



Australian Government

AusAID

**Agreement Establishing the ASEAN–Australia–New Zealand
Free Trade Area Economic Cooperation Support Program
independent progress report**

AidWorks initiative INI358

Raymond Mallon, Economist and Team Leader

Peter Deacon, Monitoring and Evaluation/Capacity Development Consultant

The views in this report reflect the findings of the independent evaluation team. They do not necessarily reflect the views of the various Agreement Establishing the ASEAN–Australia–New Zealand Free Trade Area Economic Cooperation Support Program stakeholders.

12 May 2013

Aid activity summary

Aid activity name	Agreement Establishing the ASEAN–Australia–New Zealand Free Trade Area Economic Cooperation Support Program		
AidWorks initiative number	INI358		
Commencement date	3 November 2008	Completion date	30 June 2014
Total \$	Up to 20.0 million		
Total other \$	4.6 million (New Zealand Ministry of Foreign Affairs and Trade)		
Delivery organisation	ASEAN Secretariat		
Implementing partners	ASEAN Secretariat New Zealand		
Country/region	ASEAN		
Primary sector	Economic infrastructure and services		

Acknowledgments

The mission consulted with government agencies, development partners and stakeholders from supported activities. A list of agencies and people consulted is provided at Appendix A. The mission benefited greatly from the effective support provided by the ASEAN Secretariat, the Agreement Establishing the ASEAN–Australia–New Zealand Free Trade Area Support Unit, and AusAID in Canberra and Jakarta. The team appreciated the open and productive discussions with stakeholders during the visit.

The views in this report reflect the initial impressions of the independent evaluation team. They do not necessarily reflect the views of various stakeholders to the Agreement Establishing the ASEAN–Australia–New Zealand Free Trade Area Economic Cooperation Support Program.

Author's details

The independent evaluation team comprised:

- Raymond Mallon, Economist and Evaluation Team Leader. Raymond had no previous interest in the program
- Peter Deacon, Monitoring and Evaluation/Capacity Development Consultant. Peter has no conflict of interest in conducting this independent review. His only previous involvement with the program was as a peer reviewer of the program design.

The independent evaluation team was joined and assisted for parts of the mission by:

- Brian Wilson, Special Advisor, New Zealand Ministry of Foreign Affairs and Trade
- David Morgan, Director, Trade and Economic Issues, Policy Planning Branch, Department of Foreign Affairs and Trade
- Pat Duggan, Counsellor Regional AusAID, Australian Embassy, Jakarta
- Katty Danni, Program Manager, Regional AusAID, Australian Embassy, Jakarta.

Acronyms

AADCP II	ASEAN Australia Development Cooperation Project: Phase II
AANZFTA	Agreement Establishing the ASEAN–Australia–New Zealand Free Trade Area
ACCC	Australian Competition and Consumer Commission
ACTU	Australian Council of Trade Unions
AECSP	AANZFTA Economic Cooperation Support Program
AEM-CER	ASEAN Economic Ministers – Closer Economic Relations
AIG	Australian Industry Group
AIPEG	Australia Indonesia Partnership for Economic Governance
ANU	Australian National University
APEC	Asia Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
ASR	Australian Services Roundtable
AusAID	Australian Agency for International Development
DAFF	Department of Agriculture, Fisheries and Forestry
DFAT	Department of Foreign Affairs and Trade
ERIA	Economic Research Institute for ASEAN and East Asia
GDP	Gross domestic product
MFAT	New Zealand Ministry of Foreign Affairs and Trade
OECD	Organization for Economic Cooperation and Development
UNCTAD	United Nations Conference on Trade and Development
UNESCO	United Nations Educational, Scientific and Cultural Organization
WIPO	World Intellectual Property Organization

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Executive summary

1. An independent progress review team visited Australia and Jakarta from 4 to 20 February 2013 to:
 - (a) consult program stakeholders
 - (b) review and formulate recommendations for the remainder of the Agreement Establishing the Association of Southeast Asian Nations (ASEAN) Australia and New Zealand Free Trade Area (AANZFTA) Economic Cooperation Support Program (AECSP)
 - (c) propose appropriate changes to budgets, resources and timeframes
 - (d) propose options to ensure optimal sustainable AECSP outcomes, taking into account governance structures and the time and resources available.
2. A key finding of the independent progress review was that AECSP is supporting practical steps towards AANZFTA implementation by:
 - (a) addressing regional barriers to the movement of goods, services, people, capital, ideas and technology
 - (b) developing the partnerships needed for stakeholders to move towards agreement on challenging policy and institutional issues. The program is innovative in that:
 - (i) it is the first free trade agreement Australia has signed which includes an economic cooperation program. Embedding a broader trade and investment development agenda in a free trade agreement delivers a practical development modality that bridges the trade–aid agenda
 - (ii) there is strong shared ownership of the program by those implementing the agreement. This has been reflected in the substantial in-kind contributions (especially staff time) for program planning and implementation activities by the ASEAN Secretariat, ASEAN member states, and Australian and New Zealand government agencies
 - (iii) there is strong cross-pillar collaboration within the ASEAN Secretariat (for example, the national qualifications framework project which led to mechanisms for ongoing collaboration being established between the different ASEAN Secretariat divisions responsible for trade in services, education and migration in October 2012).
3. AECSP has a complex institutional structure. A support unit within the ASEAN Secretariat manages implementation and reports both to the secretariat and the Free Trade Agreement Joint Committee. Given this complexity, AusAID took a risk in funding this program. Despite delays in start-up, that risk now appears to be paying dividends. AECSP is beginning to build momentum and generate tangible organisational outcomes that should help facilitate growth in regional trade and investment. If recent progress continues, the partnerships developed and collaboration achieved have the potential to be a model for other programs.
4. Progress is being made towards the five core targeted AECSP outcomes:
 - (a) Enhanced government desire to engage in economic integration, particularly AANZFTA implementation. Regional leaders have noted (see appendix 7 for examples) that by supporting efforts to resolve practical issues, AECSP is contributing to implementation of AANZFTA and progressing the broader regional integration agenda. Progress with establishing a forum on an ASEAN Regional Qualifications Framework to support trade in education services and temporary movement of natural persons is one concrete example in terms of impact on ASEAN integration. The support for OECD investment reviews is another example of efforts to identify and share information on practical barriers to integration.
 - (b) Increased business use of AANZFTA and increased trade and investment flows. Systems for monitoring business use still need to be developed and implemented. AECSP has supported activities to help raise business awareness. While the team

