, invoicing, processing of final payments among different banks, etc..

56 However, AusAID/MOFCOM have re-confirmed 30 June 2012 as the deadline for ACEDP. The AusAID financial system closes down on 10 June 2012 and all contractual matters pertaining to the ACEDP contract with GHD Pty Ltd must be completed and finished by not later than **Friday 8 June 2012** at the very latest.

57 At OPSCOM-3, on 7 July 2011, a revised timeline was introduced and instructions to all project teams issued. The new timeline is as follows:

26 March 2012	Deadline for submission of all deliverables (in draft) under the contract (reports, technical papers, milestone reports, progress and activity completion reports) and of all claims for reimbursement of expenses incurred
	During April, PCO will appraise draft reports and check accounts and seek resubmission if and when required
27 April 2012	Deadline for approval of all final reports and claims by the Program Manager
4 May 2012	Deadline for financial approval of all invoices by the GHD financial Delegate
25 May 2012	Deadline for transfer of all outstanding accounts into beneficiary bank accounts
1 June 2012	Receipt of all bank statements by PCO
5 June 2012	Consolidation of accounts and approval by the financial delegates of funds to be returned to AusAID
6 June 2012	Deposit of funds due to the nominated AusAID bank account

58 The step from receipt of drafts reports on 26 March to production of a professionally acceptable final report can be an extended one as the history of ACEDP projects show. Allowing less than an absolute minimum of 4 weeks would not be realistic or professionally responsible. Final draft reports must then be submitted in their final ministry-endorsed draft version by not later than the week commencing **Monday 26 March 2012**. Even this deadline will require a firm commitment by all parties (project teams, clearing Chinese ministries, PCO and Australian appraising agencies) to allocate sufficient resources to ACEDP.

59 It will be necessary to phase delivery of final and completion reports so that they will not arrive all at the same time – which would be beyond the capacity of PCO and appraising agencies to cope. PCO will submit an update of extension timelines to OPSCOM by end of July 2011.

60 A new tracking system has commenced in early July that will track adherence to agreed submission timelines and PCO will update OPSCOM on a monthly basis.

61 To the extent possible critical PCO²⁶ staff will be encouraged to take their full annual leave entitlement during the first half of 2011-12. Australia based PCO staff will make every effort to ensure their full availability at short notice as a matter of priority.

62 Implementation of the revised unalterable deadlines (refer §57 above) will then require a firm commitment by Chinese program core partners as the main agencies responsible for overseeing the Chinese project implementation teams and for endorsing and clearance of all progress reports, technical/policy reports and project completion reports. It will also require a firm commitment from specialised Australian agencies that have agreed to be involved in the appraisal of draft reports to allocate sufficient resources for a speedy turnover. Key agencies on the Australian side are SEWPaC and, to a lesser extent, DCCEE (climate change) and DAFF (forestry, wetlands).

5.6 Legacy

63 With the conclusion of the ACEDP by the end of this 5th Annual Plan in June 2012, government attention focuses on the legacy from the ACEDP, synthesising lessons from individual projects and disseminating them to a wider audience to promote bilateral policy dialogue mechanisms and identify areas and strategies for building sustainable partnerships of Australian and Chinese environmental agencies.

64 This work by the Synthesis team is crucial in ensuring the A\$25 million invested by the Australian taxpayer reaps commensurate benefits for the environment and for the bilateral relations between our two nations.

65 At the time of updating this annual plan (5 July 2012), the composition of the Synthesis Team is as follows: 4 senior Australian Government official, 4 senior Chinese Government official, 1 Australian academician, 1 Chinese academician.

66 If no such 'high power' team can be identified, the synthesis work risks being perceived as irrelevant to government and could end up 'gathering dust on the shelf'. A challenge of equal importance is identification of the target group for dissemination, as any message needs to be target group specific if it is to have a measurable impact.

