



Aid Program Performance Report 2012–13 Australian Mekong Water Resources Program

Key messages

This report summarises progress in 2012–13 of the Australian Mekong Water Resources Program and assesses the achievement of objectives under the delivery strategy 2009–2012.

The program remains highly relevant to the development needs of the Greater Mekong Subregion given the importance of the region's waterways to local livelihoods and the scale of current and planned investments.

There is room for improvement in the delivery of some activities (and on the effectiveness and efficiency ratings) focused on building institutions (objective 1) and effective decision-making processes (objective 3). Progress has been patchy for a mix of reasons including managing partner selection and slow procurement practices of partners. A series of mid-term reviews in early 2013 enabled firm remediation plans to be developed to improve progress with these activities.

Strong progress has been made to build the local knowledge base and its availability (objective 2), and on key projects to support more effective decision-making processes (objective 3).

Key program achievements have involved working with partners in the region to:

- > develop new water resources policies, regulations and institutional reforms in Laos and Cambodia
- > build the capacity of state and non-state actors to manage regional water resources through targeted professional development, fellowships, technical assistance and twinning partnerships
- > commence the first trilateral development cooperation agreement between Australia and China on irrigation investment in Cambodia
- > convene multi-stakeholder policy dialogues at local, national and regional levels, drilling into substantive poverty-related water-food-energy challenges
- > pilot triple bottom line sustainability approaches with developers, financiers, governments and civil society organisations to improve accountability of decision-making and the quality of planning, construction and operation of water resources infrastructure
- > support research to improve river basin planning and infrastructure project implementation, which is grounded in comprehensive options assessment and adaptive management
- > support the Mekong River Commission's prior consultation process, which resulted in substantial design modifications for the Xayaburi Dam on the Mekong River mainstream.
- > The highest priority in 2013–14 will be completing the new delivery strategy for the period 2013–2017, designing the future program of work, and commissioning new activities. The delivery strategy process is providing the opportunity to learn and build on the successes and challenges of the existing program. Seeing the existing portfolio of activities through to their completion will be an ongoing management priority, with the majority of the activities in the existing portfolio closing before the end of 2015.

Context

Regional political economy of water

Water resources lie at the heart of poverty alleviation, economic development and geopolitical stability in the Greater Mekong Subregion. At the most basic level, water resources are needed for human survival and are a vital ingredient for the production of food and energy.

The transboundary and interconnected nature of the subregion's waters adds a critical dimension, with the Salween, Mekong and Red all being international rivers. Peace, prosperity and security in the region are linked to choices made about sharing, developing and managing these waters to produce food and energy, sustain livelihoods and maintain vital ecosystems. Many water resource projects have been completed, are underway or are being planned. Dams, river diversions, inter-basin transfers, thirsty cities and irrigation expansion are all in the mix. While some projects have been celebrated, others have created tensions that can exacerbate other destabilising forces in the region.¹ Fairer and more effective governance of the subregion's water resources would go some way to alleviating the poverty that results from inequitable and unsustainable resource exploitation.

Water resources are the full suite of ecosystem-supplied water 'services' for basic human use (water supply and sanitation), industry (manufacturing and processing), production of food and other crops (mountain and flood plain agriculture, irrigation, aquaculture and fisheries), and production of energy (hydropower, thermal plant cooling and biofuel production). Leaders of Greater Mekong Subregion countries are aware that the destinies of their countries are entwined and will be partly shaped by the way increased cooperation of the past 20 years is extended into the realm of water resources development.

Choices are being made in the region about using and sharing waters which may produce more energy, increase and decrease food production, sustain or threaten livelihoods, and maintain or degrade vital ecosystems upon which societies depend. The iconic Mekong River flows for 4800 kilometres through all the Greater Mekong Subregion countries, but it is only one of the major rivers of the region. Others include the Irrawaddy, Salween, Chao Phraya, Red and Pearl rivers.

There is a view that the abundant natural resources of the Greater Mekong Subregion—such as forests, fisheries, biodiversity, and minerals and energy including coal, petroleum, gas and hydropower—provide enormous opportunities to create wealth and employment. Those who hold this view see alluring economic benefits from the continued exploitation of these resources. However, the appropriateness of different development pathways is vigorously contested by others who argue that the current resource-extractive model of economic development is unsustainable, and that risk-bearing and benefit-sharing is inequitable.

Many decisions on water resources are taken on political grounds, by administrative fiat, or according to a particular, often narrow and frequently private set of interests. Core decision-making processes are often opaque. The rhetoric of participation is not always matched in practice, and meaningful public deliberation is still the exception rather than the rule. Scientific analysis is not used to its full potential, research is regularly commissioned, ostensibly for decision-making purposes, but is often not fully considered when making critical water infrastructure construction or operating decisions.

¹ Molle, F, Foran, T & Kakonen, M (eds.), 2009. *Contested waterscapes in the Mekong Region: hydropower, livelihoods and governance*. London: Earthscan.

Governments at various levels are the main transboundary water governance stakeholders in the Mekong region. But, as elsewhere, there are many others jostling for space in decision-making arenas including non-government organisations, media, business, financiers, policy research institutes, universities and networks.

In addition to Australia's bilateral relationships, we are a substantial supporter of the Mekong River Commission, the intergovernmental organisation responsible for transboundary Mekong River Basin water resources governance. The commission has a contested mandate, which is embodied in the 1995 Mekong River Agreement, for the mainstream, tributaries and the lands of the basin within the territories of the four lower Mekong countries—Laos, Thailand, Cambodia and Vietnam. It also now includes the two upper countries—China and Myanmar—in some of its activities and outreach.²

A governing council at ministerial level and a joint committee of senior government officials leads the commission. These are serviced by the commission's secretariat, which is responsible for implementing council and joint committee decisions, and providing advice, technical and administrative support. There are also National Mekong Committees, which are set up differently in each country and serviced by National Mekong Committee Secretariats.

There is a political dynamic between each of these five parts. There is no homogeneous single 'Mekong River Commission'. Any joint position needs to be collectively negotiated between the council and joint committee members, taking directions from their capitals. The Mekong River Commission Secretariat must also manage its working relationships with the National Mekong Committee Secretariats, which are quick to object if they feel left out of activities or if they perceive that the Mekong River Commission Secretariat is encroaching into their national space. In turn, the National Mekong Committee Secretariats also have to establish their own role and working space within their national polities, with their functional power much less than key water-related ministries and agencies in each country. As in any large family, it is not possible for all interaction to be smooth. The vaunted 'Mekong spirit' of cooperation is severely strained at present, but it is important to do everything possible to encourage a constructive spirit between the countries sharing precious water resources, risks and opportunities.

There are positive signs of water governance change across the region. The Chinese media is reporting more regularly on the water-related perspectives of neighbouring countries, and China is taking a slightly more open approach to sharing information and building understanding with its downstream neighbours in the Greater Mekong Subregion, South and Central Asia.³ The National Assembly in Laos is increasing its role in the scrutiny of mega-projects. Progress has been made to formulate a comprehensive water law, and to establish new river basin organisations. Bold inputs have been made to public policy-making debates by Vietnamese scientists, and the assessment and management of impacts of upstream development on the downstream Mekong Delta continues to rank amongst the highest government priorities. There is more space for civil society in Cambodia to engage in state irrigation policy debates and influence the oversight of substantial low-condition funds flowing in for irrigation development, rehabilitation and modernisation from old and new donors.

Villager-led participatory action research is informing environmental impact assessment in Thailand, and there is significant public debate on the nation's energy and water futures. To complete the snapshot, we observe in Myanmar that following the suspension of Myitsone

² Dore, J. & Lebel, L. 2013, *Transboundary water diplomacy in the Mekong Region*, in: Nicklin, S. (ed.) *Free Flow*. UNESCO.

³ Biba, S. 2013, *Desecuritization in China's behavior towards its transboundary rivers: the Mekong River, the Brahmaputra River, and the Irrtysh and Ili Rivers*, *Journal of Contemporary China*, DOI: 10.1080/10670564.2013.809975.

Dam in 2011, the government of Myanmar is looking to the international community for assistance to sustainably manage its natural resources. Though there may be a reflective pause in the Irrawaddy River Basin, Salween projects are moving ahead quickly. This is in the absence of any substantive impact assessment and despite the fact that the Salween in Myanmar flows through a range of states, and is still a conflict zone.

Department of Foreign Affairs and Trade (DFAT) program positioning

The Australian Mekong Water Resources Program contributes to the purpose and strategic goals of Australia's Comprehensive Aid Policy Framework by supporting sustainable economic growth and reducing the impacts of negative environmental and social changes. This is done by contributing to the improved management of the national and transboundary water resources which underpin livelihoods, fisheries and farming for tens of millions of poor people in the Greater Mekong Subregion.

The objectives of the current delivery strategy 2009–2012 are:

- > **institutional strengthening:** strengthening institutional frameworks to enable the implementation of integrated water resources management
- > **knowledge availability:** improving the quantum and availability of reliable and required knowledge for water resources use and further development
- > **decision-making support:** supporting informed deliberative engagement that constructively influences negotiations and policy of public, private sector and civil society actors.⁴

In line with these objectives, activities supported by Australia in 2009–2012 addressed one or more of the following priority issues:

- > **capacity building:** technical and social capacity building to enable the theory of integrated water resources management to be put into practice
- > **environmental change:** adapting to climate and other environmental change being driven by a range of forces
- > **food security:** ensuring there is enough food for vulnerable and marginalised people, in part by avoiding or mitigating threats to the existing bounteous productivity of the Mekong ecosystems
- > **hydropower assessment:** comprehensively assessing options, including alternatives
- > **transboundary engagement:** more constructive engagement on water-related issues between all six countries that comprise the Greater Mekong Subregion
- > **corporate social responsibility:** encouraging private sector leadership in raising standards and demonstrating accountability.

