

Australia China  
Environment  
Development  
Partnership

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6-monthly progress report  
no 5

Covering the period  
1 July to 31 December 2009

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Beijing  
14 January 2010

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## **Commonly Used Acronyms**

ACEDP	Australia China Environment Development Partnership
AusAID	Australian Government Agency for Aid
CEF	Communication & Engagement Framework
EAT	Environment Advisory Team
GPS	Gender Mainstreaming, Public Participation and Social Impact Management
HLRT	Joint Australia China High-level Roundtable
IPR	Independent Progress Report (formerly the Mid term Review)
MEF	Monitoring & Evaluation Framework
QAA	Quality Assurance Advisor

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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 fifth 6-monthly progress report for the ACEDP, covering the period 1 July to 31 December 2009.

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Gunther Mau

Program Manager

## A Summary of Progress

Program implementation is accelerating. Of the ten core projects, 1 is completed, 8 are at implementation stage and 1 at late design stage. The two training projects funded under Emerging Priority have been completed. Of the eleven new partnership projects that were approved in mid 2009, 2 are completed, 4 have commenced, 1 is at contract stage and 4 are at late design stage

The immediate focus for the PCO now shifts towards quality management, intra-ACEDP networking and refining program management systems and procedures. The Independent Progress Report<sup>1</sup> scheduled for early 2010 and the parallel running first M&E case study will provide valuable lessons on how the program can be improved.

Beyond that lays the challenge to realise the policy impact of the ACEDP. This aspect will become more urgent once projects generate outputs of policy significance to a broader range of government ministries, in addition to the host / beneficiary ministry.

In terms of achievements towards the three program outcomes (policy, partnerships, capacities) the program has made good progress. Of the five projects completed to date, all have achieved their stated objectives

- POLICY – the ‘2009 High-level Water Policy Meeting’ was a full success according to DEWHA and the ‘Trans-Jurisdictional Water Pollution Management Project’ delivered a range of policy options for MEP that are now subject to internal deliberation with a view to mainstream them
- PARTNERSHIP – the ‘Australia Day’ at the 4IYRF resulted in a MOU between YRCC and the MDBA and saw the launch of the Large Irrigation System project, designed to facilitate a range of targeted partnerships between Australian and Chinese irrigation companies / authorities
- CAPACITY – the two training projects funded under the ACEDP Emerging Priority scheme (‘Legal Profession’ and ‘Mekong Subregion’) were concluded on time and within budget and delivered specialised training at both technical/scientific and policy/legal levels

All other projects that are at various stages of implementation, are tracking well and it is highly likely they too will meet their stated objectives and contribute towards the above three outcome areas.

## B Projects

### B1 Core Projects

#### Lake Tai Water Pollution Treatment - # 1.1

- Contract executed and implementation on track. Inception report accepted and training courses in China and study tour to Australia completed on schedule. Likely to have high impact on development of municipal policies. Potential for development of sustainable partnerships is high. Outreach to WB project achieved. Likely to achieve intended capacity building outcomes at managerial levels

#### Shule/Shiyang River Basins Adjusting to Change - # 1.2

- Slow but steady progress. Contract negotiation with and among the 6 Chinese counterpart agencies extensive and very protracted. Final revised ADD accepted in principle by PCO and EAT and now with Chinese agencies for final endorsement

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<sup>1</sup> This used to be called ‘Mid-term Review’

#### Wetlands Management Policy Guidelines & Capacity Building - # 1.3

- Comprehensively re-designed project went to tender and TAP Report has been submitted to AusAID/MOFCOM on schedule. Very high potential to achieve policy outcomes at national level through targeted capacity building measures at both managerial and technical levels

#### Water Ecology Compensation & Mechanisms - # 1.4

- Contract executed and this institutionally complex project is now on track. The need to harmonise inputs from 2 ministries (MEP and MWR) caused some delay in preparing the inception report, which is still outstanding. Training in China completed on schedule. High potential to influence Chinese national policies

