



Aid Program Performance Report 2012–13 Latin America

Key messages

This Aid Program Performance Report (APPR) summarises the Australian aid program's progress in Latin America from January 2012 to June 2013.

Key findings include those reported on in the April 2013 mid-term review of the Australia – Latin American aid program¹:

- > the program and regional strategy remain relevant to the current context in Latin America
- > the region's development needs are well aligned with the goals of Australia's aid program and with Australian comparative advantage as a development partner
- > the Department of Foreign Affairs and Trade (DFAT), the main Australian Government implementing partner for the program, is well regarded for the professional and rapid way the Latin America program was initiated and for early results delivery
- > Australia is considered a trusted partner in the region with similar interests to other donors, including in sustainable economic development, financial inclusion, water resource management, and mining for development
- > Australia adds value in Latin America through its expertise and delivers sound results quickly compared to other donors
- > several strategic and operational decisions made during program inception enabled Australia to effectively leverage the work of existing regional partners to deliver results
- > the program focused on building relationships (establishment phase), but now needs to focus on achieving greater development results through program consolidation and the development of strategic program architecture.

The department will use program mid-term review findings and recommendations to assess options for strategic program development. In the next 12 months, the Latin America program will consolidate by working through core partners in priority sectors and in countries where Australian official development assistance (ODA) can make the greatest difference. The consolidated program will concentrate on supporting sustainable economic development, delivered through Australia's partnership with the Inter-American Development Bank (IDB) and targeting poorer countries (Bolivia, Colombia, El Salvador, Guatemala, Honduras, Nicaragua, Paraguay and Peru).

¹Australian Aid Latin America Program Mid-Term Programmatic Review Report, dated 13 June 2013. This was a DFAT review that was led by an independent consultant (author: John Fargher).

Context

Development challenges

The 570 million people living in Latin America represent almost 9 per cent of global population, produce around 7.5 per cent of global gross domestic product, and occupy an area more than 2.5 times larger than Australia², yet, more than 1-in-10 cannot meet their basic food needs.³ Despite improved economic and development indicators for some Latin America countries, almost one-third of the population (more than 167 million people) live below national poverty lines.⁴ Additionally, World Bank Development Indicators report that 17 per cent of Latin American people live on less than US\$2 a day—that is almost 100 million people. Latin American countries have high levels of inequality, with 10 of the world's 15 most unequal countries in the region.⁵ The Gini coefficient⁶ for each of Brazil, Colombia, Honduras, Guatemala and Paraguay exceeds 0.54.⁷ As an example of what this means in practice, the poorest 20 per cent of people in Guatemala hold around 3 per cent of national income, compared with the richest 20 per cent who hold more than 60 per cent, according to World Bank Gini indicators (2012).

The high level of inequality in Latin America is a fundamental impediment to poverty reduction, economic growth and development. Many women, Indigenous, Afro-descendent populations, and people with disability experience poverty disproportionately. The lack of economic and social development opportunities for marginalised populations and longstanding disadvantage, based on gender and racial-ethnic origins, leads to persistent intergenerational disadvantage. These people are also the least able to access expanded opportunities when economic growth accelerates. Additionally, Latin America is highly urbanised⁸ with more than 85 per cent of people living in urban areas. Many poor and vulnerable people live in urban or peri-urban areas. Urban poverty rates are high, for example, in Honduras (26 per cent) and in Nicaragua and Paraguay (both 20 per cent).

Natural disasters in Latin America significantly affect the region's ability to sustain economic development. In 2011, for example, natural disasters in Central America caused losses of nearly US\$2 billion, and 123 people lost their lives (down from 194 in 2010).⁹ Between 2002 and 2011, 4130 natural disasters were recorded, resulting in 1 117 527 deaths and losses worth a reported \$1.2 billion.¹⁰ Central America has the world's highest rates of natural geological, hydro-meteorological and geodynamic hazards (tropical storms, hurricanes,

² World Bank (2013), World Development Indicators, <http://data.worldbank.org/data-catalog/world-development-indicators>, accessed March 21, 2013.

³ World Bank (2011), A break with history: fifteen years of inequality reduction in Latin America. LATIN American Countries AC Poverty and Gender Group poverty and labour brief, World Bank, Washington DC, United States.

⁴ ECLAC (2012), *Social Panorama of Latin America 2012*. ECLAC, Santiago, Chile, Table 1, p. 18. Data available at http://websie.cepal.org/anuario_estadistico/anuario_2012/en/contents_en.asp

⁵ United Nations Development Programme (UNDP) (2010), 'Regional Human Development Report for Latin America and the Caribbean 2010', UNDP, New York, United States, p. 37.

⁶ The Gini coefficient measures inequality in a population (for example, through levels of income). A Gini coefficient of 0.00 expresses perfect equality (everyone has the same income), while a Gini coefficient of 1.00 expresses maximum inequality (only one person has all the income). Statistics show that less equality in Brazil, Colombia, Honduras, Guatemala and Paraguay compared to middle-income countries in South East Asia, such as Indonesia (0.34) or Vietnam (0.36).

⁷ World Bank (2013), GINI I, <http://data.worldbank.org/indicator/SI.POV.GINI>, accessed 17 May 2013.

