

DFAT Management Response

Independent Review of the ASEAN-Australia Development Cooperation Program Phase II (AADCP II)

DFAT commissioned an Independent Review of the ASEAN-Australia Development Cooperation Program Phase II (AADCP II) from September to December 2019. The lead reviewer, Raymond Mallon, visited Bangkok (22 September 2019) and Jakarta (25 September to 3 October 2019). The review aimed to provide DFAT with information to enable and inform strategic decision-making regarding the direction of the current program and possible future programming.

The review also considered the partnership approach, monitoring and evaluation (M&E) and program logic for AADCP II, with support from Samiha Barkat, Principle Consultant, Clear Horizon. Ms Barkat also participated in a number of review meetings and activities in Jakarta.

The review's overall finding is that *"AADCP II has succeeded in delivering substantive and relevant results directly linked to both ASEAN and Australian priorities in a cost-effective manner. Strong ownership of activities and progress in building ASEC capacity should ensure that core AADCP II results are sustainable."*

The review found that AADCP II is **relevant** to the implementation of the ASEAN Economic Community and the Australian Foreign Policy White Paper, **effective** in making progress towards the original program objectives and the more recently identified objective of deepening strategic partnerships between ASEAN and Australia; and **efficient** in its use of resources. It found that the program's **partnership approach** represented value for money, had established strong brand recognition within ASEAN and built relationships and trust that enabled potentially sensitive issues to be dealt with effectively. The program's **M&E** systems and processes were found to be pragmatic and were recommended to be kept unchanged; however, room for improvement in incorporating **gender and social inclusion** (GESI) was identified and specific recommendations made to that end.

The AADCP II Review report provides nine recommendations for the current program and a further ten for design of a future program of support planned to take place in 2020.

Summary of DFAT Management Response

DFAT welcomes the findings of the review, which was on balance positive and endorsing current approaches. We welcome in particular the review's finding that current areas of AADCP II focus, including strategic support to connectivity, energy and narrowing the development gap through support of the Initiative for ASEAN Integration (IAI), are highly relevant to both ASEAN and Australian interests.

We also welcome findings and recommendations aimed at further improving the program. Most of these recommendations were intended to inform the design of a successor program to AADCP II, to be undertaken later this year, rather than impact on current programming and approaches. The review offered a smaller number of recommendations for the current program, covering a number of aspects of program implementation. Of most relevance are those relating to better incorporation of GESI into project design and implementation and clarifying the respective roles of ASEC and program staff in the design and implementation of projects. As the following table sets out, DFAT agrees wholly or in part with all of the recommendations and where appropriate is already working to give them effect.

Key Recommendations	Response	Explanation	Action plan	Time-frame
Sustain momentum				
1. DFAT should work with the PMT and ASEC to minimise disruption to the strong partnerships and momentum in the transition to follow-up support.	Agree	AADCP II will end in December 2021. This raises two key issues: i) the need to design projects in a phased way so that there is a natural break point before AADCP II ends, with a mechanism in place for work to be carried forward under the successor program; and ii) Strong forward programming means AADCP II already has a pipeline of projects which, if fully realised, will lead to the program spending its full approved allocation of \$57m. This limits the capacity of the program to identify and support new projects without exceeding its allocated budget.	<p>i) Program Planning and Monitoring Support Unit (PPMSU) will continue structuring new project proposals with the program's end date in mind, and discussing what could be done under the new program to take project agendas forward.</p> <p>ii) DFAT ASEAN Mission and ASEAN and Regional Programs Section (ARS) are as a priority working to identify other regional programs that may be able to support projects that would otherwise go to AADCP II once AADCP II reaches its approved budgetary limits.</p>	Ongoing
2. PMT to continue engaging with ASEC officials to assess needs to develop project proposals.	Agree	To sustain momentum, discussions with project proponents should be identifying emerging needs that could be supported under the successor program as well as immediate priorities for support under AADCP II.	<p>The AADCP II project proposal development process will continue to require consideration of potential follow-on projects.</p> <p>The design team of the successor program will undertake a selected number of sectoral studies to identify potential emerging priority areas, in consultation with ASEC desks and other stakeholders.</p>	<p>Ongoing</p> <p>Design of the successor program to commence in FY 2020-21.</p>
Gender & Social Inclusion (GESI)				
3. DFAT to provide additional flexible / discretionary funding to recruit a short-term gender expert to identify champions and entry points for gender. Consideration could also be given to undertake an analysis of the gender impacts of selected AADCP II projects and to provide guidance on proposal development.	Partially Agree	GESI is still emerging as an area for action within ASEAN's economic integration and related agendas, and remains more often seen as a socio-cultural set of issues. Effective GESI mainstreaming under an ASEAN-led mechanism relies on active engagement, ability and willingness to	PPMSU will continue using contracted ASEAN Mission resources to provide GESI expertise for proposal development, while ensuring to the extent possible under the partnership model that ASEC agrees to include GESI expertise within contracted consultant teams for project implementation. This has proven a	Ongoing