#### Trans-Jurisdictional Water Pollution Management - # 1.5

- Completion delayed by a couple of months on MEP request. Execution was highly effective and intended regional policy outcomes were met. MEP is now reviewing the project recommendations – a good sign that they take this project very seriously

#### Public Participation in Social Environmental Impact Assessment & Basin Water Pollution Control - # 1.6

- Contract executed and implementation on track. Inception report was accepted and first study tour completed on schedule. Likely to have high impact on national policy development in MEP

#### River Health & Environmental Flow in China - # 2.2

- Contract executed and implementation of this institutionally complex project (2 Ministries, 3 river basin commissions) is on track. The steering committee has been established, the inception report was accepted and technical training completed on schedule. High potential to contribute to national and regional policies through targeted capacity building at both managerial and technical levels. Good potential for partnerships through involvement of QLD Government and DEWHA in Steering Committee

#### Improving Water Efficiency through Better Irrigation District Management and Water Rights Trading - # 2.4

- Administrative progress is slow. After a high-profile launch at 4YRF, phase I activities (Oct 09 – Mar 10) have commenced and inception report due in early Jan. Contract execution with PCO and 2 pilot projects delayed due to legal ambiguities. Potential for partnerships very high through MOU signature at 4YRF and pro-active involvement of Australian irrigation companies and authorities

#### Gender Mainstreaming, Public Participation & Social Impact Management - # 3.8

- Implementation on track. Inception report accepted and first study tour completed on schedule. Likely to have significant impact on advancing national social policy objectives in the four ministries. Systems were put in place to facilitate knowledge sharing with other ACEDP project and building their capacities.

## B2 Partnership Projects

Capacity Building on Adaptation to Climate Change in the Field of Water Environment - # 1.15.1

- Contract executed and inception workshop in early 2010 in preparation. High potential to contribute to policy and capacity building at managerial levels

Impact of Climate Change on Economic Development & Policy Options in China - # 1.15.2

- Contract at final stage and initial working visit scheduled for early 2010. High potential to contribute to policy, capacity building at managerial and technical levels and, through interest shown by Treasury and DCC, good potential for partnership

2009 Australia China High Level Water Policy Meeting - # 1.15.3

- Completed on time. Intended contribution to policy dialogue fully achieved. Potential for continuing partnership between the two ministries DEWHA / MWR exists

The Application of Multi-Criteria Analysis to Monitor Forestry Ecological Program and Evaluate Community Compensation Mechanisms such as Carbon Sequestration in Qinghai Province - # 1.15.4 and 1.15.5 merged into one \$400,000 project

- Progress is relatively slow despite considerable up-front investment by AusAID (eg the brainstorming workshop held in mid 2009), caused predominantly by too many parties involved, all with diverging interests and priorities (3 Chinese and 3 Australian). Significant capacity building potential with possible input into policy formulation

China Australia Day at the 4th International Yellow River Forum – # 1.15.6

- Completed on time. Intended contribution to policy dialogue and partnership development between regional basin authorities fully achieved through signature of MOU between YRCC and MDBA

Building Capacity for Strategic Planning in Climate Change Adaptation: Local Response to Impact of Climate Change on Water Resources - # 1.15.7

- Progress slow and ADD at preparation stage

Research on the Applicability of Australian Total Channel Control Technology in China - # 1.15.8

- Contract and study tour to Australia completed on schedule. High potential for technical and managerial level capacity building

Environmental Risk Assessment and Management of Persistent Organic Pollutants Contaminated Water Body - # 1.15.9

- Reasonable progress with ADD at final preparation stage

Environmental Informatics for the Development of Environmental Monitoring in the San-Jiang-Yuan Nature Reserve Using Remote Sensing and the Development of a China Dam-Break, Flood Simulation and Forecasting System - # 1.15.10

- Good progress with ADD at final preparation stage

Comparative Study on Countermeasure toward long-lasting Drought between China and Australia - # 1.15.11

- Good progress with ADD at final preparation stage

### B3 Training Projects

#### Legal Profession Development - # 4.2

- Completed on time and budget and completion report accepted. Technical level capacity building objectives fully achieved

#### Mekong Subregion Professional Development - # 4.3

- Completed on time and budget. Completion report in preparation. Technical level capacity building objectives fully achieved

## **C Program Management**

### Operations Manual

The third revised version of the Operations Manual was submitted to AusAID in December 2009. Following endorsement it will be distributed on CD to all project teams and also be placed on the ACEDP website where any amendment that the PCO may issue from time to time will be accessible to project teams by password.

