

Independent Progress Report
AANZFTA Economic Cooperation Support Program
MANAGEMENT RESPONSE

Initiative Summary

Initiative Name	AANZFTA Economic Cooperation Support Program (AECSP)		
AidWorks initiative number	INI358		
Commencement date	3 November 2008	Completion date	30 June 2014
Total Australian \$	Up to \$20,000,000		
Total other \$	0		
Delivery organisation(s)	AANZFTA Support unit, ASEAN Secretariat		
Implementing partner(s)	ASEAN Secretariat		
Country/Region	ASEAN / East Asia Regional		
Primary sector	Trade Policy		

Initiative Name	AANZFTA Economic Cooperation Support Program (AECSP)
Initiative objective/s	<p>The objective of the AANZFTA Support Unit is:</p> <ul style="list-style-type: none"> – to support ASEC in servicing the AANZFTA FTA Joint Committee and other stakeholders and to assist Parties in the implementation of the AANZFTA. Key result areas include: <ul style="list-style-type: none"> a. Promotion and Outreach. b. Provision of Information. c. Technical Assistance/ Capacity Building. d. Rapid Response Mechanism. e. Implementation Infrastructure Mechanism. <p>The objective of the Economic Cooperation Work Program is:</p> <ul style="list-style-type: none"> – to operationalise the AANZFTA through the nine components' objectives listed at Attachment A.

Evaluation Summary

Evaluation Objective:

- (a) assess the performance of AECSP against the Development Assistance Committee evaluation criteria of relevance, efficiency, effectiveness, impact and sustainability; and the AusAID criteria of monitoring and evaluation and gender equality
- (b) assess AECSP's success in addressing overall performance, including adequately promoting gender equality, establishing and operationalising a robust monitoring and evaluation (M&E) system, and undertaking ongoing analysis of the operation of the Program, drawing out major lessons learned and taking remedial action to ensure continuous improvement
- (c) determine if there are issues affecting AECSP's performance and if so, propose solutions, for example assessing the effectiveness of the partnership delivery mechanism; and ASEAN Secretariat (ASEC) processes and capacity limitations. Particular attention should be paid to identifying lessons learned and practices to draw on for designing future programs of ASEAN-Australian development cooperation
- (d) examine the existing management arrangements with a view to devolving AusAID Canberra's management of the program to AusAID's East Asia regional team in Jakarta
- (e) review the accountability and governance arrangements for the Program
- (f) determine whether there is a demonstrated development need to extend the Program beyond the current end date
- (g) address any other issues that the Independent Progress Report (IPR) team considers necessary for the successful completion of the IPR; and

- h) make recommendations for the future directions of AECSP in relation to available budget and resources to promote improvements in effectiveness and efficiency.

Evaluation Completion Date: 12 May 2013

Evaluation Team: Ray Mallon (Team Leader and Economics/Trade adviser); Peter Deacon (Capacity Building adviser); Lisa Spender (AusAID Evaluation Manager)

AusAID's response to the evaluation report

The IPR was conducted efficiently and effectively, with the team providing a good quality report on schedule. The findings were evidence-based and supported by detailed research, backed up by open discussion and views from a wide variety of interlocutors. The findings and recommendations are very useful input, confirming that the direction of AECSP will strengthen the ability of the ASU and ASEC to deliver on AANZFTA. The IPR provided some practical and far reaching ideas to allow the program to develop its full potential. We view this report as an opportunity to build on our investment in the program – that is, by consolidating its good points and improving targeted areas. The Report acknowledges in many places the contribution of the AANZFTA Support Unit (ASU) and the areas where the program is working well. It also draws on examples where the program could be considered innovative. However there is room for improvement.

Specifically, the report confirms:

- this is an innovative program
- progress is being made towards the five targeted AECSP outcomes, and the program's current approach is on track
- strong appreciation for, and ownership of, the program
- unrealistic assumptions underpinning the AECSP design, particularly around start-up times, budgetary expenditure and difficulties assessing the likely contribution of ECWP activities and outputs to broader national and regional outcomes
- the benefits and achievements of the program need to be better understood by, and communicated to, its stakeholder, particularly ASEC leadership in order to promote the sustainability and relevance of the program, particularly to AEC priorities
- the need to strengthen monitoring and evaluation (M&E), particularly regarding the potential contribution of program activities to development outcomes, and disseminating information on verifiable results to stakeholders.

The partners in the program will work together to build on those areas where the program is performing well, and address those issues where improvements can be made.