In addition to existing DFAT priorities, as we move to finalise the delivery strategy for 2013–2017, the post-2015 development agenda⁵ negotiations will be kept in view. Currently proposed goals include:

⁴ AusAID (2009). Australian Mekong Water Resources Program: Delivery Strategy 2009–2012. Canberra: Australian Agency for International Development.

⁵ United Nations (2013), *A new global partnership: eradicate poverty and transform economies through sustainable development*, the report of the High-Level Panel of Eminent Persons on the Post-2015 Development Agenda, United Nations, New York.

- > Goal 5: ensure food security and good nutrition, including sustainable freshwater fishery practices, and irrigation issues
- > Goal 6: achieve universal access to water and sanitation, considering targets of balancing freshwater withdrawals with supply
- > Goal 9: manage natural resources assets sustainably, that includes government and corporate accountability, and safeguarding ecosystems.

In implementing the current delivery strategy 2009–2012, DFAT has partnered with:

- > the Mekong River Commission as the chief regional inter-government organisation responsible for transboundary Mekong River Basin water resources governance
- > the governments of Laos and Cambodia on institutional strengthening and capacity building, with the World Bank and Asian Development Bank to assist with this
- > Thailand's Ministry of Natural Resources and Environment for technical and policy exchange
- > the Government of Vietnam to shape, negotiate and commission strategic studies to determine the impacts on the Mekong Delta from developments upstream in the Mekong Basin
- > the Consultative Group on International Agricultural Research (CGIAR) Challenge Program on Water and Food, the Mekong Program on Water, Environment and Resilience (M-POWER) regional research network, and their many partners in government and civil society, to undertake research in hydropower decision-making and foster multi-stakeholder platforms to explore the future of water, food and energy in the subregion
- > private sector developers, financiers and industry associations, in partnership with governments, to shape and test protocols and standards for hydropower infrastructure in Cambodia, China, Laos, Thailand and Vietnam
- > the Commonwealth Scientific and Industrial Research Organisation (CSIRO), under the auspices of the CSIRO–AusAID⁶ Research for Development Alliance, to engage with knowledgeable and influential stakeholders across the region, and explore major pending development decisions. These include rubber expansion, hydropower expansion, diversions and sea level rise, and the local and transboundary knock-on effects.

The Australian Government has worked with partners to develop and implement activities, as well as to conduct policy dialogue with governments and particularly the private sector, using the various support activities to leverage influence. Promoting integrated water resources management has been the higher theme of policy engagement, with specific efforts including:

- > encouraging greater disclosure of information by governments, developers and the Mekong River Commission to inform stakeholders engaging in consultation processes
- > conducting roundtable discussions with the private sector, governments and civil society organisations on hydropower governance, regional water, food and energy security
- > working with government to advance regulatory improvements in the hydropower, mining and river basin management sectors
- > advocating for consideration and evaluation of technical, economic, social and environmental assessments by all involved in the multi-actor tapestry which is governance

⁶ In November 2013 AusAID was integrated into the Department of Foreign Affairs and Trade (DFAT). In this report, 'AusAID' is used to refer to the achievements and performance of the agency prior to the integration. 'DFAT' is used to refer to the future aid commitments of the integrated department.

- > mainstreaming gender consideration and action in all relevant activities, particularly institutional strengthening and capacity building.

This aid program performance report assesses whether these objectives have been achieved. It will inform the ongoing development of a new delivery strategy 2013–2017 that will outline a refined set of objectives, and indicate which partnerships will be sought to implement each component of work.

Expenditure

Expenditure in 2011–12 was \$9.4 million, of which \$7.7 occurred between January and June 2012 (also within the report period), and was reported in the annual program performance report⁷ (APPR) for 2011. Estimated expenditure in 2012–13 is \$4.7 million including management, monitoring and evaluation costs, and is shown in Table 1 below. This reduction in expenditure was partly due to the need to reframe the program direction before proceeding with designs for new activities. The budget allocation for 2013–14 is \$10 million, which is a return to the past trend of gradually increasing to \$10 million and beyond.

Table 1: Estimated expenditure from January to June 2012

Objective	\$ million	% of the program
Objective 1 – Institutional strengthening	4.9	63
Objective 2 – Knowledge availability	0.9	11
Objective 3– Decision-making support	2.0	26

Table 2: Estimated expenditure in 2012–13

Objective	\$ million	% of the program
Objective 1 – Institutional strengthening	2.6	58
Objective 2 – Knowledge availability	1.6	36
Objective 3– Decision-making support	0.2	5

Progress towards objectives

The Mekong Water Resources Program uses a performance assessment framework (Annex E) that provides outcomes and milestones against which performance is annually assessed. As well as promoting rigour in judging program implementation, the framework promotes strategic focus and increasingly strategic dialogue with aid program partners. The ratings presented in this section represent a final assessment of progress against the delivery strategy objectives and associated end-of-program outcomes as defined in the performance assessment framework. The assessment draws heavily on the extent to which the framework’s 2012 milestones have been achieved. In 2012, there was room for improvement on the effectiveness and efficiency ratings for some initiatives focused on building institutions (objective 1) and support for more effective decision-making processes (objective 3). Progress has been patchy for a mix of reasons, including managing partner selection, lethargic partner procurement

⁷ Prior to 2012-13 Aid Program Performance Reports were called Annual Program Performance Reports

practices, and manoeuvring by executing partner government agencies. A series of mid-term reviews in early 2013 developed firm remediation plans to improve progress with these activities. Strong progress has been made to build the local knowledge base and its availability (objective 2) and for some programs relating to more effective decision-making processes (objective 3).

Table 3: Rating of the program's progress towards the objectives

Objective	Current rating	Previous rating
Objective 1 - Institutional strengthening	Amber	Amber
Objective 2 - Knowledge availability	Green	Green
Objective 3 - Decision-making support	Amber	Green

Note:

- Green. Objective has been achieved.
- Amber. Objective has been partially achieved.
- Red. Objective has not been achieved.

Objective 1 – Institutional strengthening

Objective 1	Rating (amber)
<p>Strengthened institutional frameworks to enable the implementation of integrated water resources management</p> <p>Performance assessment framework outcomes sought</p> <ul style="list-style-type: none"> > The Mekong River Commission is an effective, efficient, viable organisation and represents a serious attempt to embody integrated water resources management in action. <i>Partially achieved.</i> > The Lao Ministry of Energy and Mines incorporates integrated water resources management perspectives into, and improves strategic management and governance of, the hydropower and mining sectors. <i>Partially achieved.</i> > The Lao Ministry of Natural Resources and Environment is an effective, efficient, viable organisation. <i>Partially achieved.</i> <p>Cambodia's water resources sector is capably implementing the integrated water resources management components of the strategy for agriculture and water. <i>Partially achieved.</i></p>	<p><i>Has been partially achieved</i></p>

Objective 1: *Strengthened institutional frameworks to enable the implementation of integrated water resources management* has been awarded an amber rating (objective has been partially achieved) because of delays in implementation, which resulted in some milestones not being achieved in the reporting period. While this rating is the same as in 2011, after mid-term reviews in early 2013 several of the programs are now on track to meet their objectives.

Strengthening institutions for improved water resources management in the Greater Mekong Subregion continues to be a work in progress. The focus of the institutional strengthening effort has been on the Mekong River Commission as well as key natural resources management ministries and associated stakeholders in Cambodia and Laos. Progress against the performance assessment framework 2012 outcomes has been mixed but overall the objective's amber score masks some clear wins, including the:

- > new water resources policies, strategies and reform agendas in both Cambodia and Laos built on integrated water resources management principles
- > creation of river basin organisations in both countries to manage local water resources more effectively
- > substantial progress in revising the Laos water law, which will be considered by the national assembly in December 2013.

In 2012–13, our strong presence in the region and productive relationships with regional governments helped establish the new trilateral Cambodia–China–Australia Irrigation Project, which was led by Beijing Post with support from the Mekong Water Unit and Phnom Penh Post. The project will facilitate three visits to Cambodia, China and Australia over the next 12 months to exchange knowledge and experience about irrigated agriculture, explore the feasibility of further collaboration to strengthen Cambodia’s irrigation sector, and promote mutual understanding of Australian and Chinese development cooperation systems.⁸

In 2013, DFAT also accepted an invitation from the Laos Department of Water Resources within the Ministry of Natural Resources and Environment to co-chair a new sub-sector working group on water resources. This position will be used throughout 2013 and beyond to improve donor coordination and the efficiency of support to the ministry, and to cement DFAT’s leadership position.

A key bottleneck to meeting the performance assessment framework’s 2012 milestones has been the effectiveness of our partners. The Mekong River Commission continues to face large human resources challenges. Protracted procurement processes and poor consultant selection by our partners have delayed our institution-building work with the national governments of Laos and Cambodia. DFAT will have a more hands-on role in delivering programs over the next 12 months to ensure they remain on track over the next reporting period. Our response to organisational concerns within the Mekong River Commission is addressed in detail in the management consequences section of this report.

Assistance under this objective has been framed through a suite of linked activities, each enabling Australia to engage in substantive policy dialogue with Lower Mekong governments, as well as to contribute to improved technical and policy capacity in the institutions. It includes the:

Cambodian Integrated Water Resources Management Support Program

- > Lao National Integrated Water Resources Management Support Program
- > Lao Hydropower and Mining Technical Assistance
- > Mekong River Commission Integrated Capacity Building Program.

The next section provides brief progress updates against each of the initiatives.