### Environment Advisory Team / Quality Assurance Advisor

Inputs by the EAT/QAA during the reporting period related foremost to preparation for, and attendance at, HLRT-III in September 09, and the launch of the LIS project at 4IYRF in October 09.

### Monitoring & Evaluation Framework

The MEF was further refined to ensure compliance with AusAID requirements under the China Country Program Strategy. Initial work on the first case study (Trans-Jurisdictional Water Pollution Management) commenced and will continue in March 10. All projects produce a Results Framework as the basis of their project-specific M&E plans.

### High-level Round Table Meeting

The third meeting of the HLRT was held in Beijing on 27 July 2009. The meeting noted the good progress that ACEDP had achieved. Taking note of the funding situation, delegates agreed to put all future funding rounds on hold, pending the outcome of the AusAID mid-term-review<sup>2</sup> of the program in early 2010.

### Communication & Engagement Framework

- **Project Network Portal**

A project network portal has been established on the ACEDP website, accessible by password only, to disseminate information pertinent to ACEDP projects. Among the

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<sup>2</sup> This was subsequently renamed the Independent Progress Report or IPR

documents available to project teams will be the ACEDP Operations Manual (4 volumes) and information sheets on contacts points in ACEDP projects.

- **Project Information**

The PCO started a new web-based service that allows ACEDP projects to set-up and maintain their own project information on the ACEDP website. It is hoped that all ACEDP funded projects, core as well as partnership projects, will avail themselves of this opportunity

- **Australian Environmental Suppliers**

Of the more than 50 Australian companies that had responded to the PCO advertisement for registration of interest in the ACEDP, some 33 had accepted an offer to open their own website portal on the ACEDP website, to be maintained by them through password access. Registration on the ACEDP website does not carry any form of endorsement by ACEDP, PCO, nor by the Chinese or Australian Governments.

- **Donor Networks**

Donor networks are gradually being established for all ACEDP core projects and consideration is being given to extent that system to the smaller partnership projects. To avoid donor saturation, it is likely that this will apply to only some of the more topical partnership projects such as those dealing with climate change

Cooperation with the World Bank on the Lake Tai project has already resulted in a still tacit agreement to collaborate on this and a WB funded project in the same geographic area.

- **Monthly Schedule of Events**

The PCO started issuing monthly schedule of events for the forthcoming 3-4 months period (for Australia bound study tours, training and attachments) to facilitate forward planning by program core partners and 2<sup>nd</sup> stakeholders. The schedule is available on the ACEDP website.

### Study Tours to Australia

The PCO is grateful for AusAID's offer to send letters of introduction to Australian host agencies for study tours and technical training/attachment. To facilitate that process the PCO has developed study tour pro-formas and draft introduction letters that subcontractors are requested to fill in and submit approximately 2-3 months prior to the event.

The high number of ACEDP funded study tours in late 2009 resulted in substantial pressures on the Australian Embassy visa section and some if not most applications were submitted by the Chinese Ministry of Foreign Affairs (MFA) on the day prior to departure. This practice is unsustainable and has already resulted in one study tour being delayed by a couple of days. The PCO has put in place a three-pronged system to avoid a recurrence; (i) at monthly catch up meeting counterpart ministries are encouraged/advised to submit all visa applications to MFA at least 2 weeks prior to departure; (ii) all Australian teamleaders have been advised to work towards that 2-week deadline and to monitor adherence through their Chinese counterpart teamleaders and; (iii) PCO senior staff with responsibilities for projects will track each forthcoming study tour.

## D Finance

This financial report summarised the expenditures for the period of 1 July to 31 December 2009. The expenditures include the expenses for management costs and Imprest Account. All figures are in A\$.