⁸ This ranges from highly urbanised countries such as Chile (89.4 per cent of population living in urban centres), Colombia (85.4 per cent) and Mexico (85.7 per cent) to Costa Rica (75.4 per cent), Ecuador (75.4 per cent) and El Salvador (67.3 per cent). ECLAC (2012), *Social Panorama of Latin America 2012*. ECLAC, Table 1, p.18, *Ibid.*, p. 18. http://websie.cepal.org/anuario_estadistico/anuario_2012/en/contents_en.asp

⁹ M Khamis and C Osorio (2013), *América del Sur: Una visión regional de la situación de riesgo de desastres*. European Commission and United Nations International Strategy for Disaster Reduction (UNISDR), Brussels, Belgium.

¹⁰ *Ibid.*

floods, erupting volcanoes and earthquakes); while South America is particularly vulnerable to earthquakes and landslides.¹¹

Regional progress towards the Millennium Development Goals remains mixed (Annex D).¹² Latin American countries also have mixed human development index (HDI) ratings. While two countries have very high human development, nine high human development, and six medium human development¹³, most are slipping (Annex E).

Donors in the region

In 2012, the top three bilateral donors to Latin America were the United States (US\$1.75 billion), Germany (US\$1.23 billion) and France (US\$773 million).¹⁴ The top three multilateral donors were the IDB (US\$1.29 billion), European Union Institutions (US\$580 million) and the World Bank's International Development Association (US\$231 million).¹⁵ As a donor, Australia ranks 29 with ODA representing around 0.2 per cent of total ODA to the region.¹⁶ Australia's average ODA flow to Latin America through DFAT's Latin America aid program is around \$13 million per year, representing around 0.5 per cent of Australia's annual global aid budget.¹⁷ In this context, Australia's ability to contribute to effective outcomes is challenged by the small scale of Australian aid relative to the size, diversity and complexity of the region, where no single body advocates for the region as a whole. This means there is no one partner Australia can deal with to tackle the vast and complex needs of the region.

Australia's response

The Latin America program regional strategy was finalised in 2013. The program continues to successfully engage in three strategic focus areas: sustainable economic development; effective governance; and humanitarian and disaster response. The program's primary multilateral partners include the IDB to deliver sustainable economic development and the United Nations (UN) World Food Programme (WFP) to deliver humanitarian assistance and disaster response support. Trilateral cooperation with emerging donors, Brazil and Chile, remains highly relevant in the changing global context and is important to extending Australia's development reach and visibility. Australia also has delegated cooperation agreements with the German aid agency's delivery arm (GIZ—*Die Deutsche Gesellschaft für Internationale Zusammenarbeit*) in Paraguay and Central America.

In April 2013, the aid program undertook a program mid-term review. The review promoted open in-country discussion with key partners, and the early outcomes from those discussions are already influencing work. The review's main findings and recommendations are outlined at the beginning of this APPR. Significantly, the review confirmed that Latin American partners value Australian technical assistance, knowledge exchange and linkages more than money. The review also found that relevant, effective and efficient development assistance to Latin America's middle-income countries can best be provided through relatively modest funding, compared to other Australian aid program approaches.

¹¹ UNISDR (2011), Regional summary of progress against the Hyogo Framework for Action. UNISDR, Geneva, Switzerland.

¹² UNDP (2010), 'Achieving the Millennium Development Goals with equality in Latin America and the Caribbean: Progress and Challenges', p. 345, <http://www.undp.org/content/dam/undp/library/MDG/english/MDG%20Regional%20Reports/LAC-Regional%20MDG%20Report%202010.pdf>, accessed 28 April 2013.

¹³ UNDP (2013), Human Development Index 2013. UNDP, New York, United States.

¹⁴ DFAT online statistics

¹⁵ Ibid.

¹⁶ Ibid.

¹⁷ B Carr, 'Budget: Australia's International Development Assistance Program 2012–13', *Blue Book*, Statement by Australia's Minister for Foreign Affairs, 8 May 2012.

Expenditure

Program expenditure is on track and is consistent with the intended pattern of disbursement at this point. Since program inception, \$86 million of Australia's \$100 million ODA commitment to Latin America has been expended. This includes expenditure through DFAT's Latin America program and global programs, and other government departments (\$2.1 million since the program started in 2010–11). Expenditure through the Latin America program includes 32 initiatives and 120 activities under implementation or completed.

A summary of financial expenditure by the department's Latin America aid program for this APPR is provided in two periods—one for January 2012 to June 2012 and one for 2012–13 (Table 1A and Table 1B).¹⁸ Information on both reporting periods is included because APPR reporting requirements have changed from calendar-year reporting to financial-year reporting. Note: the tables do not reflect expenditure by any global programs or other government departments.

Table 1A Expenditure by the Latin America program 01 January 2012–30 June 2012

Objective	A\$ million	% of regional program
Objective 1: Support sustainable economic development	\$5	32.0
Objective 2: Support effective governance	\$3.5	21.7
Objective 3: Reduce the humanitarian impact of natural disasters	\$5.7	36.2

Source: Latin America Program Fund, AidWorks, accessed 10 May 2013

Table 1B Estimated expenditure by the Latin America program in the 2012–13 financial-year

Objective	A\$ million	% of regional program
Objective 1: Support sustainable economic development	\$5.0	46.8
Objective 2: Support effective governance	\$5.1	47.7
Objective 3: Reduce the humanitarian impact of natural disasters	\$0.4	3.7
General development support (other)	\$0.2	1.8

Source: Latin America program, DFAT statistics, 5 July 2013

Progress towards objectives

This APPR draws primarily on the program mid-term review and the quality at implementation (QAI) assessment of initiatives completed in March 2013 (Annex B). These indicate that good progress has been made toward the effective governance and humanitarian and disaster response objectives, while progress on the sustainable economic development objective remains mixed, with restorative action required for some initiatives and activities. The overall progress rating towards objectives reflects this (Table 2).