Cambodian Integrated Water Resources Management Support Program

In Cambodia, the Asian Development Bank-managed Integrated Water Resources Management Support Program (\$1.5 million from the Australian Government in 2012–13, and a \$5 million overall commitment) is supporting key actors in Cambodia’s Government to shape and implement an institutional reform agenda for water resources management. This includes strengthening legal frameworks, improving national coordination on water resources management, implementing water resources policy, piloting river basin management initiatives, and developing the next generation of water resources professionals at the Institute of Technology of Cambodia. The reform agenda is linked to large concessional loans for rehabilitation of small and medium-sized irrigation infrastructure, received by the Ministry of Economy and Finance. Aside from providing funding, DFAT’s role has extended to working behind the scenes to build support and consensus within the Cambodian Government. While there have been some delays mainly due to difficulty maintaining top-level Ministry of Water Resources and Meteorology commitment, a mid-term review in April/May 2013 achieved

⁸ Implementation plan for the Cambodia–China–Australia Cooperation for improved irrigation in Cambodia project, Hatfield consulting, April 2013.

fresh agreement from the relevant stakeholders to proceed. The initiative is now on track to meet its objectives.⁹

Lao Integrated Water Resources Management Support Program

Australia is contributing \$3.2 million to the Asian Development Bank to support the Lao National Integrated Water Resources Management Support Program under existing capacity development technical assistance that commenced in 2011. Additional funds from the Australian Government were provided to develop the multi-donor support program and assist the Ministry of Natural Resources and Environment prepare for implementation. The initiative aims to ensure water resources in Laos are managed against sustainable economic, social, and environmental objectives.

DFAT's current contribution supports institutional and capacity development in the Ministry and the National University of Laos, and is being implemented over four years from 2011. The funds have been fully disbursed to the Asian Development Bank (\$1.1 million in 2012–13, \$3.2 million of \$3.8 million Asian Development Bank-managed funding over all years). Like the Asian Development Bank's Cambodia initiative, the Australian embassy's role has extended to working closely with the Lao Government to build support and momentum for these reforms. Overall, progress with this activity is rated as amber, though this masks uneven performance by the Government of Laos and consulting teams for the different outputs.¹⁰ For example, a review of the water resources engineering curriculum at the National University of Laos' Department of Water Resources Engineering has been completed and submitted to the university. Support for groundwater assessment and policymaking is also moving satisfactorily, aided by complementary development assistance from the Australian Centre for International Agricultural Research, which is provided through the International Water Management Institute. On the flipside, work that was focused on river basin management suffered from inadequate advisory support that saw the Australian embassy insist on staff changes in late 2012, compounded by institutional arrangements within government.

An overall design flaw of the initiative, a lesson learned for subsequent programs, was the Asian Development Bank's decision to individually tender each component. This unnecessarily complicated implementation and the bank's oversight.

Lao Hydropower and Mining Technical Assistance Project

The World Bank-managed Lao Hydropower and Mining Technical Assistance Project made substantial progress in late 2012 after two slow years. It is providing strategic and capacity-building needs in the hydropower and mining sectors in the Laos Government. While the efficiency and effectiveness of this program is underperforming, achievements are being made, including the establishment of trade working groups for both sectors to improve training and education on hydropower and mining governance. They comprise representatives from industry, government, universities and polytechnics, and will work to coordinate and structure the training and education provided to all technical and professional workers in these sectors. Important work underway that is directly supported by the project includes multi-criteria energy expansion planning, overhauls of the hydropower concessioning processes and the hydropower fiscal regime, and more comprehensive multi-criteria hydrological modelling.

⁹ Quality at Implementation Report (2012), *Cambodia National Integrated Water Resources Management Support Program*, and memorandum of understanding for Asian Development Bank Loan 2673 and TA 7610-CAM mid-term review mission 22 April–3 May 2013.

¹⁰ Quality at Implementation Report (2012), *Lao National Integrated Water Resources Management Support Program*, and Aide-Memoire for World Bank Technical Assistance for Capacity Building in the Hydropower and Mining Sectors Project (IDA Grant H539-LA and AusAID TF99572) mid-term review mission 14–25 January 2013.

The project also funded two study tours to Australia over the reporting period, one for each of the sectors. Lao mining officials travelled to Western Australia in April/May 2012 to learn about regulation, assessment, monitoring, and enforcement of operational, social and environmental standards for mines, using bauxite as a case study. The second tour comprised senior officials travelling to Tasmania to learn about strategic planning and management of the hydropower industry. The project continues to provide a platform for policy discussions at the working and senior-official level on such issues as revenue management and public investment strategies.

Major barriers to the efficiency of the program have been the slow procurement processes of both the World Bank and the Government of Laos. The Australian Government's role in relation to this program has been largely as a financier, but DFAT has begun to take on a larger program management role to respond to long delays. DFAT is committed to more hands on support to the World Bank and Laos Government to ensure project milestones are met in future.

Mekong River Commission Integrated Capacity Building Program

At the Mekong River Commission, the Integrated Capacity Building Program has collaborated with other programs to design capacity development assistance for integrated water resources management that has been rolled out in relevant agencies across the commission's four member countries – Cambodia, Laos, Thailand and Vietnam. The aim is to foster regional appreciation of national perspectives to help shape shared perspectives. Implementation has included training officials on key components of integrated water resources management, such as water law, conflict resolution and negotiation, procurement, and implementing water resource management principles.

Progress has been modest. The program has struggled to progress through its work plan and demonstrate impact. A key performance barrier has been ineffective program management, which should be rectified with the recruitment of a new program coordinator in July/August 2013.¹¹ The Integrated Capacity Building Program will be front and centre in 2013 and 2014 with the introduction of decentralisation, where some of the more technical functions currently undertaken by the Mekong River Commission Secretariat are handed to member countries. A leaner secretariat will continue with essential coordination and policy work. Mid-term reviews of all Mekong River Commission programs in July 2013 will comprehensively assess the impact of the Integrated Capacity Building Program.

The difficulties in rectifying program staffing problems highlight the sensitivities surrounding human resources management in a multinational inter-government organisation. Without fixing human resources, the Integrated Capacity Building Program will continue to struggle. This has been the subject of extensive discussion between the Australian embassy, the Mekong River Commission's CEO and high-performing staff. To an extent, human resources have been reformed, but the consequences of previous decisions are taking some time to play out. The Australian Government's main role has been as program funder but as human resources problems have become more apparent, DFAT has also begun to play a larger role in program management and as an informal mediator in key disputes. In 2013–14 DFAT, along with other donors, will continue to advocate for major reform within the Mekong River Commission Secretariat.¹²

¹¹ Quality at Implementation Report (2012), Integrated Capacity Building Program.

¹² Joint Development Partner Statement, Mekong River Commission Informal Donor Meeting, Phnom Penh, Cambodia, 28 June 2013.

Objective 2 – Knowledge availability

Objective 2	Rating (green)
Improving the quantum and availability of reliable and required knowledge for water resources use and further development	Has been achieved
Performance assessment framework outcomes sought > Knowledge generated and decision-maker comprehension increased on possible water-food-energy futures. <i>Achieved.</i> > Knowledge generated on political ecology of hydropower decision-making, improving siting and operation of hydropower facilities. <i>Achieved.</i> > Increased understanding of climate change and how to adapt to it. <i>Partially achieved.</i>	

Objective 2: *Improving the quantum and availability of reliable and required knowledge for water resources use and further development* has been awarded a green rating (as in 2011) as key milestones and strong outcomes have been achieved for the region.

The depth and breadth of active researchers in the Greater Mekong Subregion continues to impress. Australian aid-funded research programs have pioneered innovative approaches to improving policy-makers' decision-making through the quality of their research and inclusive design. This has involved Mekong government officials in study design and problem identification, as well as research involving government, civil society and local researchers.

Research has covered the three areas identified in the outcomes above. These include piloting and evaluating approaches to climate change adaptation in the region, and investigating best practice options to social and environmental safeguards for proposed hydro developments in five of the six Mekong countries (excluding Myanmar). National and transboundary development dilemmas relating to water-food-energy connections have also been explored across the region. Strong progress under this objective has enabled 2012 annual project milestones to be achieved, as well as all three outcomes and an overall green rating.

The Australian Government's research program has also supported and strengthened regional research networks and capacity-building of early researchers. As well, Australian aid-funded programs have attracted interest from Chinese researchers and have provided an avenue for DFAT to strengthen our engagement with China on regional integrated water resources management. Further knowledge generation and dissemination to influential policy actors needs to be a focus of the future program.

There have been three major activities under this objective:

- > Mekong Basin Challenge Program on Water and Food Phase 2
- > Mekong River Commission Climate Change Adaptation Initiative
- > Exploring Mekong Region Futures (funded by the CSIRO–AusAID¹³ Alliance on Roads for Development).

A brief progress report for each of the three initiatives under this objective is below.

Mekong Basin Challenge Program on Water and Food Phase 2

The Australian Government's support to Phase 2 of the Mekong Basin Challenge Program on Water and Food commenced in 2011. Major progress has been made on hydropower-related

¹³ In November 2013 AusAID was integrated into the Department of Foreign Affairs and Trade (DFAT). In this report, 'AusAID' is used to refer to the achievements and performance of the agency prior to the integration. 'DFAT' is used to refer to the future aid commitments of the integrated department.

action research projects. Our funding commitment to the program is \$5.5 million, with the final tranche of \$1.625 million provided in 2012–13. The program will improve knowledge on how decisions on which projects proceed, where they are sited, how they are operated, how the livelihoods of project affected people is prioritised, and who is consulted in the process. An open call for \$2.5 million was fully subscribed, and enabled an extensive portfolio of projects to be commissioned. The research conducted by the program and its partners is achieving results.¹⁴ Methodologies and available interim outcomes were presented at the Mekong Water-Food-Energy Forum in Hanoi in late 2012. For example:

- > Three dams in Laos's south-eastern province of Attapeu have been put on hold due to shortcomings in their application of social and environmental safeguards. The Challenge Program on Water and Food implemented a project to research these problems, identify solutions, and then to assist Lao authorities and the hydropower company involved to address the safeguard concerns of the Asian Development Bank. This project is using the International Hydropower Association's sustainability protocol to ground its approach, and has a strong focus on gender and indigenous communities impacted by these dams.
- > Program partners include the universities in the M-POWER regional research network.¹⁵ These universities are using DFAT funds to convene, develop and implement regional hydropower governance curricula that will be used in each of the six Mekong countries.
- > In the Stung Treng catchment, a Challenge Program on Water and Food project has created a multi-stakeholder platform. It comprises several Cambodian ministries, provincial and district officials, community representatives and non-government organisations, which have reached consensus on a variety of integrated water resources management measures. The multi-stakeholder platform has representatives from most of the catchment's resource sectors, and provides empirical input to an internal Cambodian debate on what integrated water resources management is and how it might work.
- > In the Nam Theun-Nam Kading of Laos, the program is funding companion modelling to assist the newly formed River Basin Committee. Companion modelling allows actors to map out their own interests and perspectives, which can then be grouped, and similarities demonstrated.
- > The program has also funded M-POWER to issue 53 fellowships in 2012, which provide excellent development opportunities for promising analysts and advocates throughout the region. All fellows are supported by mentors and assisted to increase their understanding of, and engagement in, transboundary water governance.