### D1 Imprest Account

The total amount GHD has received from AusAID for the ACEDP Imprest Account by the end of December 2009 is \$7,283,256.05. This amount was transferred in six tranches as per the following table:

<b>Claim Number</b>	<b>Date</b>	<b>Net Amount (A\$)</b>	<b>GST (A\$)</b>	<b>Total (A\$)</b>
1	6 Dec 07	976,550.00	97,655.00	1,074,205.00
2	7 May 08	1,130,822.79	113,082.28	1,243,905.07
3	15Jan 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
<b>Total Amount (A\$)</b>		<b>6,621,141.86</b>	<b>662,114.19</b>	<b>7,283,256.05</b>

By the end of December 2009 the GHD ACEDP Imprest Account shows total outgoing payments of \$3,640,157.89 (\$3,462,767.59 plus GST \$177,390.30). The GST amount has been fully refunded by the end of December 2009. Payments (milestone payments, reimbursables, management fee) paid to Subcontractors for implementation phase and technical experts' service fees & associated travel costs, accommodations for the meetings & sessions for the following project activities:

- Lake Tai Pollution Management Project
- Trans-Jurisdictional Water Pollution Management Project
- Shule/Shiyang River Basin
- Water Ecology Compensation Policy and Mechanisms Project
- Large Irrigation Scheme Project
- River Health and Environmental Flows in China Project
- High Level Round Table III
- 2009 Australia China High Level Water Policy Meeting
- Special China Australia Session at 4th IYRF
- EAT / QAA

The total expenditure from 1 July to 31 December 09 for the Imprest Account was \$1,562,728.49 (\$1,465,381.79 plus GST \$97,346.70).

D2 Management Account

Total expenditures for program personnel and other management costs for the period of 1 July to 31 December 2009 are **\$655,081.70** (GST exclusive).

Total Program Management	310,500.00
Long Term Personnel	258,602.61
Short Term Personnel	30,534.30
Program Administration & Equipment	55,444.79
<b>Total</b>	<b>655,081.70</b>

D3 Total expenditures for the Imprest Account & Management Account

Imprest Account total expenditure to date (GST exclusive)	3,462,767.59
Management Account expenditure to date (GST exclusive)	3,519,408.00
<b>Total</b>	<b>6,982,175.59</b>

D4 Budget for next six months<sup>3</sup>

Imprest Account budget for next 6 months	3,781,000.00
Management Account budget for next 6 months	648,889.00
<b>Total</b>	<b>4,429,889.00</b>

## E Staffing

Senior Program Officer Nikki Yue E Feng has been offered one of AusAID's prestigious Leadership Awards for an 18 months post-graduate study in Australia and she will leave the PCO effective 1 January 2010.

Mr Douglas Wu Chao Feng from our sister facility, the China Australia Governance Program (CAGP) has agreed to transfer to the ACEDP and will replace Nikki for the period of her absence, that is until October 2011 at a minimum.

In-house training for Beijing based staff continued

Date	Topic	Resources
6-7 Jul 09	GPS Training	Prof Liu Yon, Dr Cao Wendao, Ms Penny Dutton, CIAD-WB-IDSS
12 Oct 09	Fraud Control Training	Cathy Fettell, Director Performance review & Audit, AusAID

<sup>3</sup> Note that Imprest Account expenditure can be modified to accommodate country program expenditure requirements for future years

## **F Risk Management**

At this moment in time there are no substantial primary risks threatening ACEDP implementation or impact. There are however a range of secondary risks that require ongoing management attention to ensure remedial action taken remains appropriate and effective.