67 After 4 years of operations and numerous studies and reviews (5 major reviews plus the obligatory end-of-program review in 2012²⁷) a degree of 'review fatigue' can be observed among many government stakeholders, some of whom have voiced their feeling that the ACEDP should just focus on delivering and stop the endless reviewing. Overcoming that attitude and harnessing agencies' active cooperation in the synthesis work will pose a particular challenge for the ACEDP, and AusAID, MOFCOM and the PCO will need to work in very close collaboration to ensure the Synthesis work will be a success.

68 A specific role or program core partners in that process could be to help identify 'future' or 'legacy' stakeholders and to brief their corporate executives of the importance of the synthesis work and the need to allocate sufficient resources.

6. Program of Work for 2011-12

²⁶ In the first instance this includes the program manager and the finance manager, plus the responsible project officers, but also quality control officers from GHD Beijing office.

²⁷ Eg the 2008 'Policy Landscape Review', the 2009 'Policy Gap Analysis & Progress Review', the 2010 'Independent Progress Report', the 2010 Hancock Paper Strategy for Moving the ACEDP Forward', the 2011 'Synthesis Report' and, in 2012, the obligatory 'Independent Completion Report'.

69 Details of the program of work for year 5 of the ACEDP are included in the budget (ANNEX I) and the Workplan (ANNEX II).

6.1 Projects

70 The program of work for year 5 of the ACEDP will be pre-occupied with implementing the 17 still running projects (6 core projects of which 5 were extended, 9 partnership projects of which 4 were extended and 1 UN project) with a combined Year 5 expenditure of \$6.788 million ²⁸.

TABLE 1 – Project Completion Dates in ascending order

AP No	Title	Type	Partners	Completion
1.15.2	Impact of Climate Change on Economic Development and Policy Options in China	Partner	NDRC – Monash University	Jul 2011
1.15.9	Environmental Risk Assessment and Management of Persistent Organic Pollutants Contaminated Water Body	Partner	MEP - SEWPaC	Jul 2011
1.15.3	2011 High level Water Policy Meeting – 1 extension project	Partner	SEWPaC – MWR / NDRC	Oct 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
1.1	Lake Tai Water Pollution Treatment – 2 extension projects	Core	NDRC – Earth Systems Pty	Apr 2012
1.2	Inland River Basin Management: Managing the Threats to Sustainable Water Resources Development	Core	MWR – Melbourne University	Apr 2012
1.3	Wetlands Management Policy, Guidelines and Capacity Building – 2 extension projects	Core	SFA – Kiri Ganai Research / Wetlands Int.	Apr 2012
1.4 (a)	Water Ecology Compensation (Payment for Environmental Services) Policy & Mechanisms Project A (MEP) – 1 extension project	Core	MEP – ANU Enterprises	Apr 2012
1.4 (b)	Water Ecology Compensation (Payment for Environmental Services) Policy & Mechanisms Project B (MWR) – 1 extension project	Core	MWR – ANU Enterprises	Apr 2012
2.2	River Health and Environmental Flows in China – 2 extension projects	Core	MEP / MWR – International Water Centre	Apr 2012
1.15.1	Capacity Building on Adaptation to Climate Change in the Field of Water Environment – 1 extension project	Partner	MEP – Melbourne University	Apr 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 – 2 extension projects	Partner	SFA / Qinghai Forestry Bureau - Southern Cross University / Bureau of Rural Sciences / University of NSW	Apr 2012
1.15.7	Capacity Building on Strategic Planning for Impact of Climate Change on Water Resources	Partner	NDRC - Trade to Future Training Centre	Apr 2012
1.15.10	Environmental Informatics for the Development of Landscape-scale Monitoring and Modelling – 1 extension project	Partner	CSIRO – State Bureau of Surveying and Mapping	Apr 2012
1.15.11	Comparative Study on Countermeasure	Partner	MWR – Charles Sturt	Apr 2012