Aside from action-research activities, by the end of 2013 the Challenge Program on Water and Food will have implemented three annual Mekong forums on water, food and energy. About 200 delegates from a wide variety of interest groups will attend each of these forums, which are key multi-stakeholder platforms where issues related to water, food and energy are debated, and where Challenge Program on Water and Food representatives introduce research solutions.

China is actively engaging through the informal structures and within the networks that program partners have been creating. Chinese participation in Lower Mekong workshops, roundtables and learning exchanges is increasingly common, with many of these events drawing on DFAT funds.

¹⁴ For access to extensive Challenge Program on Water and Food funded research product and impact evaluation, see <http://mekong.waterandfood.org/>

¹⁵ Example M-POWER publications: Daniel, R., Lebel, L. & Manorum, K. (eds) 2013. *Governing the Mekong: engaging in the politics of knowledge*. Selangor, Gerakbudaya; Lazarus, K., Badenoch, N., Dao, N. & Resurreccion, B. (eds.) 2011. *Water rights and social justice in the Mekong region*. London: Earthscan.

The Australian Government has played a key role in shaping the current phase of the Mekong Challenge Program on Water and Food, including providing strategic direction, identifying key local and regional partners and assisting in program implementation.¹⁶ The program has proven to be an excellent facility for disbursing funds for action research, ably managing grants from \$5000 to \$250 000. The program closes at the end of 2013 and finding a similar provider for 2014+ is a high priority.

Mekong River Commission Climate Change Adaptation Initiative

The Mekong River Commission has developed a Climate Change Adaptation Initiative to respond to the need for a cooperative regional approach to climate change vulnerability assessment and planning in the Lower Mekong Basin countries. To date, the initiative's focus has been on piloting approaches to adaptation planning and implementation throughout the region. The aim is to work with Lower Mekong Basin governments on adaptation strategies at a range of scales and integrate these into their national and regional development plans. After some delays, four national-level pilot projects have been implemented. Evaluations of these will commence in June/July 2013 to inform successor projects. Evaluations will also feed into the implementation of national-level climate change adaptation plans.

The Climate Change Adaptation Initiative's regional pilot on food security in flood and drought areas has experienced significant implementation delays. High staff turnover and poor coordination between the Mekong River Commission and member countries have been contributing factors.¹⁷ A mid-term review will be completed by September 2013 to inform the initiative's implementation up to 2015, and will be a key opportunity to adjust program design and implementation to help this part of the program get back on track. As founding donor, the Australian Government played a hands-on role in the program's inception but has taken a step back in recent years. In the next reporting cycle, DFAT will work more closely with the initiative's team.

Exploring Mekong Region Futures

The Exploring Mekong Region Futures initiative is a partnership between Mekong country research institutes and CSIRO that aims to investigate the impacts of infrastructure investments on energy, food and water security across the Mekong region, and influence policy.

Researchers in each country (China, Laos, Thailand, Vietnam and Cambodia) worked with government and non-government partners during the year to explore:

- > the impacts and future of rubber plantations in Yunnan and across the region
- > development options for the Nam Ngum basin in Laos
- > the future of farming in northeast Thailand
- > the future of the Tonle Sap area in Cambodia, given different Mekong basin development scenarios and implications of responses to rising sea levels in the Mekong delta.¹⁸

The initial concept was provided by M-POWER and then developed by CSIRO and the Mekong Water Unit in 2009. The Australian Government provided funding through the AusAID-CSIRO Research Alliance and helped build the regional partnerships. The project was scheduled for completion by the end of 2012, but has now been extended until the end of

¹⁶ Quality at Implementation Report (2012), Challenge Program on Water and Food phase 2.

¹⁷ Quality at Implementation Report (2012), Climate Change Adaptation Initiative.

¹⁸ www.csiro.au/en/Portals/Publications/Brochures--Fact-Sheets/Mekong-Futures-brochure.aspx

2014 with additional funds from phase 3 of the research alliance. The research effort has been strong and effective in influencing decision-making through its quality, but also by involving decision-makers in the study designs.

Objective 3 – Decision-making support

Objective 3

Rating (amber)

Supporting water resources development decision-making processes with more informed deliberation that constructively influences negotiations and policy of public, private sector and civil society actors in the Mekong Region

Has been partially achieved

Performance assessment framework outcomes sought

- > Regional decision-making is transparent and well-informed. *Partially achieved.*
- > National decision-making is transparent and well-informed. *Partially achieved.*
- > The private sector improves accountability, consultative processes and transparency of decision-making. *Partially achieved.*

Objective 3: *Supporting [more informed and transparent] water resources development decision-making processes* has been awarded an amber rating as program delays and partial implementation of decision-making processes has resulted in several milestones not being achieved in the final reporting period. This rating is lower than last year's green rating because it represents the period that tested the first full implementation of the Mekong River Commission's procedure for notification, prior consultation and agreement for new water investments that are likely to have transboundary impacts. While this process leveraged some positive improvements to a proposed dam design, it also highlighted shortfalls in the dialogue process.

Overall, the Australian Mekong Water Resources Program—through policy dialogue and partner-managed activities—has been able to constructively influence negotiations and the policies of the public and private sector, and civil society. This has been done by supporting Mekong River Commission processes to improve the transparency of mainstream dam planning, supporting critical research projects to inform regional government decision-making processes on hydropower development, and supporting river modelling infrastructure. While the quality of some of the deliberations (particularly over Xayaburi Dam) has varied, our program has helped ensure these transboundary water resource decision-making processes have been better informed and more transparently conducted.

While we have made substantial progress against some performance assessment milestones, progress has been mixed, leading to an amber rating for this objective. For example, more could have been done to improve private sector accountability. With our partners, DFAT has established substantial knowledge on the role of the private sector in water governance across the region that is quite unique in comparison to other traditional donors. This is especially so in the banking and hydropower sectors. We need to constructively exploit this understanding to help raise standards and increase the accountability of developers, financiers and governments.

To improve our performance, we need to remain engaged as key reforms are implemented at the regional and national levels. This includes Mekong River Commission member country agreement on implementing key decision-making procedures under the Mekong Agreement, as well as implementing the regulatory and legal water reforms of the Laos and Cambodian governments.

There are three activities related to this objective:

- > the Mekong River Commission Mekong Integrated Water Resources Management Project
- > undertaking the Vietnam Delta Study

- > providing an eWater Source modelling platform to the Mekong River Commission Secretariat and its member countries.

A short progress report for each initiative under this objective is provided below.

Mekong River Commission Integrated Water Resources Management Project

The objective of this project is to build a regional enabling framework to assist in the effective implementation of the 1995 Mekong Agreement.

The most significant aspect of the Australian Government's support under this program was for the prior consultation process on the first dam planned for the mainstream of the Mekong River south of China – Xayaburi Dam in northern Laos. The first implementation of prior consultation, while first contested by member countries, identified major improvements to the design and operation of the \$3.8 billion Xayaburi dam that should reduce its impact on regional food security.

However long standing differences between the member countries on the procedures and technical guidelines have not yet been resolved. These issues include inconsistencies or incompatibilities in the way they were designed, potentially requiring redrafting. The Mekong River Commission Secretariat has responded by establishing a joint platform to discuss potential and related amendments to the procedures and technical guidelines, which began in the first half of 2013. In an effort to help officials of the member countries break through these impasses, the Mekong Integrated Water Resources Management Project has collaborated with the Integrated Capacity Building Program to design, negotiate and implement learning and exchange activities on procedures and their potential for improving transboundary water governance.¹⁹

Mekong Delta Study

In 2012 and 2013, the Mekong Water Unit worked with Vietnam's Ministry of Natural Resources and Environment to study the impacts of upstream development on the Mekong Delta. The Australian Government committed up to \$1 million in funding for this in late 2011, and the Vietnamese Government will meet the rest of the USD6 million budget. Progress in 2012 was slower than expected, but due to positive reasons: the Vietnamese Government secured a commitment for collaboration on the study from Cambodia and Laos. The scope of the study has also been expanded to include the impacts on the Tonle Sap and Cambodian parts of the delta. In early 2013 the Vietnamese Government established the study's project management unit and conducted a request for tender process. The lead contractor will begin in the second half of 2013, and results from the study are expected in 2015. Australian aid supported this process throughout with technical assistance to the ministry. Funding for the study is scheduled to commence in 2013–14.

eWater source modelling platform to the Mekong River Commission

River modelling is critical to underpin decision-making for water resources management, predict and prepare for floods and droughts, and conduct impact assessments of infrastructure projects. The Mekong River Commission and modelling agencies in member countries currently use a suite of dated modelling systems that have technological barriers to prevent information being shared.

In response, DFAT is supporting the commission investigate Source, a modelling and decision-making platform developed by the Australian eWater Cooperative Research Centre.

¹⁹ Quality at Implementation Report (2012), Mekong Integrated Water Resources Program.