### Study Tours

There are 3 issues here (i) sufficient lead time for host agencies to prepare, (ii) high density of too many study tours at the same time and (iii) sufficient time for visa issue

- (1) Sub-contractors are now required to submit study tour pro-formas a couple of months beforehand so that AusAID Canberra can issue introductory letters in time
- (2) November/December saw four study tours to Australia, some of which had the same hosts. This needs to be avoided in future if we don't want to see 'study tour fatigue'. PCO will track study tours and their timing closely to avoid a repetition
- (3) All sub-contractors, and Chinese agencies at monthly catch-up meetings, are asked to submit visa application to the Chinese Ministry of Foreign Affairs at least 2 weeks prior to departure

### Large Number of Projects at Implementation Stage

The next 6 months will see 8 core projects and perhaps 9 partnership projects, all at implementation stage. The challenge for the PCO will be to identify synergies among these projects as well as any overlaps, facilitate information exchange and lessons learned, while at the same time maintaining overall quality control

- (1) To facilitate knowledge sharing the PCO has initiated the 'Project Network'. Project implementation teams are requested to provide contact information for project teams and key in-country events. The PCO will collate this information and make it available on the new 'Project Network Portal' that will open on the ACEDP website in early Jan 10. The portal will be accessible by password and it will become the major inter-project information bourse
- (2) One potential role for the EAT could be to identify synergies/overlaps among the different projects. That would be more effective than leaving this responsibility to the technical line specialists working in projects
- (3) The PCO will initiate workshops/seminars around topics that are of common policy interest to several of the ACEDP projects to stimulate intra-program information exchange. Limited funding for this is available under the Annual Plan 2009-10
- (4) All project teams are encouraged to access the GPS project that is being implemented by IDSS. This is a short-term intervention that will conclude by August 2010 and one of its objectives is to be a resource bases for other ACEDP projects

- (5) To manage the large number of technical reports that will be produced by these projects, the PCO has established a report tracking system that includes an optional external technical/scientific assessment through the EAT (core and non-core members). Assessment of these reports is likely to require Chinese experts rather than Australian ones and the PCO has assembled a list of Chinese specialists who can be engaged as EAT non-core experts

#### Activity (Project) Quality and Impact

- (1) The new case study approach under M&E is being trialed (field mission in late March 10) and PCO in collaboration with EAT will monitor/assess its effectiveness and modify where necessary. Any meaningful analysis of project performance/impact is likely to require external thematic expertise in addition to M&E expertise provided by the PCO M&E Specialist. External expertise will be recruited from EAT (core and non-core)
- (2) To maximise project impact and to facilitate policy up-scaling, PCO in collaboration with EAT will trial an inter-agency workshop once one of the ACEDP projects has produced an output that is of policy relevance to the other Chinese program core partners as well. Inclusion of Australian program core partners will be trialed at a subsequent stage
- (3) The PCO has comprehensively revised its Operations Manual that also provides additional guidance for sub-contractors. Following AusAID approval, the manual will be placed on the ACEDP Project Portal, to be accessible by all project teams

## **G Sustainability**

The ACEDP will only be sustainable if it, and that means the projects funded by it, produces outcomes that are of relevance and interest to the nine<sup>4</sup> program core partners. In this context it is important to appreciate that different aspects of the program will motivate Australian and Chinese partners. While Chinese agencies are mainly motivated by the acquisition of Australian models/systems/technologies that can be adapted successfully to Chinese conditions, the main motivation for Australian government agencies is in policy dialogue.

The two can be mutually supportive and enhancing as any know-how transfer can only profit from accompanying policy dialogue to guide adaptation and implementation.

During the course of year 4 (2010-11) at a time when the different projects start producing outputs that are relevant to policy makers in both countries, the PCO, in collaboration with AusAID/OFCOM and perhaps the EAT will explore possibilities for some form of continuance of a driver/facilitator role. This does not require a PCO like institution and all that may be required is a part-time position, based in either Australia or China, at a university or NGO with a strategic interest in developing China – Australia environment linkages.

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<sup>4</sup> Or ten if we include the Australian Government Department of Climate Change

## H AusAID Policies

This chapter aims to summarise the contribution of the ACEDP towards achieving AusAID policy outcomes in a number of cross-cutting issues that are specified in the contract between the Commonwealth of Australia and GHD Pty Ltd<sup>5</sup>

### H1 Environment Policy<sup>6</sup>

The thematic focus of the ACEDP and its funded activities is fully consistent with the three AusAID themes for Australian environment related support in the Asia-Pacific region, ie (i) climate change, (ii) water and (iii) environmental governance.