With the regional strategy in place, the program now requires a performance assessment framework, against which progress toward objectives can be measured. The framework will

¹⁸ The regional program expenditure and expected expenditure detailed in Table 1A and Table 1B do not add up to 100 per cent because of other relatively minor expenditure that is not directly attributed to the three objectives.

further detail overall program goals and objectives and specify performance assessment measures in primary focus areas.

The program has effectively integrated key Australian policy priorities relating to gender equality. Gender is a crosscutting priority for the program and several activities specifically target the financial inclusion and economic empowerment of women, for example Strengthening Women’s Entrepreneurships Program (SALTA) and activities within the IDB – Multilateral Investment Fund. Disability is not well addressed by the program and this needs to be remedied as much as possible in extant initiatives and activities.

Most smaller initiatives established during program inception, before the regional strategy was prepared, will end by December 2013. This provides an opportunity to review programming for 2014 and beyond, and consolidate and focus on fewer, more strategic investments—as recommended by the mid-term review.

Table 2 Rating of the program's progress towards the objectives

Objective	Current rating	Previous rating
Objective 1: Support sustainable economic development	Amber	Amber
Objective 2: Support effective governance	Green	Amber
Objective 3: Reduce the humanitarian impact of natural disasters	Green	Amber

Note:

■ Green. Progress is as expected for this point in time and it is likely that the objective will be achieved. Standard program management practices are sufficient.

■ Amber. Progress is somewhat less than expected for this point in time and restorative action will be necessary if the objective is to be achieved. Close performance monitoring is recommended.

■ Red. Progress is significantly less than expected for this point in time and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.

Objective 1: Support sustainable economic development

Australia supports sustainable economic development in Latin America through improved food security, incomes and enterprise opportunities, and by helping to reduce the negative impacts of climate change and other environmental factors.

IDB Partnership Trust Fund for Poverty Reduction in Latin America

This trust fund continues to be an effective and efficient delivery mechanism. Australia’s financial contribution to the fund of \$10 million over four years is used to co-finance specific projects with the IDB Multilateral Investment Fund and beneficiaries. A typical cost-sharing ratio between Australia, the fund and beneficiaries is 38:38:24.

The trust fund is used to provide Latin Americans, particularly marginalised populations and women, with access to finance, markets and capabilities¹⁹—highly relevant in Latin America where many people rely on small enterprises for income. For example, in Peru micro and small-enterprises comprise 98 per cent of all businesses and 40 per cent are owned and operated by women.²⁰

¹⁹ Subject to DFAT agreement, trust fund activities can occur in any of the 17 Latin America countries, and activities identify at the outset how many people will benefit from the assistance along with how recipients will be targeted and why.

²⁰ IDB–MIF (2010), ‘Donors Memorandum—Strengthening Women Entrepreneurship in Peru [PE-M1066]’, IDB–MIF, Washington DC, United States.

The trust fund enables the joint financing of multiple development activities in the region with a single, streamlined management mechanism provided by the IDB through its offices and staff in Latin America.

The mid-term review confirmed that the partnership with the IDB is a sound investment. The IDB has core strengths in micro-finance, micro-small enterprise, financial inclusion for women entrepreneurs and inclusive local economic development through mining activities. The cost-sharing model improves efficiency and the arrangements negotiated for the IDB-MIF provide a sound foundation for future programming. The IDB-MIF management cost is also assessed to be very good value for money.

To date, eight finance and micro-finance projects have been approved for implementation in six Latin American countries. Approval has been slower than was initially planned for this stage of the fund. This was remedied in 2012 when initiative management was devolved to Lima Post with regular direct management meetings with the IDB regional office. Further financial inclusion projects are being considered in the areas of pro-savings and remittances for savings.²¹ Due to the early stage of these projects, the effectiveness of the trust fund is yet to be fully demonstrated although early achievements are impressive. For example, in 2012–13 Australia's contributions have supported results through the inclusion of 3724 people (2850 women and 874 men) into financial services such as savings and loans.

Australia's quality assessments identified that the IDB has been slow to disburse trust funds for project execution, and the mid-term review confirmed this to be primarily the result of IDB legal requirements and difficulties faced by executing agencies in meeting IDB disbursement conditions. Disbursement is being improved by the IDB, with support from DFAT in the region, through revised approval processes. More frequent reporting will improve disbursement and activity pipeline development. The relationship with the IDB will also be strengthened through the first annual dialogue scheduled for August 2013.

IDB Peru Strengthening Women's Entrepreneurships Program (SALTA)

Australia is contributing \$2 million over four years toward SALTA to provide workshops on financial literacy and business development to 100 000 poor women in Peru. The program is performing well and is on track to reach its target by December 2013. Over 84 000 women have participated in workshops, and 446 women have been mentored, of which 35 per cent can be attributed to Australia's contribution (29 400 workshop participants and 156 mentored). Volunteer management graduates have provided around 3296 hours of mentoring, on average 7.4 hours for each person mentored.

A recent IDB evaluation of the program showed that training and mentoring had a significant positive impact on the women's level of self-confidence. The impact of mentoring was significantly higher than training alone. The evaluation provided evidence that, as a result of training in financial inclusion and basic business knowledge, women entrepreneurs have started to separate business expenses from household expenses; register income and expenses; and feel more secure in decision making. The evaluation also identified that the initiative could be strengthened, noting that training is insufficient on its own and women do not have time to effectively modify behaviour to achieve significant income changes in the short term. The need to strengthen the program is being addressed by the IDB, the department and the implementing partner, MiBanco. Recent changes demonstrate that lessons learned are being taken into account.