This tool is particularly well adapted for transboundary watercourses as it allows different jurisdictions to integrate their own modelling systems into the platform and removes the basis for politically-fuelled debate on which modelling system to use for each facet of the water cycle. If Source's pilot, which ends in October 2013, is successful, DFAT and the commission will consider whether to proceed with a full rollout to the commission's secretariat and agencies in the member countries. It is too early to evaluate the strengths and weaknesses of the pilot which is being undertaken in tandem with similar Source rollout activity as part of DFAT's water resources-related work in South Asia.²⁰

Policy dialogue

Related to each of the program's objectives is policy dialogue, and the Mekong Water Unit has been engaged in various regional, transboundary and international initiatives to promote this. This includes dialogues with different territorial scopes, such as with the Mekong River Commission, Greater Mekong Subregion, Mekong/Murray–Darling, Mekong/Ganga, Cambodia/China/Australia, Thailand/Australia, Asia–Pacific and other global stakeholders.

The Mekong Water Unit has been coordinating the engagement of Mekong River Commission development partners to increase their understanding of issues and harmonise advocacy to member countries about basin development. Development partners now meet regularly, share their analyses, prepare joint statements twice a year, and are actively considering how to further boost the efficiency and effectiveness of their financial and diplomatic contributions. DFAT is also engaged in regular, direct bilateral exchanges with Mekong country water-related ministries, focusing on transboundary opportunities and concerns.

In the absence of any Asian Development Bank-facilitated Greater Mekong Subregion cooperation specifically focused on water, DFAT is engaging with the Track 1 working groups focused on water-related energy and environment and vibrant Track 2 processes involving many state and non-state stakeholders (Track 1 refers to official state-centric, government forums; Track 2 refers to semi-official, state-civil society interactive forums aiming to enhance the effectiveness of states).

In 2012 the Australian Government supported the 1st Mekong Ganga Dialogue in New Delhi which brought together scholars, practitioners, policymakers and others concerned with water-related governance and its democratisation from the Mekong and Ganga regions. The dialogue enabled participants to share experiences and explore mutually beneficial, policy research and collaboration in water, food and energy. Joint activities are now underway and the second dialogue—a travelling workshop through Laos and Thailand—took place in June 2013. The Australian Government also supported Track 2 dialogue in 2012 between Chinese and Cambodian representatives to exchange views about benefits and risks associated with hydropower. In 2013 a new Cambodia, China and Australia trilateral initiative will focus on irrigation policy and practice.

In early 2013 the Australian Government also helped re-start Mekong/Murray-Darling collaboration with a Track 1 delegation from the Mekong River Commission which was hosted by the Murray-Darling Basin Authority. There is much to be shared and learned from respective experiences, including from basin planning and community engagement practices.

A reciprocal visit of Australian officials to Thailand was undertaken in August 2012. The main outcome of this has been collaboration between eWater and Thai universities on the Source platform, as well as Mekong River Commission and eWater collaboration. Thailand

²⁰ AusAID 2013. Sustainable Development Investment Strategy: Promoting water, food and energy security in South Asia. Australian Agency for International Development.

remains a major player in developing regional water resources, and maintaining a working relationship is important for Australia to have a refined understanding of water-related regional development dynamics. DFAT led Australian Government engagement in the Thai-hosted Asia Pacific Water Summit 2013. Australian-based technical partners, such as International Water Centre, eWater and the World Wildlife Fund Australia all made significant contributions to the technical sessions that informed the leaders' summit. These policy dialogue engagements are an important feature of DFAT's contribution to improving Mekong transboundary governance.

DFAT's water unit includes an A-based first secretary, a senior regional water resources sector specialist and an O-based program officer, all based in Vientiane. The composition of the team, and its location in the region, is enabling DFAT to effectively deliver the program's objectives.

Quality at Implementation ratings

The scores for relevance across the portfolio remain strong. Given the importance of the region's water resources to local livelihoods and the scale of current and planned investments, a regional program focused on strengthening transboundary water governance is critical. While relevance scores remain high, the effectiveness ratings are less than adequate for the activities most associated with objective 1 – strengthened institutions (with the exception of the Lao National Integrated Water Resources Management Support Program). A series of mid-term reviews have recently been undertaken for the World Bank's Hydropower and Mining Technical Assistance project, and the Laos and Cambodian integrated water resources management activities. These reviews involved activity partners working with the Mekong Water Unit to restructure programs to better meet objectives, including consolidating technical assistance into larger procurement packages, strengthening support to project management and implementation, and improving coordination between different components of the activities. To address underperformance of the Mekong River Commission's Integrated Capacity Building Program, a remediation plan has been put in place that responds to the human resources management challenges that have been a substantial contributor to program delays.

The efficiency ratings are generally satisfactory, except for the Laos Hydropower and Mining Technical Assistance Project and the Mekong River Commission's Integrated Capacity Building Program activities. The January 2012 mid-term review of the Hydropower and Mining Technical Assistance Project provided a credible plan for how the efficiency of this activity will increase, with full expenditure of the DFAT allocation achieved by March 2014. The upcoming mid-term review for the commission's programs will enable the Integrated Capacity Building Program to be reoriented.

With the exception of Integrated Capacity Building Program, the monitoring and evaluation and sustainability scores are strong across the board. The program's less than adequate monitoring and evaluation will be addressed through the current development of a Mekong River Commission-wide monitoring and evaluation framework later this year. The entire program, with the exception of the Lao integrated water resources management activity, scores adequately on gender equality.

Overall, scores have slipped slightly for five out of the seven initiatives, increased for one and remained stable for another. A key focus of the water unit in 2012–13 will be to use the outcomes of the recently completed and upcoming mid-term reviews to monitor progress across the program portfolio.

Management consequences

Progress in addressing the previous year's management consequences is reported in the table at Annex A. Management consequences for 2012 are summarised in Table 4 with supplementary text below.

Table 4: 2012 management consequences and associated milestones

Management consequences	Key actions for 2013–14
Key priority is finalising the delivery strategy for the period 2013–2017 and commencing design of the program of work.	Approved delivery strategy by September 2013. Commence design of next programs.
Mekong Water Unit works closely with DFAT colleagues at Posts in Bangkok, Beijing, Hanoi, Phnom Penh and Vientiane, and is considering extending cooperation to Yangon Post.	<ul style="list-style-type: none"> > Regular reporting on contextual and program issues. > Explore opportunities for working together on joint priorities.
A more effective approach to partnerships.	<ul style="list-style-type: none"> > Mekong River Commission – focus on the effective implementation of current programs and put in place procedures to move towards Mekong River Commission Secretariat core funding. > More hands-on approach to World Bank and Asian Development Bank-funded programs, including attending regular steering committee meetings and responding to ongoing challenges. > Review the strengths and challenges of current and potential partners during the design of the new program phase (by December 2013).
Strengthen our communication on the scope and activities of the water program.	<ul style="list-style-type: none"> > Develop a communication strategy for the next delivery strategy (October 2013). > Commit to regular reporting on regional water resources context and our activities. > Develop stronger links with relevant parts of DFAT, including the governance area. > Develop a strong, governance-oriented performance assessment framework for our next delivery strategy.
Under the next strategy, the program will strengthen links with regional donors, including China and Korea.	<ul style="list-style-type: none"> > Explore opportunities for further trilateral cooperation activities. > Strengthen links with Canberra DFAT areas responsible for managing relationships with these donors.
Ensure that our new program links to broader international and regional development agendas that are priorities for the Australian Government.	<ul style="list-style-type: none"> > Strengthen links with team's responsible for key multilateral and regional processes. > Align our future work closely to goals being crafted as part of post-2015 development agenda negotiations.

The highest priority in 2013–14 is completing the delivery strategy for 2013–2017 and designing the program of work for this next phase. The delivery strategy will set milestones for 2013–14 for a suite of new activities, and incorporate performance assessment framework milestones for activities already well underway and approaching completion. Finalising the delivery strategy is an important process to enable senior DFAT management to decide DFAT's proposed scope and approach to water resources development cooperation in the region over the next five years.

The delivery strategy enables a fresh look at the risks to the current program. As discussed in each of the sections on progress against objectives, one of the key risks to our program is the effectiveness of the partners we work with, in particular the Mekong River Commission, the

World Bank and Asian Development Bank. The Mekong River Commission continues to be plagued by ineffective human resources processes and a fragmented organisational structure that greatly impedes its effectiveness. Its inability to fully implement the 1995 Mekong Agreement and to effectively mediate disputes between member countries leaves it diminished. Our approach to the commission in our new delivery strategy reflects these challenges. We have proposed core funding instead of program-specific funding to help the commission centralise planning that will support the transition of key functions to member countries over the next few years, and to refocus the secretariat with a narrower set of responsibilities that can be discharged more effectively. We will increase our efforts to see key human resources processes changed over the next few years, including those for recruitment and performance management.

The World Bank and Asian Development Bank's clunky procurement processes and, on occasions, poor consultant selection have contributed to delays in our national-level programs, however capacity development technical assistance to ministries and other state agencies in Laos and Cambodia has no easy pathway to success. Some of the difficulties encountered by our support teams have been beyond their control. To address this risk in our next program, we will undertake a more comprehensive analysis of the strengths and weaknesses of proposed partners and if we decide to work with the World Bank and Asian Development Bank, play a much more hands-on role in design and implementation to minimise the impact of their procurement processes. We also need to exercise more influence over spending Australian funds already pledged across the Greater Mekong Subregion, such as to the Asian Development Bank Water Partnership Facility. This will be an effective way to drive our program objectives using funds that DFAT already has in play.