AusAID's response to the specific recommendations made in the Report

Recommendation	Response	Actions	Responsibility
<p>1. Strengthen engagement with ASEC leadership.</p> <p><i>a. Strengthen communications between ASEC leadership, AusAID, and AANZFTA Parties around program issues, including more substantive discussion of program outcomes and constraints</i></p> <p><i>b. Raise ASEC leadership awareness of the alignment between key AECSP results targets and ASEC core responsibilities (e.g. as outlined in AEC blueprint) so the potential AECSP benefits to ASEC are better understood</i></p> <p><i>c. Improve strategic and summary results-focused reporting to ASEC leadership.</i></p>	<p>Agree</p> <p>AusAID acknowledges and values the role of ASEC in supporting ASEAN Member States to deepen regional economic integration and build the capacity of ASEAN Member States to improve their skills base in both the private and public spheres, in order to implement the AANZFTA and other future Free Trade Agreements.</p> <p>AusAID further recognises that effective and sustained communication and engagement with ASEC leadership on the program, its results and relevance to ASEAN Economic Community and ASEC priorities and goals is essential to the success and long term sustainability of the program.</p>	<p>As a priority, AusAID will work with AECSP partners to identify and commission a communications expert to develop a communications strategy that will cover the areas specified in Recommendations 1; and 4b and d.</p> <p>At the request of the FTA Joint Committee (FJC), the AANZFTA Support Unit (ASU) will prepare a report detailing existing internal (ASEC) reports and reporting structures relevant to the AANZFTA. The report will be provided as input to the development of the communications strategy.</p>	<p>AusAID East Asia Regional Section to contract the communications expert in consultation with East Asia Regional Jakarta, ASEC (ASU), MFAT, DFAT and FJC co-chairs.</p> <p>The ASU in consultation with program partners as appropriate.</p>