²¹ This project aims to increase access to savings for remittances recipients. This is important because in 2012 the total remittances from overseas workers to Latin America were US\$61 300 million. This was provided through 250 million transfers.

Paraguay for All

In 2011, Australia partnered with Chile and Germany, through a delegated cooperation agreement with GIZ, to improve the Government of Paraguay's capacity to plan and deliver coordinated social services in poor communities. The three-year activity is worth \$5.5 million—Australia is providing A\$1.5 million (23.4 per cent), the Government of Paraguay A\$3.34 million (56.6 per cent), Germany 12.6 per cent and Chile 7.4 per cent. The previous Annual Program Performance Report (APPR) identified that implementation of this ambitious project was slower than expected due to the highly complex operating environment. This was verified through an independent monitoring report prepared for Australia in October 2012.²² The department has since worked with partners to review progress and timeframes and has agreed to a no-financial cost extension of activities to December 2013. As part of this process, an independent monitoring report was written and is being finalised. The draft report recommends that the project's aims and implementation be refocused to improve final outcomes.

PREVENIR Phase II

In 2012, Australia, Germany and the Central American Integration System (SICA) partnered to support the prevention of youth violence in El Salvador, Guatemala, Honduras and Nicaragua.²³ The program is valued at \$7 million over three years, of which Australia is contributing \$1 million and Germany \$6 million. GIZ is delivering the program through delegated cooperation. GIZ monitoring reports show that the program is meeting planned outputs. It has effectively established coalitions to drive the long and complex change processes needed to reduce youth violence. Satisfying expectations at this stage, the program has engaged 119 regional, national and local political leaders; exposed 502 youths to relevant job skills; and worked with school leaders to prepare a good-practice guide for preventing violence in schools.

Future direction

Consistent with the mid-term review's recommendations, greater focus on sustainable economic development, implemented by proven partners such as the IDB, will help consolidate the program. Sustainable economic development work with the IDB provides a sound foundation for Australia's ongoing engagement in the region. The IDB is an efficient and effective partner and in 2013–14 Australia plans to work more with the IDB in Latin America, for example in the area of mining for development. The department will develop a program delivery strategy in sustainable economic development to help frame and determine program options.

Objective 2: Support effective governance

Australia supports effective governance in Latin America by helping improve public sector capacity to deliver better services, including security (Central America) and human rights; particularly as they relate to sustainable economic development and reducing the humanitarian impact of natural disasters.

Support in this focus area is through DFAT's global programs, including the Public Sector Linkages Program (PSLP); Australian Non-Government Organisation Cooperation Program

²² S Kidd, Stephen (2012), 'Report on mission to monitor Paraguay for All Project: 22–26 October 2012', Report to DFAT by independent monitoring advisor, Lima Post, Peru, pp. 307–308 and pp. 311–313..

²³ In December 2011, Australia's Foreign Minister attended the SICA Summit and during a visit to El Salvador committed to increase ODA to Central America. This included doubling the number of Australia Awards Scholarships for Central America and actively supporting security projects in crime prevention (particularly youth violence in partnership with GIZ), narcotics control and anti-money-laundering.

(ANCP); Human Rights Grants Scheme; Australia Awards (short and long-term scholarships and fellowships); and placing Australian volunteers.

Public Sector Linkages Program

PSLP has supported 30 small projects in 16 Latin American countries to build capacity through people-to-people and institutional linkages, as well as technical knowledge exchange and transfer. Of the 30 small projects, 23 started during this APPR's reporting period. PSLP has been an integral part of Australia's commitment in Latin America, representing around 7 per cent (\$6.6 million) of total financial commitment to the region. On average, PSLP projects in Latin America have taken place over two years and cost around \$250 000 per project, representing 70 per cent of overall PSLP funds. Partner countries and Australian counterparts contribute around 30 per cent of funds and in-kind support. The final PSLP round took place in 2012 and no additional activities will start after 2012–13. Many PSLP projects are under implementation and the last one is scheduled to end in May 2015.

The mid-term review found PSLP to be a highly valued, responsive, flexible and effective way of delivering aid, particularly in developing new relationships and demonstrating Australia's technical capacity (an area of comparative advantage) relevant to the region. Most activities reviewed showed effective delivery of outputs. For example, the National Institute of Statistics in Peru changed how it will ask questions of indigenous people in the forthcoming census and demographic and health surveys. Similarly, the Australian Department of Immigration and Citizenship and its PSLP counterparts in Argentina and Peru changed the way they manage immigration documents. The Mexican Water Commission now uses statistical hydrological methods to forecast water security and inform planning.

Australian Non-Government Organisation Cooperation Program and Human Rights Grants Scheme

The ANCP played an important role contributing to the inception phase of the program, with 22 ANCP projects (\$4.8 million of ODA attributed to ANCP) in six countries supported by Australian Government funds (five projects started during the reporting period). The program mid-term review found that results reported in non-government organisation monitoring records demonstrate effectiveness and value for money.²⁴

Since 2010—under the Human Rights Grants Scheme—Australia has supported 14 human rights institutions and non-government organisations to enhance human rights in nine Latin American countries.