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		take opportunities as they arise and incremental actions from dialogue partners.	productive in recent projects. We are exploring options to access a higher level of GESI expertise than is currently available under our existing contract. DFAT also intend to undertake sectoral studies to identify opportunities for GESI mainstreaming or targeted actions. We assess that this is a more effective approach than looking back to see the impact of what has been very limited GESI mainstreaming in past AADCP II projects.	Design of the successor program to commence in FY 2020-21.
4. AADCP II and DFAT should continue to engage GESI expertise to identify ways to better integrate GESI into its current portfolio of work.	Agree	As above	As above – we agree to the need for supplementary GESI expertise.	As above
Communications				
5. AADCP II and DFAT should reinforce communication efforts (internal and external) to meet the needs of different audiences to better show how AADCP II advances Australia's and ASEAN's shared interests.	Agree	The review found a need to sharpen external and internal communications efforts on the program's support, outcomes and modality, particularly around the expected level and distribution of costs and benefits of the regional economic integration process.	DFAT to engage a communications short-term consultant to support development of a communications plan for program and DFAT use. This plan will make explicit the relevance of AADCP II support both to ASEAN's regional integration agenda and Australia's Indo-Pacific interests as articulated in the 2017 Foreign Policy White Paper.	Communications plan in place by Aug 2020.
Monitoring & Evaluation				
6. PPMSU should explore lessons from MPAC and IAI experiences to design support to strengthen ASEC M&E systems. Prepare case studies of plausible causal links between AADCP II supported activities, strengthened ASEC capacity, and AEC blueprint implementation in order to clarify the potential value of efforts to strengthen the ASEC.	Partially Agree	The review found that recent projects supporting the monitoring and evaluation of ASEAN's connectivity and Initiative for ASEAN Integration strategic plans were a practical way of strengthening ASEC M&E capacity. ASEC and PPMSU have historically taken different approaches to M&E, with PPMSU mostly geared towards	PPMSU will continue meeting DFAT quality reporting requirements. AADCP II remains open to projects that either support improvements to ASEC M&E systems or that otherwise hold potential to develop the capacity of ASEC staff in M&E, but our modality constrains us from PPMSU proposing such work itself. PPMSU will consider including linkages between project implementation and	Ongoing. One case study will be finalised by Jan-Feb 2021.