<p>2. AusAID management</p> <p><i>a. Delegate responsibility for AusAID management of AECSP to its Jakarta office at a pace appropriate to resources and management timeframes.</i></p> <p><i>b. Explore and support options to enhance linkages between AECSP and other bilateral ASEAN country programs (especially AusAID funded programs) targeting economic, trade and investment reforms.</i></p>	<p>Agree. AusAID supports the view that it would be an effective and efficient use of resources to devolve management of the AECSP to AusAID Jakarta. Given the potential synergies of AADCP II and AECSP, and the strong relationship AusAID Jakarta has cultivated with ASEC senior management, this will be a positive step, with minimal practical impact on the ASU. AusAID Jakarta will have a strong role to play in building effective linkages and engagement with ASEC leadership.</p> <p>These arrangements will include continuing engagement from AusAID Canberra and the expectation that, where practical, either an AusAID representative from Canberra or Jakarta will attend the FJC meetings.</p> <p>b. Noted. There is regular interaction and consultation in AusAID between relevant programs regarding economic, trade and investment reforms. These include trade, transport and facilitation initiatives, connectivity developments and other trade agreement models.</p>	<p>a. AusAID East Asia Regional officers to progress the necessary administrative arrangements, with a view to the devolution being finalised by 1 July 2014 at the latest.</p> <p>b. AusAID East Asia Regional officers will continue to liaise with relevant AusAID program areas to keep abreast of progress and developments in economic, trade and investment reforms.</p>	<p>AusAID East Asia Regional Section</p>
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<p>3. Program level planning, management and governance</p> <p><i>a. Continue to be guided by ASEC management guidelines on issues such as reporting, human resources, financial management and transparency in procurement and evaluation of program supported activities.</i></p> <p><i>b. Clarify budget sub-committee responsibilities and authority in addressing any concerns they may have about proposals that have already been endorsed by relevant FJC sub-committees.</i></p> <p><i>c. Explore options (including improved annual planning processes and direct support to sector agencies) to improve the quality of proposals for AECSP financing</i></p> <p><i>d. Strengthen ASEC information base on related bilateral programs and improve AECSP linkages with complementary bilateral programs.</i></p>	<p>a. Agree. The delivery model for AECSP is based on a partnership involving management of the program by ASEC and AusAID is committed to continuing supporting this approach.</p> <p>b. Agree. AusAID agrees with the FJC response that the Economic Cooperation Budget Sub-Committee may raise technical concerns to relevant subsidiary bodies or to FJC.</p> <p>c. Agree. AusAID notes the importance of ensuring high quality ECWP proposals. AusAID further notes the standard of the proposals has improved over time due to the growing awareness by project proponents of the ECWP proposal guidelines. AusAID particularly acknowledges the role of the ASU in appraising the ECWP proposals.</p> <p>d. Partially agree. AusAID notes that within ASEC there is existing work to promote donor coordination and increase awareness of activity underway. However East Asia Regional Jakarta, rather than AECSP, will pursue this with ASEC and our key partners.</p>	<p>a. No further action required</p> <p>b. No further action required</p> <p>c. The FJC will actively monitor the development of quality economic cooperation proposals for AECSP funding, including the role of the Economic Cooperation Budget Sub-Committee in supporting project proponents and subsidiary bodies of the AANZFTA in preparing quality applications.</p> <p>d. East Asia Regional Jakarta will continue to advocate for a more systematic approach to the exchange of information on programs, particularly in Dialogue Partners' meetings, to better identify and strengthen linkages with complementary programs.</p>	<p>c. FJC and Economic Cooperation Budget Sub-Committee</p> <p>d. East Asia Regional Jakarta</p>
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<p>4. Program monitoring, evaluation, communication and knowledge management</p> <p><i>a. Resources should be allocated to better monitor, analyze, document and disseminate evidence of the links from AECSP supported activities to the facilitation of regional trade, investment and employment.</i></p> <p><i>b. Develop and implement an AECSP communications strategy, including strategies to raise awareness of AANZFTA related business results and opportunities in AMS, New Zealand and Australia, and more effective use of the AECSP website to highlight program results and lessons learned</i></p> <p><i>c. Consider the need for a review of program priorities and work program following the AANZFTA review of progress in implementing the built-in agenda.</i></p> <p><i>d. Prepare, and present to ASEC leadership, periodic summary results focused review reports (e.g., AADCP II reports may provide useful models).</i></p>	<p>a. Partially agree. AusAID very much acknowledges the importance of monitoring and evaluation (M&E), particularly in terms of demonstrating the effectiveness of programs and their link to aid outcomes. However the approach outlined in the IPR is highly resource intensive and has both budgetary and human resources implications.</p> <p>There will always be a practical limit to the program's ability to conduct the in-depth research required to link such capacity development to on-the-ground outcomes. It is noted that the IPR itself largely uses examples of capacity built as commendable outcomes of the program. Obtaining evidence of how this capacity development has been applied and thereby translated into improved statistics and effects, other than through follow-up reporting by participants, would require very significant additional resources..</p> <p>The recently implemented M&E instruments, which will monitor participant results six months after the ECWP activity, are designed to capture the link between these activities and results and potential development outcomes.</p> <p>These instruments are being managed by the ASU and AusAID acknowledges the considerable effort they are putting into this task. As these instruments have only recently been implemented,</p>	<p>AusAID (and the program's M&E specialist) to monitor, with the ASU, progress in the collection of data from the M&E instruments, and investigate options for improving the current approach, for example increasing participant response rates. AusAID will also liaise with the M&E specialist to assess the capacity to improve the current approach in the future, once M&E capacity is built through incremental increases to project reporting requirements.</p>	<p>AusAID East Asia Regional officers in consultation with the M&E specialist and ASU.</p>
<p>Management Response</p> <p>Effective from December 2012 to December 2013</p>		<p>page 7 of 11</p> <p>UNCLASSIFIED</p>	