Australia Awards (scholarships and fellowships)

Australia Awards are highly regarded in Latin America. Australia is on track to meet its commitment of providing 250 scholarships to Latin America over four years, with 100 targeted to Central America.²⁵ Australia Awards in the region are targeted to support the program's three strategic focus areas—sustainable economic development, effective governance and humanitarian and disaster response. To date 154 scholarships and 119 fellowships have been provided to people from 15 Latin American countries for study in Australia, with half of recipients women. To meet Australia's overall commitment, in 2013

²⁴ For example, in 2011–12 Australia provided \$27 215 to Reledev Australia's Women's Micro-enterprise Project in Paraguay through an ANCP grant. Consistent with the intended approach, this project successfully supported 19 women to sell their products through which they respectively obtain an average income of about A\$57 a month. This project has transformed the lives of participants. For example, after one participant gained sewing and dressmaking qualifications her monthly income increased from around A\$43 to A\$347.

²⁵ In December 2010, Australia's Foreign Minister attended the SICA Summit and during a visit to El Salvador committed to providing 200 Australia Awards Scholarships over four years to Latin America. In December 2011, the Foreign Minister increased this to 250 scholarships, with 100 targeted to Central America, during his visit to El Salvador to attend the SICA Summit.

around 96 new scholarships will be offered to Latin Americans to begin studies in 2014. Australia Awards were slow to start in Central America, resulting in the program recently adapting its approach and starting to trial vocational education and training scholarships to selected Central American countries.

The mid-term review found that it is too early to substantially assess the development effectiveness of Australia Awards, but early signs are promising with several returned graduate scholars already making a difference. The review confirmed that promotion of Australia Awards has been effective (for example, in 2012 the Latin America scholarships website received 107 176 unique visitors and more than 700 applications, compared to 226 applications in 2011). Future focus needs to be on improved targeting and efficient management of a small program rather than more promotion. A program design plan was approved by Australia for the future management of Australia Awards in the region, taking into account the lessons learned during the program's mid-term review. Procurement for the actual design will take place in 2013.

Australian Volunteers in Development: The previous APPR²⁶ identified that progress in placing volunteers in Latin America was behind schedule, and the recent mid-term review confirmed that Australia is unlikely to meet its target of providing 40 volunteers to the region by June 2014. To date 14 volunteers have been placed in Peru—with assignments between 12 and 18 months in duration. Nine are under preparation for placement in 2013-14. Of the 14 placed, 7 were women, 3 have completed their placements, 9 worked in Lima and 5 in the regions.

The program mid-term review confirmed early signs of effectiveness from volunteer assignments. For example, the CARE Peru volunteer improved the development of high-quality corporate social responsibility programs with identified private companies that completed the CARE due diligence process.

Engagement with other Latin America countries has been complex because of Australian consular needs and host-country preference for a treaty agreement to underpin volunteer placements.²⁷ Australia and the implementing partner, Austraining International, have met to discuss progress and determined that the ambitious targets may need to be reconsidered. Consistent with the mid-term review recommendation to consolidate the Latin America program and noting the difficulties experienced in establishing volunteer agreements in the region, the department will review the program beyond 2013-14 as part of the management response to the review.

Future direction

Technical and economic governance capacity building remain key needs across Latin America, to assist countries manage and sustain economic growth and development. Consistent with the recommendations of the program mid-term review, the department will, in 2013-14, consider options to develop a regional partnerships facility to establish linkages (for example, with people, organisations and institutions) and build technical and economic governance capacity development.

Objective 3: Reduce the humanitarian impact of natural disasters

Australia reduces the humanitarian impact of natural disasters in Latin America by helping develop more effective preparedness for and, when necessary, responding to natural disasters and crises, including providing food assistance. For example, Australia supports Latin

²⁶ Prior to 2012-13 Aid Program Performance Reports were called Annual Program Performance Reports.

²⁷ Australia has also attempted to negotiate agreements to place volunteers in Colombia and Paraguay.

American countries to pre-position food stocks for humanitarian relief following natural disasters.

In February 2012, Australia and Brazil delivered trilateral support to El Salvador by pre-positioning 745 metric tonnes of rice in response to emergency food security needs triggered by Tropical Depression 12 (TD-12) of October 2011. Working through the WFP, Brazil provided the food stocks and Australia direct and indirect support delivery costs. WFP monitoring reports and case studies showed that in 2012 Australian support to TD-12 (\$0.9 million) assisted more than 165 000 people affected by the flooding. Trilateral cooperation was efficient as Australian cash contributions leveraged Brazilian commodity contributions and WFP regional storage and distribution networks.

The Latin America program is also contributing funds (\$750 000) to improved capacities for planning and managing natural disasters in Central America through the UN's International Strategy for Disaster Reduction.²⁸ This support started in February 2013 and benefits Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama.

Quality at implementation ratings

A comparative summary of QAI ratings for this APPR reporting period and the previous one is at Annex B. The most recent quality ratings for the Latin America program remained relatively consistent compared to the previous ones and they continue to reflect the steady and expected implementation of initiatives within a new regional program. The lower monitoring and evaluation scores for Australia Awards and PSLP correlate with areas for performance management identified earlier in this report (Progress against objectives). The remedies the department and implementing partners need to take are also reflected earlier. The drop in the IDB-MIF efficiency rating relates to slow disbursement. However, remedial actions and ongoing monitoring by the IDB and DFAT program manager are underway. The high ranking of effectiveness for Australia Awards reflects that the program is on track according to its original design and that it will meet its commitment to provide 250 awards by June 2014.²⁹

Analysis of the QAI ratings and associated comments show the Latin America program is making greater use of QAI reports as a management tool. In line with the mid-term review's suggestions to mitigate risks, the program will conduct:

- > a QAI cluster report on trilateral cooperation activities with Brazil and Chile
- > QAI reports on activities below \$3 million, which are not politically contentious, where the activities are thought to require closer attention
- > Three activity-level evaluations are planned for 2013–14 (Annex C), which will be important in informing future direction.