- **Climate Change**

There are four ACEDP projects<sup>7</sup> that directly contribute towards this theme. All relate to the first objective under the scheme, which is: 'to build knowledge of regional climate systems and support adaptive planning and adaptive measures'

- Capacity Building on Adaptation to Climate Change in the Field of Water Environment
- Impact of Climate Change on Economic Development & Policy Options in China
- The Application of Multi-Criteria Analysis to Monitor Forestry Ecological Program and Evaluate Community Compensation Mechanisms such as Carbon Sequestration in Qinghai Province (merger of 2 projects)
- Building Capacity for Strategic Planning in Climate Change Adaptation: Local Response to Impact of Climate Change on Water Resources

- **Water**

21 of the 23 ACEDP projects directly contribute to this theme. The exceptions are two climate change projects that pursue broader national aims not solely focussed on water (nos 2 and 3 in the list above). All others can be seen to relate to the second objective, which is: 'to strengthen integrated water resources management, particularly through planning and allocation processes (in key river basins and islands)'

- **Environmental Governance**

All 23 projects have discreet capacity building measures and can be thus seen to directly contribute to the objectives of (i) 'to strengthen institutional capacities for environmental management' and (ii) 'to improve enabling mechanisms for environmental management'.

### H2 Anti-Corruption Policy<sup>8</sup>

The ACEDP does not directly address corruption as an outcome of its activities focussed on improving environmental governance. Its contributions are more indirect through strengthening regulatory systems and compliance, through involvement of stakeholder

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<sup>5</sup> Schedule 1, Scope of Services, Clause 9.1.h

<sup>6</sup> The reference document is the August 2007 version of 'Aid and the environment – building resilience, sustaining growth', an environment strategy for Australian aid

<sup>7</sup> All four are 'partnership projects' of 1 year duration with a cap of \$200,000

<sup>8</sup> The reference document is the March 2007 version of 'Tackling corruption for growth and development', a policy for Australian Development Assistance on anti-corruption

communities in the decision making and implementation processes and, through exposure of key counterpart personnel to Australian systems and procedures during study tour and in-Australia training courses and attachments. Cooperation with other donors through the ACEDP 'donor network' also contributes towards avoiding duplication of donor efforts.

### H3 HIV/AIDS Policy<sup>9</sup>

The ACEDP does not directly address HIV/AIDS as an outcome of its activities. However, through its 'Gender Mainstreaming, Public Participation and Social Impact Management (GPS) Framework' the ACEDP has at its disposal a tool to assess any potential negative impact of its activities – and that includes policies related to water resources management – on local communities.

All activities are screened for GPS and, where required, remedial action is taken, often in form of targeted capacity building measures at personal and institutional level. In addition, the ACEDP is funding two discreet 'social projects' that aim to strengthen Chinese capacities for (i) adopting the concepts of public participation and social impact assessment in water pollution management and (ii) in strengthening ministries' administrative capacities in adopting GPS principles in their routine program of work. That latter project also acts as a learning resource for all other ACEDP funded projects.

### H4 Gender & Development Policy<sup>10</sup>

Gender mainstreaming is integral to all ACEDP activities, facilitated through the GPS Framework and the dedicated GPS project that acts as a learning resource to other ACEDP activities (see chapter above).

Of the four stated outcomes for this policy, the second outcome 'equal participation of women in decision making and leadership, including in fragile states and conflict situations' is the most tangible one for the ACEDP.

At this stage it is too early to assess the impact ACEDP has had in contributing towards this outcome as most of its activities are still at the very beginning.

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<sup>9</sup> The reference document is the July 2004 version of 'Meeting the challenge: Australia's international HIV/AIDS strategy'

<sup>10</sup> The reference document is the March 2007 version of 'Gender equality in Australia's aid program – why and how'

**Summary Record of the 3<sup>rd</sup> meeting of the Joint Australia China High-Level Roundtable**  
**Australia China Environment Development Partnership**

Yuyang Hotel, Beijing, 27 July 2009

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1 In their opening remarks, His Excellency, Dr Geoff Raby, the Australian Ambassador and Mr Zhang Kening, Minister Counsellor from the Chinese Ministry of Commerce set the scene for the meeting which recognised the evolution of Australia's traditional technical assistance to policy dialogue and partnerships, the impact of the current financial crisis on economic and social development in both countries and, Chinese Government efforts to move towards an integrated system that addresses economic development and environmental protection comprehensively.