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		meeting DFAT quality reporting requirements.	improved ASEC capacity in future case studies.	
7. The AADCP II program team should continue to respond to the increased interest in M&E from ASEC. Lessons learned from directly supporting the M&E and IAI may provide useful lessons in this regard.	Agree	As above, noting also that the review also found that interest in M&E within ASEAN and ASEC is growing, presenting an opportunity for AADCP II.	As above – PPMSU is open to supporting projects to enhance ASEC M&E, subject to demand.	Ongoing
Project design and implementation				
8. The PMT and the AADCP II program team should work with ASEC to clarify roles and responsibilities of the team and ASEAN in proposal development and project implementation.	Partially Agree	<p>As a result of the design of AADCP II and its governing documents (MOU and Cooperation Arrangement) there is a degree of inherent ambiguity in the roles of PPMSU and ASEC in the design and, particularly, the implementation of projects. ASEC has been clear that project contracts are between itself and implementing partners, and that PPMSU has no legal standing. Demand and need remain, to various degrees, for PPMSU support at all stages of project design and implementation.</p> <p>PPMSU has arrived at a workable arrangement with ASEC project proponents on respective roles and responsibilities. During project design, PPMSU is an active partner with desks in ensuring projects are well-designed and meet AADCP II criteria. Once contracted, PPMSU acknowledges the primary role of ASEC staff. PPMSU in these situations works ‘behind the scenes’ with the relevant ASEC division on issues as they arrive, but all formal communication rests with ASEC. Contractual issues and disputes are managed between the relevant ASEC</p>	<p>PPMSU will continue the current arrangement with ASEC project proponents on roles and responsibilities.</p> <p>The design team of the successor program will consider any formal changes in roles and responsibilities.</p>	<p>Ongoing;</p> <p>Design of the successor program to commence in FY 2020-21.</p>

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		division and ASEC Legal, with PPMSU consulted throughout.		
9. DFAT and PMT should continue to try to reduce the numbers of ad hoc projects to: (i) reduce the time spent by processing and overseeing requests for small ad hoc activities, and; (ii) facilitate reporting on project results and better communications of results.	Agree	The review noted ongoing efforts in recent years to reduce the number of smaller/ad hoc projects and that this was reflected in greater consolidation of projects.	PPMSU and PMT will continue to apply AADCP II criteria to project proposals that they clearly support an identified ASEAN priority agenda, that they are ambitious in scope and have clearly identified outcomes. Proposals not meeting these criteria will continue either not to be pursued or amended to bring them into line with criteria.	Ongoing

Recommendations 10-19 are for the design of a successor program to AADCP II in Financial Year 2020-21 and will be considered at that time
Build on success
10. DFAT and the design team should continue with, but look to improve on, the existing well-regarded partnership model. Try to sustain recent momentum.
Greater flexibility to respond to emerging needs
11. DFAT should review options for a flexible funding facility (possibly to support a portfolio of regional programs) to provide greater flexibility to support the development of higher quality proposals, to flesh out potential opportunities for more substantive support, and/or to address cross-cutting concerns.
12. Design team should explore ways to promote programmatic approaches, while retaining flexibility to respond to ad hoc needs.
13. DFAT and the design team should explore options for improved harmonisation and coherence between Australia's regional and bilateral programs in the region. The new design should complement other regional DFAT programs currently under design/re-design.
14. Design team (and ASEC) should consider more flexibility in targeting regional development gaps (including support for the IAI).
Consider sector-wide approaches to Australian support for ASEAN
15. DFAT should consider sector wide approach (in a limited number of priority sectors) to planning Australian support for ASEAN and identify the most appropriate interventions to realize targeted outcomes.
Gender & Social Inclusion

Recommendations 10-19 are for the design of a successor program to AADCP II in Financial Year 2020-21 and will be considered at that time

16. DFAT should include a GESI expert in the design team. DFAT, ASEC and the design team could explore options to ensure more attention is given to more systematically incorporating GESI as a cross-cutting (and cross-pillar) issue.

Monitoring & evaluation

17. DFAT, ASEC and the design team should explore avenues for leveraging ASEC's increasing interest in M&E of outcomes and impacts and consider the value of providing additional M&E resources within the program.

Communications

18. DFAT and the design team should consider the need for a communication strategy and provision for communications services in any follow-up support.

Broader stakeholder engagement

19. DFAT and the design team should consider options to develop strategies for more direct engagement with business, worker and other civil society representative to better understand and address some of the practical bottlenecks and concerns regarding increased economic integration.