The mid-term review and other quality processes conducted during the reporting period identified the need for further strategic program development. Further work on the program architecture will reflect the mid-term review recommendations for consolidation and a refined and strategic targeting of investments.

²⁸ Australian funds assist in implementing training for middle-level government officials for the Centre for Natural Disaster Prevention in Central America National Commissions and Executive Secretariat, which operates under the SICA. The training is strengthening public sector capacities to adequately plan for and manage the recovery and reconstruction process in the areas of the Central American subregion affected by natural disasters.

²⁹ Due to the newness of the program and awards to the region, the ranking does not assess the early effectiveness of returning scholars.

Management consequences

From January 2012 to June 2013, the Latin America program made good progress in addressing the previous year's APPR management consequences (Annex A). In July 2013, a management response to the mid-term review will be developed, which will also incorporate the management responses and actions outlined in this APPR. Table 3 summarises program risks requiring management in the next 12 months.

This is a summary of key management challenges for the Latin America program.

- > **Strategic program architecture:** All program architecture will be updated to reflect the mid-term review recommendations for consolidation and a refined and strategic targeting of investments. **Strategic implications from the mid-term review:** Consistent with recommendations of the mid term review, consolidation of the program objectives will likely include a focused portfolio of activities centred on the poorer countries of Latin America, one regional objective and one core delivery partner. Program consolidation will start with the completion of small activities already scheduled to conclude in 2013–14. Current initiatives and activities are not intended to be closed ahead of schedule.
- > **Performance and results:** Focus will be on systematised performance reporting in the next 12 months. This will initially be achieved through the development of a short and targeted performance assessment framework, which will guide monitoring and reporting to measure progress against current strategic focus areas.
- > **Key initiative-level priorities:** Management consequences for initiatives and activities will be detailed in full in DFAT's management response to the mid-term review. The following is an overview of initiative-level priorities identified in this APPR:
 - **Volunteer activity**—requires closer management and consideration whether Australian targets are appropriate and how they will be met.
 - **Partnership with the IDB**— is strong and in 2013–14 will benefit further from increased dialogue on SALTA and the MIF, particularly on fund disbursement. Consistent with Australia's intention to engage more closely with the IDB, a formal annual dialogue will take place in August 2013. Also, the department plans to join IDB regional Advisory Committees responsible for trust fund activities.³⁰ DFAT will further consider potential areas for future engagement with the IDB in the areas of micro-finance, micro-enterprise, financial inclusion (particularly for women entrepreneurs) and inclusive local economic development through mining activities.
 - **Australia Awards and a new Partnerships Facility**— The department will consider options for the Australia Awards program in Latin America (and the Caribbean) beyond the current commitment and consider opportunities to develop a regional partnerships facility to increase linkages between Australia and Latin America (for example, with people, organisations and institutions) and build technical and economic governance capacity development.

³⁰ The Advisory Committees provide guidance throughout all stages of the program, including by providing input on decision making related to: program establishment (providing guidance on and approve project selection methodology); project selection (providing guidance on project selection); and knowledge products (identifying knowledge gaps and approve a research agenda).

Table 3 Risks associated with the program and management actions

Most significant risks	Management response—What? Who? How? When?
<p>1. Reduced reputational benefits, fragmentation and inefficiencies may occur without appropriate program architecture to enable better programming as well as monitoring and evaluation of program performance against strategic focus areas</p>	<p>a. The Latin America program (Canberra) will develop a management response to the mid-term review</p> <p>b. By March 2014, the Latin America program (Canberra) will have revised the existing program architecture to reflect recommendations of the Mid term review.</p>
<p>1. Delays with trilateral cooperation implementation present reputational risks to DFAT and Australia in trilateral partner countries and recipient partner countries</p>	<p>a. The Latin America program (Lima) will meet more regularly with Chilean and Brazilian counterparts, particularly on activities requiring close management</p>

Annex A

Progress in addressing 2011 management consequences

Management consequences identified in 2011 APPR	Rating	Progress made in 2012-13
Finalise the Latin America program regional strategy	Green	Completed in 2013
Review monitoring and reporting of current activities (mid-term review)	Green	Mid-term review undertaken in April 2013 (report to be finalised mid-June 2013)
Complete programming of current program funds against clear objectives	Amber	Program pipeline considered for 2013-14 and work underway to implement
Realign existing initiatives to the program's strategic goals	Green	Completed in 2013 through the regional strategy process
Consolidate program and build on existing activities/partnerships	Amber	Program consolidation will start in 2013-14 in preparation for the next program phase
Undertake better program monitoring and evaluation	Green	Monitoring and evaluation support engaged by program in 2013 and MTR undertaken in April 2013
Develop a program performance assessment framework	Amber	A performance assessment framework will be developed as part of new program architecture
Strategically target and closely manage trilateral cooperation with Brazil and Chile	Amber	Ongoing (for example, WFP twinning and the mining for development activity in Honduras)
Review roles and responsibilities of staff (Canberra and Lima)	Green	Completed September 2012
A multi-year program management plan to be developed	Amber	Current commitments and program pipeline will be used to develop this plan in 2013

Note:

- Green. Progress is as expected for this point in time and it is likely that the objective will be achieved. Standard program management practices are sufficient.
- Amber. Progress is somewhat less than expected for this point in time and restorative action will be necessary if the objective is to be achieved. Close performance monitoring is recommended.
- Red. Progress is significantly less than expected for this point in time and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.