Another significant risk to our program is its lack of visibility outside the countries that immediately benefit from it, including within Australia. It is always hard for a governance program to compete with programs that can point to more easily quantifiable results. Nonetheless, our current successes are substantial and the potential impacts are huge, including contributing to sustainable river systems for the region. A key priority for our program is to improve our communication with all stakeholders. We will develop a communication strategy to guide us and also tap into processes seeking to better connect and report on water resources initiatives across the aid program. We will also work with DFAT's performance and quality team to develop a stronger, governance-oriented performance assessment framework for our next delivery strategy that will help us communicate the breadth and depth of our results but also better monitor our progress.²¹

Another key risk would be to not engage with regional donors. In the Mekong region, the largest donor players are Japan, China, South Korea and Singapore who engage in various bilateral and multilateral processes, such as Japan's Mekong Initiative. To date, DFAT and aid agencies from countries such as Denmark, Sweden, Finland and Germany have had limited engagement with these Asian donors. We need to see better progress in regional water resources governance. We have done this to a limited degree through research partnerships with Chinese organisations and trilateral cooperation between Australia, China and Cambodia on irrigation, but we can do more. The next phase of the program needs a more sophisticated approach to engaging these actors.

²¹ Relevant analytical and strategy includes AusAID (2011) *Effective governance: thematic strategy*. Australian Agency for International Development; Bazely, P., Brown, T. & Rudland, E. 2012. *Working with the political economy of development: an evaluation of policy dialogue in AusAID*, Office of Development Effectiveness, Australian Agency for International Development; Roche, C. & Kelly, L. (2012), *The evaluation of politics and the politics of evaluation*. Background Paper 11. Development Leadership Program.

Table 5: Risks associated with the program and management actions

Most significant risks	Management response – What? Who? How? When?
New delivery strategy does not include key areas, impeding the potential impacts of our program.	Mekong Water Unit puts forward a reasoned case to senior DFAT management and designs credible program.
Maintaining Government of Cambodia commitment to the policy matrix for the Cambodia Integrated Water Resources Management Support Program.	Mid-term review addressed this in April 2013, and developed a road map with the Ministry of Water Resources and Meteorology. Ongoing follow-up through supervision missions and Phnom Penh Post monitoring will continue.
The Mekong River Commission Integrated Capacity Building Program loses momentum after the loss of critical staff.	The Mekong River Commission’s human resources section is already recruiting a replacement chief technical advisor and program coordinator, and comprehensive work plans for 2014–15 are being developed to use the remaining unspent funding from DFAT. The Mekong Water Unit will monitor this in the lead-up to a steering committee meeting in September 2013 at which the Integrated Capacity Building Program needs to make a detailed case for no-cost extension.
Progress on the Asian Development Bank-Australian Government funded parts of the Lao National Integrated Water Resources Management Support Program is stifled by a lack of cooperation between the Department of Water Resources and the River Basin Committee secretariats.	Mid-term review in February 2013 addressed the activity implementation issues, restructured parts of the technical assistance support, and made our concerns known to the Vice Minister of Natural Resources and Environment in a meeting led by the head of the Asian Development Bank Resident Mission in Laos. DFAT has accepted an invitation to co-chair the sub-sector working group on water resources to maintain our leadership in seeking development partner cooperation. Improved donor coordination, particularly between the Asian Development Bank and World Bank should lead to more efficient use of available resources to improve management capacity within the Ministry of Natural Resources and Environment.
Finding a replacement lead and distributor for water-food-energy action research after the end of the Challenge Program on Water and Food in December 2013.	Programming in July/August of 2013–14 will identify a new candidate organisation to host the research component from 2014.
Further notifications of mainstream dams occur, triggering consultation processes at a time when the Mekong River Commission is still working through its council study. Multiple notifications, requiring substantial individual action by the commission, would cripple the secretariat if it had to coordinate multiple processes.	The Mekong River Commission has advised there may be ways to strategically manage a group of notifications to provide a more comprehensive assessment of impact. This could be conducted in parallel, and fed into the Mekong River Commission council study.

Annex A

Progress in addressing 2011 management consequences

Management consequences identified in 2011 APPR	Rating	Progress made in 2012–13
Reporting to Vientiane based Counsellor (Development Cooperation) and Mekong Water Unit staffing	Green	A new Counsellor assumed the role (Development Cooperation) at Vientiane Post in mid-2012. Mekong Water Unit has been reporting to the Counsellor. The 2011 APPR also signalled staffing requirements for the Mekong Water Unit which presently comprises a First Secretary (Manager), Regional Water Resources Sector Specialist (Advisor) and Program Officer. Cooperative working arrangements with all Posts in the Greater Mekong Subregion countries remain vital.
Thematic scope on framing the new delivery strategy	Green	The development of Australian Mekong Water Resources Program Delivery Strategy 2013–2017 is well advanced, and should be completed in July 2013. The commissioning minute to develop the strategy was approved in August 2012. Whole-of-government and wide stakeholder consultations were conducted between September and December 2012. A comprehensive background paper in late 2012 was widely circulated to program stakeholders and received extensive feedback. A theory of change workshop was held in February 2013, which tested proposed thematic areas. The draft delivery strategy was then produced and has been subject to internal review, and is expected to go to independent appraisal and formal peer review in August 2013.
Australia supports the Vietnamese Government's study on impact of upstream development on the Mekong Delta	Green	Financial approval to support the study amount of \$1 million was received on 18 May 2012. However, the Vietnamese Government is not in the position to receive the funds this financial year as planned due to its need for further negotiations with other stakeholders. Arrangements for direct support will be made during 2013–14. The Australian Government has contracted the International Centre for Environmental Management to support the study's project management unit, which is located in the Ministry of Natural Resources and Environment and draws on staff from the Vietnam National Mekong Committee secretariat. The International Centre for Environmental Management reports to the head of the project management unit on implementation, and to the Australian embassy on contractual and financial matters. It also provides regular updates on progress and notice of any issues. Tender process to procure contractors to conduct the study is underway with an announcement expected in June 2013. Implementation will commence in 2013–14.
Support technology innovation for sustainable hydropower	Amber	Australian Mekong Water Resources Program's Delivery Strategy 2013–2017 is being finalised. This will outline the program focus and any support required for technological innovation to improve hydropower.
Institutional strengthening objective for Lao and Cambodian public institutions	Amber	The 2011 APPR noted that Australia will need to work closely with new team leaders at the Asian Development Bank and the World Bank to ensure that partnership activities with the governments of Laos and Cambodia have focused attention. The unit has worked closely with a new task team leader from the Asian Development Bank for the Lao and Cambodia integrated water resources management activities, and the World Bank for the Lao hydropower and mining activity, to ensure close supervision and support. Mid-term reviews have been completed for each of the activities that have been thoroughly conducted, and provide constructive solutions and action plans addressing implementation difficulties.

Management consequences identified in 2011 APPR	Rating	Progress made in 2012–13
Institutional strengthening objective of the Mekong River Commission	Amber	<p>Continued close supervision of the Australian Government's investments in the Mekong River Commission was also signalled in the 2011 APPR. Mid-term reviews were undertaken for the Integrated Capacity Building Program and Climate Change Adaptation Initiative. These explored the root causes of some challenges and recommended actions that are being followed through.</p> <p>In particular, staff have been working closely to monitor and support the Integrated Capacity Building Program to ensure that recommendations made in the mid-term review would be implemented. However the outcome is unsatisfactory. The Australian Government recognised further actions were needed and provided a specific remediation plan to improve the program's performance. A stop-go point was created to review whether to proceed or not with a no-cost extension, pending presentation of a comprehensive and costed work plan. This will be examined at the next steering committee meeting in September 2013.</p>
Support a second phase of the Exploring Mekong Region Futures project	Amber	<p>The 2011 APPR noted that the Mekong Water Unit would determine the level of our support to a next phase of the Exploring Mekong Region Futures activity. CSIRO has requested an extension until mid-2013, and its Mekong team will benefit from a fresh injection of funds from the department to the CSIRO supported Research for Development Alliance, that will provide them with an additional ~\$600 000 in operating funds until end of 2014. CSIRO is also looking for new business in the region, using this additional alliance funding.</p> <p>The Mekong Water Unit is waiting to see how successfully CSIRO completes the existing phase, but we remain concerned about management, logistics, methodology and philosophical issues that need to be addressed. These were raised during a mid-term review of the alliance undertaken in early 2012, and we will need to see changes before we commit to continued support.</p>
Decision-making objective with regard to mid-term review for Mekong integrated water resources management	Amber	<p>The mid-term review of the Mekong-integrated water resources management project, originally proposed for second half of 2012, will be conducted in the third quarter of 2013 to align with the mid-term review of other Mekong River Commission programs. The delay was also due to unavailability of the preferred consultant. The terms of reference had already been prepared, but it may be modified to ensure alignment with the wider review of the 2010–2015 strategic plan.</p>
Informal clarification of prior consultation and agreement	Amber	<p>The Mekong Water Unit commissioned a team to consult widely on how implementation of the Mekong River Commission procedure for notification, prior consultation and agreement could be clarified. This work was undertaken in Cambodia, Vietnam and Thailand. The work in Laos did not commence, following a request from the Ministry of Natural Resources and Environment Department of the Lao National Mekong Committee.</p> <p>However, insightful interviews with national focus groups and individuals were conducted in Cambodia, Thailand and Vietnam. A proposed regional workshop on the topic was cancelled after the consultant withdrew from the contract. Nevertheless, three comprehensive country reports have been produced and the process has assisted us (and the interviewers and interviewees) better understand the procedure for notification, prior consultation and agreement implementation issues, and informed our policy engagement. The Mekong Water Unit will produce a synthesis report in 2013 and remains actively engaged.</p>