	<p>the IPR team would not have had the opportunity to review many results captured to date. AusAID expects that these follow-up reports, while modest in scope, will start to demonstrate more meaningful data concerning the program's outcomes.</p> <p>b and d. Agreed. AusAID agrees that the Communications Strategy should be developed as a priority to address and implement the areas outlined in the recommendation.</p> <p>c. Agree</p>	<p>b and d. See response to Recommendation 1</p> <p>c. The FJC will continue to review the program's priorities and component implementation plans to ensure that FTA built in agenda items continue to be progressed.</p>	<p>c. FJC</p>
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<p>5. Gender</p> <p><i>a. Continue to liaise with ASEC, AMS, and AANZFTA Parties to identify common opportunities to ensure gender equity in distribution of benefits from integration. Seek opportunities to support research/policy initiatives with inherent gender equity issues.</i></p> <p><i>b. Review reporting, operational and policy guidelines and templates to ensure gender and equality policy and opportunities are genuinely embedded within all AECSP documents and reports. Ensure gender priorities are integrated into the monitoring and evaluation framework, including reporting on gender outcomes.</i></p> <p><i>c. Continue to focus on supporting trade in services, especially trade in services that may especially benefit women.</i></p>	<p>Partially agree. Promoting gender equality and the empowerment of women is an overarching principle of Australia's aid program. However the difficulties of actively incorporating gender and equality activities into technically focused and regionally managed programs is well recognised.</p> <p>The program is using a number of tools to address the gender issue. The current ECWP proposal template also provides that project proponents identify how the activity will provide equal opportunities for men and women to participate in, or benefit from the activity achievements. The M&E framework also enables the breakdown of gender participation in ECWP activities, a welcome step. Other strategies in the pipeline to assess how gender impact and opportunities could include case studies in relation to selected ECWP projects.</p> <p>However the level of gender analysis suggested in the report, while commendable, will be very resource intensive.</p>	<p>AusAID and other partners will work with the ASU, AusAID gender specialists and the program's M&E consultant to explore additional options for promoting gender awareness and its importance to the program.</p>	<p>AusAID East Asia Regional officers in consultation with ASU, AusAID gender team, MFAT, DFAT, FJC co-chairs</p>
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<p>6. Capacity Building</p> <p><i>a. Continued efforts to move away from standalone training, workshops and conferences – towards more results focused medium-term capacity building initiatives (e.g. as is being done with the patent assessors training).</i></p> <p><i>b. Continue supporting the development of long-term institutional relationships that are likely to be sustained beyond AECSP funding.</i></p> <p><i>c. Ensure design frameworks include robust performance assessment methodologies capable of measuring activity impacts (e.g. tracking instruments, outcome surveys and independent assessment(s) of materials developed).</i></p> <p><i>d. Establish links to complementary regional and bilateral programs.</i></p> <p><i>e. Cooperate with AADCP II to ensure ASEC capacity continues to be enhanced.</i></p>	<p>a and b. Agree. AusAID notes that the move to such capacity building activities, and supporting long term relationships with ECWP partners, is important for ensuring both the sustainability of these activities, and embedding the learning and outcomes of these activities in participants, AMS institutions and ASEC.</p> <p>c. Agree. As noted in the response to Recommendation 4a, the program's M&E framework is seeking to capture the link between ECWP activities and results and potential development outcomes. As also noted in the IPR, the AECSP design did not include a performance assessment methodology as it was intended that this methodology be developed post-implementation. AusAID will therefore ensure, in accordance with AusAID's Investment Design principles, that should there be a successor or similar program to the AECSP, it will include rigorous M&E arrangements.</p> <p>d and e. Agree. Continuing to establish links to complementary regional and bilateral programs, including AADCP II, would deliver important gains, particularly in building the capacity of ASEC and AMS, and increase leverage of existing AECSP activities.</p>	<p>a. and b. AusAID will work with program partners (DFAT, FJC, MFAT and ASU) to ensure relevant FJC committees continue to pursue longer term capacity building activities and build on gains to date in respective projects.</p> <p>c. AusAID, in the event of future investment designs, to ensure rigorous M&E arrangements are included</p> <p>d. and e. AusAID East Asia Regional officers will continue to build effective linkages with complementary programs (both AusAID and other dialogue partners). AusAID will also work with the ASU and AADCP II team to encourage continuing cooperation, engagement and communication regarding ASEC capacity building initiatives and avoid duplication of program activities.</p>	<p>FJC, FJC Committees, MFAT, DFAT, AusAID and the ASU</p> <p>AusAID East Asia Regional officers</p> <p>AusAID East Asia Regional officers</p>
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<p>7. Program Duration</p> <p><i>Subject to continued progress in measuring, reporting, and communicating information on outcomes, and the use of more comprehensive approaches to capacity building, extend the program duration to at least the end of 2015 with no change in budget. Additional resources may be needed in the future, depending on sustained demand, progress in providing stronger evidence of development outcomes. Retain flexibility to provide support for economic cooperation agreements that extend beyond AANZFTA.</i></p>	<p>Agree in principle.</p> <p>AusAID and the Australian Government are very committed to the AANZFTA and its underlying principles, and the AECSP. Factors such as the program's increasing momentum and the growing pipeline of projects are indicative of the program's potential to deliver sustainable outcomes. While very supportive of the program's no-cost extension to end 2015, due to the competing pressures on the Australian Government's budget, the no-cost extension will be subject to budget considerations.</p>	<p>East Asia Regional officers to progress the necessary administrative and budgetary arrangements.</p>	<p>AusAID East Asia Regional officers</p>
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