Annex B

Quality at implementation ratings

Initiative name	Approved budget and duration	Qal year						Risk management	
			Relevance	Effectiveness	Efficiency	Monitoring and evaluation	Sustainability		Gender equality
Initiative 1 IDB-MIF	\$10m to June 2014	2012	5	4	3	4	4	5	I
		2011	5	4	4	4	N/A	5	I
Initiative 2 Awards	\$40m to March 2014	2012	5	6	5	3	5	6	M
		2011	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Initiative 3 PSLP	\$6.56m to May 2015	2012	5	4	4	3	4	4	M
		2011	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Definitions of rating scale:

Satisfactory (4, 5 and 6)

■ = 6 = Very high quality

■ = 5 = Good quality

■ = 4 = Adequate quality, needs some work

Less than satisfactory (1, 2 and 3)

■ = 3 = Less than adequate quality; needs significant work

■ = 2 = Poor quality; needs major work to improve

■ = 1 = Very poor quality; needs major overhaul

Risk Management scale:

■ Mature (M). Indicates the initiative manager conducts risk discussions on at least a monthly basis with all stakeholders and updates the risk registry quarterly.

■ Intermediate (I). Indicates the initiative manager conducts ad-hoc risk discussion and updates the risk register occasionally.

■ Basic (B). Indicates there are limited or few risk discussions and the risk register has not been updated in the past 12 months.

Annex C

Evaluation and review pipeline planning

List of evaluations completed³¹ in the reporting period

Name of Initiative	AidWorks number	Type of evaluation ³²	Date evaluation report received	Date evaluation report uploaded into AidWorks	Date management response uploaded into AidWorks	Published on website
Latin America program	Latin America Program Fund	Mid-term review	June 2013	To be completed	To be completed	To be completed

List of evaluations planned in the next 12 months

Name of Initiative	AidWorks number	Type of evaluation	Purpose of evaluation ³³	Expected completion date
IDB-MIF	INJ646	End of initiative (completion)	To inform work in the future and verify initiative outcomes	30 June 2014
IDB-MIF	INJ646	Impact evaluation of the IPRF within the IDB-MIF	IDB impact evaluation	2013–14
Paraguay for All	INJ824	Project impact evaluation	GIZ impact evaluation	June 2013

³¹ 'Completed' means the final version of the report has been received

³² Mid-term review, completion report, partner-led evaluation, joint evaluation

³³ To inform a future phase of program, to improve existing program; to verify program outcomes

Annex D

Latin America progress towards Millennium Development Goals

Latin American MDG progress ³⁴	MDG 1 Eliminate extreme poverty and hunger			MDG 2 Achieve universal primary education	MDG 3 Promote gender equality and empower women	MDG 4 Reduce child mortality	MDG 5 Improve maternal health	MDG 6 Combat HIV/AIDS, malaria and other diseases	MDG 7 Ensure Environmental Sustainability		MDG 8 Develop a Global Partnership for Development
	Country (alphabetical order)	Extreme poverty	Underweight	Undernourishment	Completion of primary education	Women in national parliaments	Child mortality	Maternal mortality	Combat HIV/AIDS, malaria and other diseases	Access to safe drinking water	Access to sanitation
Latin America summary	On track <input type="checkbox"/>	On track <input type="checkbox"/>	Off track <input type="checkbox"/>	Mixed	Mixed	On track <input type="checkbox"/>	Mixed	Insufficient Information	On track <input type="checkbox"/>	On track <input type="checkbox"/>	Insufficient Information
Argentina	Mixed	Off track <input type="checkbox"/>	On track <input type="checkbox"/>	On track <input type="checkbox"/>	On track <input type="checkbox"/>	On track <input type="checkbox"/>	Mixed	On track <input type="checkbox"/>	On track <input type="checkbox"/>	On track <input type="checkbox"/>	Insufficient Information
Bolivia	Mixed	On track <input type="checkbox"/>	Mixed	On track <input type="checkbox"/>	Mixed	Mixed	Insufficient information	Mixed	On track <input type="checkbox"/>	Mixed	Insufficient Information
Brazil	On track <input type="checkbox"/>	On track <input type="checkbox"/>	On track <input type="checkbox"/>	On track <input type="checkbox"/>	Mixed	On track <input type="checkbox"/>	Off track <input type="checkbox"/>	On track <input type="checkbox"/>	On track <input type="checkbox"/>	Mixed	On track <input type="checkbox"/>
Chile	On track <input type="checkbox"/>	On track <input type="checkbox"/>	On track <input type="checkbox"/>	On track <input type="checkbox"/>	Mixed	On track <input type="checkbox"/>	Mixed	On track <input type="checkbox"/>	On track <input type="checkbox"/>	On track <input type="checkbox"/>	Insufficient Information
Colombia	Mixed	Mixed	On track <input type="checkbox"/>	Mixed	Mixed	Mixed	On track <input type="checkbox"/>	Insufficient information	On track <input type="checkbox"/>	Mixed	Insufficient Information
Costa Rica	On track <input type="checkbox"/>	Off track <input type="checkbox"/>	On track <input type="checkbox"/>	Mixed	On track <input type="checkbox"/>	Mixed	On track <input type="checkbox"/>	On track <input type="checkbox"/>	On track <input type="checkbox"/>	On track <input type="checkbox"/>	Insufficient Information
Ecuador	On track <input type="checkbox"/>	On track <input type="checkbox"/>	On track <input type="checkbox"/>	Mixed	Mixed	On track <input type="checkbox"/>	Insufficient information	Mixed	On track <input type="checkbox"/>	On track <input type="checkbox"/>	Insufficient Information
El Salvador	Mixed	Mixed	Off track <input type="checkbox"/>	Mixed	Mixed	On track <input type="checkbox"/>	Insufficient information	Insufficient information	On track <input type="checkbox"/>	On track <input type="checkbox"/>	Insufficient Information
Guatemala	Mixed	On track <input type="checkbox"/>	Off track <input type="checkbox"/>	Mixed	Mixed	On track <input type="checkbox"/>	Insufficient information	Insufficient information	On track <input type="checkbox"/>	On track <input type="checkbox"/>	Insufficient Information
Honduras	Mixed	On track <input type="checkbox"/>	On track <input type="checkbox"/>	Mixed	Mixed	Mixed	Insufficient information	Insufficient information	On track <input type="checkbox"/>	On track <input type="checkbox"/>	Insufficient Information
Mexico	On track <input type="checkbox"/>	On track <input type="checkbox"/>	On track <input type="checkbox"/>	On track <input type="checkbox"/>	Mixed	On track <input type="checkbox"/>	On track <input type="checkbox"/>	On track <input type="checkbox"/>	On track <input type="checkbox"/>	On track <input type="checkbox"/>	Insufficient Information
Nicaragua	Mixed	On track <input type="checkbox"/>	On track <input type="checkbox"/>	Mixed	Mixed	On track <input type="checkbox"/>	On track <input type="checkbox"/>	Insufficient information	Mixed	Mixed	Insufficient Information
Panama	Mixed	Off track <input type="checkbox"/>	Mixed	Mixed	Mixed	Mixed	Insufficient information	Off track <input type="checkbox"/>	Mixed	Mixed	Insufficient Information