²⁸ Note that this Year-5 forecast includes June 2011

	toward long-lasting Drought between China and Australia		University	
1.16	Improving Gender Equality through Women's Empowerment in Water Management	UN	MWR – UN Women China	Apr 2012

6.2 Non- Project Activities

71 The budgets for the following activities are allocations only and subject to approval on a case by case basis. Allocation for non-project activities has been curtailed to the absolute minimum to release all non-essential funds for the two reserve projects that were approved by HLRT-IV in December 2010. This includes allocation for the 'Partner Database' (activity 3.5 in the previous AP-IV), for 'Project Networks' (previous activity 3.15) and for 'Partner Assistance' (previous activity 3.17)

72 An amount of \$100,000 has been set aside for the 5th and final meeting of the Joint Australia China High-level Roundtable, to be held in China sometime during 2011-12 [Activity 3.13](#)

73 An amount of \$17,500 has been set aside for input from the Environment Advisory Team EAT. Their input during the final year of ACEDP is much reduced and the allocation is basically for the contracted 5 days of non-specified inputs²⁹ ([Activity 3.2](#)).

74 An amount of \$500,000 has been set aside for the Synthesis Work, including two missions and 1 final workshop (Activity 3.20). The first mission is scheduled for October 2011, the second mission for April 2012 and the final Synthesis workshop for May 2012.

6.3 Budget Summary Year 5³⁰

75 99.7% of the 5-year Imprest Account Budget of \$17.6 million is now firmly committed with only \$58,000 remaining unallocated.

Item	A\$	A\$	A\$
Total Overall Budget Forecast			9,003,643
Management Cost		1,501,431	
Imprest Account		7, 502,212	
- Core Activities	6, 874,712		
- EAT Activities	17,500		
- Emerging Priorities	0		
- Key Operational Activities (component 3 minus EAT)	610,000		

²⁹ The amount includes budgeted expenditure for 2010-11, not yet claimed.

³⁰ Note that this budget forecast is based on expenditure up to end of May 2011. It will be update in the final AP-5 in mid July, when actual expenditure figures for 2010-11 are available

Risk	Risk Management
Policy relevance of project outputs not guaranteed	<p>1) The newly appointed M&E specialist will identify and address shortcoming in the current project level M&E Framework . He will also work on a program level Framework that can capture program impact on the ACEDP three key result areas (policy, partnership and capacity building)</p> <p>2) The newly appointed Synthesis Team will, inter alia, analyse impact of high profile projects on the 3 key result areas and also show the way forward and how best the project outcomes can be maximised and value added to them</p>
Facilitation of lasting partnerships not guaranteed	<p>This is next to impossible to guarantee as any partnership is opportunistic, depending on externalities such as costs, service availability, willingness to engage and others.</p> <p>3) All the Synthesis Team can do, realistically, is to identify lessons/challenges and, through a consultative process with stakeholders, show the way forward on how the early steps taken by ACEDP projects can be expanded upon.</p>
Legacy of the ACEDP after program cessation not guaranteed	<p>This will depend on the willingness by the all tiers of Government, and on the level of political support available, to strengthening the bilateral relations between Australia and China.</p> <p>4) The Synthesis Team will analyse lessons, constraints and challenges and, develop a best way forward. Implementation of the Synthesis Team recommendations however rests with government agencies in both countries.</p>
Timely completion of all project outputs in time for program closure in June 2012	<p>5) PCO has commenced a detailed tracking chart listing all outstanding deliverables and payments for milestone reports and reimbursable costs between now and internal deadline for final submission on 26 March 2012. Contractors will verify timelines on this list, and, once revised and endorsed, PCO will follow up every months with individual contractors.</p> <p>6) Australian program core partners who may be asked to assist appraisal, will eb give sufficient notice so that they can allocate resources to such a task.</p> <p>7) PCO will intensify communication with Chinese program core partners that supervise project inputs so as to achieve timely clearance of draft reports by the responsible Chinese government unit.</p>