2 A review of program progress demonstrated good progress with a portfolio comprising 10 traditional technical assistance projects 11 new partnership projects and 2 training projects. An early impact assessment indicated that capacity building aims are likely to be met but sustained efforts were required to meet program policy and partnership outcomes. Inter-agency collaboration and mainstreaming of social criteria in ACEDP activities are continuous challenges.

3 The independent policy gap analysis & progress review by the EAT concluded that the program was largely on track. The review supported additional efforts to network program core partners and proposed a program-level steering committee. Delegates were in agreement that while such a committee would strengthen national ownership, it was also resource intensive and could hence be impractical. MOFCOM and AusAID will follow up with agencies.

4 Of the 4 themes suggested under emerging policy challenges, eco-compensation generated most comments from delegates who pointed at substantial differences between Australia with her private ownership and market-based approach and China with her public ownership and government-centered approach that focuses on trans-jurisdictional issues and on adequate financial mechanisms to compensate local people for loss of economic opportunities. River health too generated interest and the particular challenge for China here was to not only address water scarcity issues (as does Australia), but to also combat significant water pollution. China's 4-rivers, 3-lakes, 1-reservoir 'National Water Pollution Control & Treatment Project' was seen as a good platform for bilateral policy dialogue. EAT will develop some network concepts.

5 ACEDP plans to showcase at the 4<sup>th</sup> International Yellow River Forum, scheduled for 20-23 October in Zhengzhou. Likely themes include trans-jurisdictional pollution management, building on the successful, and just completed, MEP-ACEDP project.

6 Mechanisms for sustaining program outcomes such as regular high-level policy dialogue mechanism (eg the high-level water policy meeting between DEWHA and MWR), the promotion of 2<sup>nd</sup> tier partnerships and, a further focusing of the program were explored. Policy dialogue attracted broad support although it was found that 'high' required definition and it was also suggested that existing bilateral/regional mechanisms be canvassed before a new one was to be considered. The importance of 2<sup>nd</sup> tier agencies (ie provincial or State Governments, local Governments, research and academic agencies) was raised as they are often the recipients of public comment and are also tasked with regulatory oversight and compliance issues.

7 The importance of learning from failures and 'poor' lessons found broad support among delegates who agreed that this was sometimes more useful than citing only good examples. This was also consistent with Chinese government policy processes that evaluate positive and negative experiences of international cooperation projects through a process of verification before deciding whether findings can be applied to the ongoing policy process or not. A policy dialogue forum could be such a mechanism to assist the Chinese Government in this process. Further discussion was needed and the issue will be included in the terms of reference for the mid-term review.

8 Delegates were informed of the still indicative timeframe for the mid-term-review and assured they would be involved throughout - from concept paper to terms of reference, selection of consultants and in all drafting stages. Extensive consultations will be held with all program core partner agencies towards the end of the year, with a final draft report expected for April 2010.

9 The 3<sup>rd</sup> annual plan for the ACEDP focuses on delivery of its 23 projects and operationalising the different tiers of networks that exist among projects, between projects & donors and, at the policy level where program outcomes are to be realised. The immediate challenge is to maximise outcomes from the remaining unallocated program funds that stand at less than \$1million between now and the end of the program in June 2012. There would be no round of applications in Sep-Oct 09, nor in Mar-Apr 10. The mid-term review will canvass mechanism to allocate residual funds.

10 The name of the ACEDP was changed to 'Australia China Environment Development Partnership' to better reflect its true nature. The PCO will work with agencies to find a suitable Chinese translation.

11 In concluding the meeting, proclaimed to be a success by the two Chairs, it was agreed that the next meeting (HLRT-IV) be held in Australia in early July, at which a more flexible meeting form may be used to give delegates more opportunities for input.