³⁴ UNDP (2010), 'Achieving the Millennium Development Goals with equality in Latin America and the Caribbean: Progress and Challenges, p. 345, <http://www.undp.org/content/dam/undp/library/MDG/english/MDG%20Regional%20Reports/LAC-Regional%20MDG%20Report%202010.pdf>, accessed 28 April 2013.

Latin American MDG progress ³⁴	MDG 1 Eliminate extreme poverty and hunger			MDG 2 Achieve universal primary education	MDG 3 Promote gender equality and empower women	MDG 4 Reduce child mortality	MDG 5 Improve maternal health	MDG 6 Combat HIV/AIDS, malaria and other diseases	MDG 7 Ensure Environmental Sustainability		MDG 8 Develop a Global Partnership for Development
Paraguay	Mixed	Off track <input type="checkbox"/>	Mixed	On track <input type="checkbox"/>	Mixed	Mixed	On track <input type="checkbox"/>	Off track <input type="checkbox"/>	On track <input type="checkbox"/>	Mixed	Insufficient Information
Peru	On track <input type="checkbox"/>	On track <input type="checkbox"/>	On track <input type="checkbox"/>	Mixed	Mixed	On track <input type="checkbox"/>	Insufficient information	Off track <input type="checkbox"/>	On track <input type="checkbox"/>	On track <input type="checkbox"/>	Insufficient Information
Uruguay	Off track <input type="checkbox"/>	Off track <input type="checkbox"/>	On track <input type="checkbox"/>	On track <input type="checkbox"/>	Mixed	Mixed	Insufficient information	On track <input type="checkbox"/>	On track <input type="checkbox"/>	On track <input type="checkbox"/>	Mixed
Venezuela	Mixed	On track <input type="checkbox"/>	Off track <input type="checkbox"/>	Mixed	Mixed	Mixed	Mixed	Mixed	Off track <input type="checkbox"/>	Off track <input type="checkbox"/>	Insufficient Information

Annex E

2013 Latin America Human Development Index Ranking

Country*(alphabetical order)	2013 Human Development Index Ranking (out of 187) ³⁵	2007 Human Development Index Ranking ³⁶
Argentina	45	49
Bolivia	108	113
Brazil	85	75
Chile	40	44
Colombia	91	77
Costa Rica	62	54
Ecuador	89	80
El Salvador	107	106
Guatemala	133	122
Honduras	120	112
Mexico	61	53
Nicaragua	129	124
Panama	59	60
Paraguay	111	101
Peru	77	78
Uruguay	51	50
Venezuela	71	58

* HDI ranking changes from 2007 to 2013 show that most Latin American countries are slipping in their ranking.

³⁵ UNDP (2013), 'Country reports 2013', <http://hdr.undp.org/en/countries/>, accessed 16 May 2013.

³⁶ UNDP (2010), 'Regional Human Development Report for Latin America and the Caribbean 2010', Table A1: Latin America and the Caribbean. Human Development Index, 1980–2007 http://hdr.undp.org/996B8B65-6E4C-4247-A3CA-DFB791B7257F/FinalDownload/DownloadId-6CE64897FB594608A8185E85FD2441FB/996B8B65-6E4C-4247-A3CA-DFB791B7257F/en/reports/regional/latinamericathecaribbean/idhalc_en_2010.pdf, accessed 17 May 2013.