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 (AUD)	Qal year	Relevance	Effectiveness	Efficiency	Monitoring and evaluation	Sustainability	Gender equality	Risk
Objective 1 – Institutional strengthening									
Cambodia Integrated Water Resources Management Support Program	\$5 million	2012	6	3	4	5	4	4	I
	Feb 2011 – Jun 2014	2011	6	5	5	5	5	5	I
Lao Integrated Water Resources Management Support Program	\$3.2 million	2012	5	4	4	4	4	3	I
	Feb 2011 – Mar 2015	2011	6	3	3	3	3	4	M
Lao Hydropower and Mining Technical Assistance Project	\$3 million	2012	5	3	3	4	4	4	I
	Jun 2010 – Jun 2014	2011	6	3	4	4	4	3	I
Improving Mekong Water Resources (Mekong River Commission Integrated Capacity Building Program)	\$6 million	2012	6	3	3	3	3	4	I
	Jul 2009 – Dec 2014	2011	6	3	3	5	4	4	I
Objective 2 – Knowledge availability									
Mekong Basin Challenge Program on Water and Food Phase 2	\$5.5 million	2012	6	5	5	5	4	5	I
	Apr 2011 – Dec 2013	2011	6	5	4	5	6	5	I
Mekong River Commission Mekong Climate Change Adaptation Initiative	\$3 million	2012	5	4	5	5	5	4	M
	Oct 2009 – Jun 2013	2011	6	4	6	6	5	5	M
Objective 3 – Decision-making support									
Improving Mekong Water Resources (Mekong Integrated Water Resources Management Project)	\$7 million	2012	5	4	4	4	4	4	I
	Jun 2009 – Dec 2014	2011	6	4	4	5	4	4	I

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 completed in the reporting period

Name of Initiative	Aidworks number	Type of evaluation	Date evaluation report received	Date evaluation report uploaded into Aidworks	Date management response uploaded into Aidworks	Published on website
Lao Hydropower and Mining Technical Assistance Project	INJ043/09B462/55253	MTR	5 March 2013	21 March 2013	21 March 2013	No
Lao Integrated Water Resources Management Support Program	INJ723/10B459/58631	MTR	Draft report prepared but not finalised yet. Mid-term review was Feb 2013	NA	NA	NA
Cambodia Integrated Water Resources Management Support Program	INJ724/11A140/58632	MTR	Finalised June 2013	NA	NA	NA
Mekong River Commission Integrated Capacity Building Program	INI651/09A490/50978	MTR	29 April 2012	5 November 2012	5 November 2012	No

List of evaluations planned in the next 12 months

Name of initiative	Aidworks number	Type of evaluation	Purpose of evaluation²²	Expected completion date
Mekong Integrated Water Resources Management Project	INI651/09A491/50985	MTR	To inform implementation of the joint platform, and inform the mid-term review of the Mekong River Commission's strategic plan 2011–2015.	October 2013
Mekong River Commission Climate Change Adaptation Initiative	INI946/09B167/53119	MTR	To inform redirection of the initiative if required, and evaluate impact of the Australian Government foundational contribution	October 2013
Mekong Basin Challenge Program on Water and Food Phase 2	INJ725/11A166/59155	Completion report	To inform next phase of Roads for Development support	Mid-2014

Annex D

Progress against top five results for 2012

Institutional strengthening

New institutions

In Laos, Nam Ngum and Nam Theun Kading River Basin Committees formed and operating (not just the secretariats).

Knowledge availability

Futures of water, energy and food

Across the region, all Exploring Mekong Futures projects, in conjunction with local and regional partners, produced final analysis, and demonstrably contributed to major public policy decisions.

Climate change adaptation

Across the Mekong Basin, the first round of Mekong River Commission Cambodia–China–Australia Irrigation Project demonstration pilots are completed, and evaluation indicates they contributed to improving capacity of communities and local authorities to adapt to impacts of climate change.

Objective 3: Decision-making support

Private sector hydropower governance

Transnational codes of conduct were applied resulting in improved sustainability of the hydropower industry in the Mekong region and beyond.

(Note: Clearly improved ‘sustainability’ of an industry means different things to different people. The International Finance Corporation and the International Hydropower Association have articulated what they consider to be the aspects of sustainability. Actors weight and prioritise these aspects differently e.g. social vis a vis environmental vis a vis economic vis a vis local benefits vis a vis national benefits etc).

Transboundary decision-making processes

Mekong River Commission member countries commenced holistic studies of sustainable development of Mekong River Basin, including on the impacts of mainstream and tributary hydropower developments.

Assessment of performance

Achieved.

More was achieved in Laos than with River Basin Committees. Significant strides have also been taken with strengthening the Department of Water Resources, finalising the Lao National Water Strategy to 2020 and the associated action plan to 2015, widespread consultations and drafting a new water law.

Partially achieved.

All Mekong Futures local/national teams completed their work and successfully engaged in policy dialogue about substantive issues. This CSIRO-led work is complemented by other Australian Government knowledge-creating and using activities funded through the Mekong Basin Challenge Program on Water and Food Phase 2 that also made significant progress in 2012.

Partially achieved.

The first batch of demonstration pilots were commenced in 2010 and completed in 2013. An evaluation of these will be undertaken in July–August 2013. The challenge for the Mekong River Commission is to add value to existing national efforts that are being copiously funded by one or other international climate change funds. The commission needs to exploit its niche in supporting regional harmonisation of methods, policy learning, and transboundary knowledge-building and sharing.

Partially achieved.

Applied yes, improved sustainability, still to be seen.

The International Finance Corporation Sustainability Framework, updated in 2012, and the International Hydropower Association sustainability protocol, adopted in 2010 and now being rolled out globally, are being used in the Greater Mekong Subregion. Australian Government funded independent participation by regional experts in unofficial applications of the latter in China and Laos. Official applications that should be published will follow in 2013.

Another potentially important new consideration is the China Guideline from the Ministry of Commerce and Ministry of Environment Protection, released in 2013, that provides clear instructions to Chinese companies operating beyond China’s borders. This will be relevant to existing and proposed trilateral cooperation between DFAT and China in Mekong countries.

Achieved.

The Mekong River Commission kicked off new analytical work in 2011–12, and has also strengthened its baseline information protocols and data collection across the basin. The commission council study, agreed to in late 2011, took 12 months to have its terms of reference negotiated between member countries, and was finalised in early 2013. Rather than blaming the secretariat for being slow, the time to do this should be noted as indicative of the sensitivity of the proposed work, and the ways in which an inter-government secretariat can be constrained in obtaining and implementing a mandate.

Annex E

Performance assessment framework

Progress reported in italics.

INSTITUTIONS: Strengthening the institutional framework to improve integrated water resources management in the Mekong Region.

Outcomes	2012 milestone targets	End-state milestones
<p>Mekong River Commission is an effective, efficient, viable organisation and represents a serious attempt to embody integrated water resources management in action.</p> <p><i>Mekong River Commission comprises:</i></p> <p><i>Mekong River Commission Council</i></p> <p><i>Mekong River Commission Joint Committee</i></p> <p><i>Mekong River Commission Secretariat</i></p> <p><i>National Mekong Committees</i></p> <p><i>National Mekong Committee Secretariats.</i></p> <p><i>Australian assistance is delivered through the Mekong River Commission Secretariat, with benefits flowing through to National Mekong Committee Secretariats.</i></p>	<p>Road map for the decentralisation of the core functions agreed by all countries and under implementation. <i>Achieved</i></p> <p>Integrated Capacity Building Program competency framework complete and in place. <i>Achieved.</i></p> <p>Implementation of Capacity Development Action Plan commences. <i>Achieved.</i></p> <p>Gender mainstreaming products from Integrated Capacity Building Program are used in implementing work plans of all other Mekong River Commission programs, where applicable. <i>Achieved.</i></p>	<p>By 2015 (moved from milestones for 2012 to be end-state milestones in 2015, in line with the objectives of the Mekong River Commission's current strategic plan):</p> <ul style="list-style-type: none">– Mekong River Commission institutions have the necessary level of organisational efficiency and technical capacity in integrated water resources management to enable the effective delivery of their mandate. <i>Not yet achieved.</i>– The necessary level of integration and coordination is established to ensure the overall effectiveness of sustainable capacity building across the Mekong River Commission. <i>Not yet achieved.</i>– Gender responsive development practices are achieved across the Mekong River Commission. <i>Not yet achieved.</i>

Outcomes	2012 milestone targets	End-state milestones
<p>Lao Water Resources and Environment Administration is an effective, efficient, viable organisation.</p> <p>[Now folded into a new Lao Ministry of Natural Resources and Environment].</p> <p>Australian assistance is focused on the Department of Water Resources, River Basin Committee secretariats, Natural Resources and Environment Institute, National University of Laos.</p>	<p>By 2012:</p> <p>Clarification of Ministry of Natural Resources and Environment, and Department of Water Resources mandate, including roles and responsibilities vis a vis the River Basin Committees. Achieved.</p> <p>Water law rewrite substantially underway. Achieved.</p> <p>Nam Ngum River Basin Committee Secretariat and Nam Theun/Nam Kading River Basin Committees visibly more effective. Nam Ngum River Basin Committee and Nam Theun-Kading River Basin Committee formed and demonstrably operating – that is, not just the secretariats. Partially achieved. Nam Theun/Nam Kading more advanced than Nam Ngum.</p> <p>Preparation of a medium-term five-year integrated water resources management sustainable financing plan commenced for rolling into River Basin Committee business plans. Not achieved.</p> <p>Standard social and environmental obligations being applied by Department of Environmental and Social Impact Assessment to all new hydropower and mining projects. Partially achieved. Standards less rigorous for ‘turn key’ projects, where it seems developers’ standards apply.</p> <p>Government of Lao guideline in place clarifying how Department of Environmental and Social Impact Assessments should manage fee for service arrangements for environmental and social impact assessments. Partially achieved. Strong debate between Ministry of Natural Resources and Environment and Ministry of Finance.</p>	<p>By 2013:</p> <p>Hydropower-mining forum in Nam Ngum for public-private cooperation to inform the Nam Ngum River Basin Committee and Government of Lao. Partially achieved, International Finance Corporation is taking the lead with Government of Lao.</p> <p>By 2014:</p> <p>Groundwater management plan published for major aquifers. Partially achieved – work is well underway.</p> <p>By 2015:</p> <p>National University of Laos graduates a minimum of 10 integrated water resources management bachelors of science a year (25 per cent women) and Ministry of Natural Resources and Environment employs about 50 per cent of the university’s integrated water resources management graduates. Not achieved.</p> <p>Five major river basins have water resources management plans fully integrated with province and national plans. Partially achieved – planning is well underway in two.</p> <p>River basin committees established in five river basins, including financing arrangements, with water resources management plans fully integrated with province and national plans. Partially achieved. Two are formed, with others scheduled.</p> <p>By 2020:</p> <p>In five basins, investment decisions are consistent with integrated water resources management river basin plans, and water resources use agreements are implemented. Still a long way off.</p>

Outcomes	2012 milestone targets	End-state milestones
<p>Lao Ministry of Energy and Mines incorporates integrated water resources management perspectives into, and improves strategic management and governance of, the hydropower and mining sectors.</p> <p>Australian assistance is also involving the Ministry of Finance, National University of Laos, Polytechnic institutes, the Ministry of Natural Resources and Environment, Department of Environmental and Social Impact Assessment, and the National Assembly.</p>	<p>Commission review of hydropower fiscal regime and sector financing mechanisms that lay out: a) current situation b) relevant international experience c) options for government to consider. Achieved, team working within Ministry of Finance.</p> <p>Government of Laos reviews a) current situation b) relevant international experience c) options for public private partnerships in planning, development, operation, and maintenance of infrastructure serving both public and private developers. Terms of reference being prepared with Government of Lao.</p> <p>Other substantial work is underway with the Ministry of Energy and Mines, Department of Energy Policy and Planning, i) review of approach, and then next generation of energy expansion planning, ii) review of approach, and then first state-led hydropower cascade modelling (linking to other modelling efforts in the Ministry of Natural Resources and Environment) iii) overhaul of concessioning policy and process.</p>	<p>By 2013:</p> <p>Hydropower-mining forum in Nam Ngum for public-private cooperation to inform the Nam Ngum River Basin Committee and Government of Laos. Planning underway between Government of Lao and International Finance Corporation with DFAT support.</p> <p>Government of Laos' agreement on financing mechanisms (government or operators and percentage or fixed-rate contributions) and procedures for community development funds in the mining sector (Ministry of Finance). Analytical work undertaken, but agreement not yet reached.</p> <p>Government of Laos reviews a) current situation b) relevant international experience c) options for public private partnerships in planning, development, operation, and maintenance of infrastructure serving both public and private developers (Ministry of Finance). Terms of reference being prepared with Government of Lao. If successful, this work will have far-reaching impact.</p> <p>Improved compliance with concession agreements for 50 per cent of projects that have signed a memorandum of understanding (Ministry of Energy and Mines). Not yet achieved, but strong team now working within the Ministry of Energy and Mines Department of Energy Business.</p> <p>Improved compliance with National Policy of Sustainable Hydropower of 30 per cent of operative projects (Ministry of Energy and Mines). Not yet achieved. This policy is being completely overhauled as part of the Hydropower and Mining Technical Assistance process, bringing in (sensible) new emphasis on technical and economic areas to complement previous donor-driven English version policy packed with 'appropriate' social and environmental language.</p> <p>Enhanced capabilities in data collection and development planning to serve the needs of the hydropower sector, and hydrological data processing system in place (Ministry of Energy and Mines, and Ministry of Natural Resources and Environment). Not yet achieved.</p> <p>Increase in the quality of investments through use of standardised mining investment agreements, improved title issuance and enhanced enforcement of obligations through vigorous inspections (Ministry of Energy and Mines). Not yet achieved. Substantial work in progress. Politically loaded.</p> <p>Reduce overlapping permit area by 90 per cent, and inspections of at least 100 exploration and mine operations (Ministry of Energy and Mines). Not yet achieved.</p> <p>By 2014:</p> <p>Implement selected options for the planning, development, operation and maintenance of infrastructure serving both public and private developers (Ministry of Finance). Not yet achieved.</p> <p>Establish mining taxation unit/large taxpayer group to develop more specialised capacity in mining taxation (Ministry of Finance). Not yet achieved.</p> <p>Implement selected recommendations of the hydropower fiscal regime review (Ministry of Finance). Not yet achieved.</p>

Outcomes	2012 milestone targets	End-state milestones
<p>Cambodia's water resources sector is capably implementing the integrated water resources management components of the Strategy for Agriculture and Water.</p> <p><i>Australian assistance is focused on the Ministry of Water Resources and Meteorology, and the Institute of Technology of Cambodia.</i></p>	<p>Ministry of Water Resources and Meteorology implements river basin coordination pilot activity in the Stung Sen river basin and one other basin.</p> <p>Other substantial work has been undertaken by the Capacity Development Technical Assistance team funded by Asian Development Bank, the Australian Government and others.</p>	<p>By 2013:</p> <p>Ministerial-level national water resources committee established and operating, supported by an inter-ministerial secretariat. <i>Not yet achieved. New timeframe agreed by the Minister of Water Resources and Meteorology in May 2013 as part of the mid-term review.</i></p> <p>River basin committee established in Stung Sen river basin, with replication initiated in at least one other basin. <i>Not yet achieved. New support from French development agency AFD is also being directed to river basin commission establishment and operations.</i></p> <p>Training plan adopted offering courses in water resources management, with 100 students entering program a year by 2013, 30 per cent of who are women. <i>Achieved. Institute of Technology of Cambodia graduate program is underway.</i></p> <p>Ministry of Water Resources and Meteorology has completed a review of its organisational structure, capacity, systems and staff resources, and demarcated responsibilities for water resource management and irrigation services. <i>Achieved. Analysis completed, but recommendations not yet acted on. Politically loaded. Many previous combatants embedded in low output roles throughout the public sector. Public sector resource requirements and role-invention in some ways constraining emergence of private sector niches. Competition with other ministries, particularly agriculture, is extreme.</i></p>

KNOWLEDGE: Improving availability of reliable knowledge about water resources use and further development in the Mekong Region, especially in the Mekong River Basin.

Outcomes	2012 milestone targets	End-state milestones
Knowledge generated and decision-maker comprehension increased on possible water-food-energy futures.	(see next column)	By 2012: All Mekong Futures projects, in conjunction with local and regional partners, produce final analysis and lead to multiple instances of contributing to major public policy decisions. <i>Partially achieved. All Mekong Futures local/national teams have completed their work and successfully engaged in policy dialogue about substantive issues. Substantial completion work still to be done by the regional CSIRO team.</i>
Knowledge generated on political ecology of hydropower decision-making, improving siting and operation of hydropower facilities.	All research and fellowships commissioned. <i>Achieved.</i> Second Mekong Forum on Water Food and Energy, Hanoi, November 2012. <i>Achieved.</i>	By 2013: All fellowships, research activities and complementary projects are completed. <i>On track. Fellowship and research program activities funded through the Challenge Program on Water and Food Mekong Phase 2 made significant progress in 2012.</i> Research outputs adopted and lead to more participatory and informed decision-making by at least one government or regional body. <i>On track.</i>
Increased understanding of climate change and how to adapt to it.	Mekong Panel on Climate Change established and functional. <i>Not achieved.</i> Across the Mekong Basin, the first round of the Mekong River Commission Cambodia–China–Australia Irrigation Project demonstration pilots completed, and evaluation of the pilots indicates they contributed to improving capacity of communities and local authorities to adapt to impacts of climate change. <i>Work completed. Evaluation of impact underway.</i>	By 2015: Methods and tools for assessment and adaptation planning are developed for basin-wide and transboundary applications. <i>Partially achieved.</i> National policies and plans are revised in response to lessons from demonstration sites, and adaptation tools are used by governments at various levels. <i>Not yet achieved.</i> Next phase of the development plan and strategic plan (2016 to 2020) integrate climate change. <i>Will be easily achieved, as this is within the direct control of Mekong River Commission.</i>

DECISION-MAKING: Supporting water resources development decision-making processes with more informed deliberation that constructively influences negotiations and policy of public, private sector and civil society actors in the Mekong region.

Outcomes	End-state milestones In 2012
<p>Regional decision-making is transparent and well informed. <i>Ambitious outcome starting from a low base.</i></p>	<p>Work plan developed, accepted and implementation commenced by Mekong River Commission (with partners) to fill-in information gaps on transboundary impacts of mainstream hydropower. <i>Partially achieved.</i> All Mekong River Commission procedures and guidelines accepted and under implementation. <i>Partially achieved.</i> Substantial progress expected but at end of 2012 it will still be a work-in-progress. <i>Correct prediction.</i></p>
<p>National decision-making is transparent and well informed. <i>Ambitious outcome starting from a low base.</i></p>	<p>Lao Water Resources Policy, Strategy and Action plan to 2015 formally endorsed by Minister for Natural Resources and Environment. <i>National Water Strategy to 2020 and action plan to 2015 being presented to the Minister in June 2013 (the action plan is already being implemented).</i> Lao water resources policy, planning and decision-making integrates hydropower, irrigation, ecological and food security concerns. <i>Not yet achieved.</i> Cambodian water resources policy, planning and decision-making integrates hydropower, irrigation, ecological and food security concerns. <i>Not yet achieved.</i> At end of 2012 it will still be a work in progress. <i>Correct prediction.</i></p>
<p>The private sector improves accountability, consultative processes and transparency of decision-making. <i>Ambitious outcome starting from a low base.</i></p>	<p>Improved transparency by transnational hydropower companies operating in the region, evidenced by sharing of development agendas through multi-stakeholder roundtables. <i>Partially achieved. Substantial progress made through the efforts of M-POWER and now International Finance Corporation.</i> Transnational codes of conduct applied resulting in improved sustainability of the hydropower industry in the Mekong region and beyond. <i>Partially achieved. Substantial progress made through the efforts of M-POWER and now International Finance Corporation.</i> Substantial progress expected but at end of 2012 it will still be a work-in-progress. <i>Correct prediction.</i></p>