received mixed messages about the level of business awareness, there are indicators of accelerating business interest. For example, the Department of Foreign Affairs and Trade indicated that use of AANZFTA preferences for imports into Australia from the seven ASEAN countries had reached 66 per cent in 2011. AECSP supported in-country training on rules of origin for Cambodia and Lao PDR—as well as the publication and dissemination of supporting material—and helped officials and businesses in the lower income ASEAN member states to use AANZFTA.

(c) Enhanced capacity of ASEAN member state institutions to engage in trade liberalisation and to implement the AANZFTA agreement. There has been steady progress in building capacity—momentum has been strongest in goods and intellectual property and is increasing in other areas, including in investment and services. The reported use of AANZFTA preferences is encouraging and there is a need for regularly updated information on user rates for all countries. Capacity development initiatives are now specifically targeting partner institutions.

(d) Strengthened working relationships through the establishment of, and deeper engagement in, functional sector networks. Tangible progress is being made in several key areas including the ASEAN Regional Diagnostics Network on sanitary and phytosanitary measures (part of a wider long-term effort to create an ASEAN-wide system for delivering credible plant pest and disease diagnostic services), work on intellectual property (standards and cooperative approaches to training) and with establishing an ASEAN regional qualifications framework.

(e) Increased confidence in the AECSP and AANZFTA Support Unit as the preferred model for ASEAN-based free trade agreement implementation. Regional leaders recognise the role played by AECSP and the AANZFTA Support Unit in facilitating the cooperation and partnerships needed to make AECSP work. The Free Trade Agreement Joint Committee Chair noted that AECSP “*is a program that we in ASEAN are trying to emulate under our other free trade agreements.*” Additional effort is needed to ensure that ASEAN Secretariat leadership is fully aware of AECSP linkages with the secretariat’s core responsibilities.

5. Greater effort is still needed to strengthen AANZFTA monitoring and evaluation, communication and outreach activities. In particular, more needs to be done to document and disseminate evidence-based arguments on the link between program-supported activities and results linked to potential trade and development outcomes. It is important that regional and ASEAN Secretariat leaders are aware and regularly updated with evidence of the linkages between program activities and intended outcomes.
6. Core recommendations from the independent progress review are summarised below. More details are included at the end of this report.
 - **Strengthen engagement with ASEAN Secretariat leadership.** Strengthen communication between ASEAN Secretariat leadership, AusAID and AANZFTA parties around program issues, outcomes and constraints, and the alignment between key AECSP results targets and core ASEAN Secretariat responsibilities.
 - **AusAID management.** Decentralise AECSP management to AusAID Jakarta at a pace appropriate to resources and management timeframes, and enhance linkages with other related programs in ASEAN Secretariat and ASEAN countries.
 - **Program management and governance.** Clarify budget sub-committee responsibilities and authority. Continue to be steered by ASEAN Secretariat management guidelines. Continue to focus more on medium-term capacity building initiatives.
 - **Program monitoring and evaluation, and communication.** Better document and disseminate evidence-based arguments on the link between program-supported activities and results linked to potential development outcomes. Develop and implement an AECSP communication strategy.

- **Program duration and scope.** 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 and progress in providing stronger evidence of development outcomes. Retain flexibility to provide support for economic cooperation agreements that extend beyond AANZFTA. The planned review of AANZFTA will be useful in assessing the need for additional resources.

Evaluation criteria ratings

Evaluation criteria	Rating (1-6)	Explanation
Relevance	5	The program supports activities that are closely aligned with AANZFTA's Free Trade Agreement Joint Committee and ASEAN member state priorities. However, ASEAN Secretariat leadership does not always see AECSP activities as relevant. This issue may well be resolved with better two-way communication.
Effectiveness	4	Despite a slower than planned start, AECSP is likely to achieve most core goals related to effective implementation of AANZFTA (even if business awareness was reported to be relatively modest). AECSP has been particularly effective in building regional partnerships to address practical barriers to enhanced economic cooperation. Progress in implementing planned activities related to communication, outreach efforts and in evaluating the impact of AANZFTA and AECSP activities has been more mixed.
Efficiency	5	Delays in AECSP start-up undermined efficiency in the early stages, but the AANZFTA Support Unit addressed problems encountered in a pragmatic manner. AECSP seeks to minimise transaction costs by integrating with ASEAN Secretariat systems and coordinating program activities with ongoing ASEAN working agendas to the extent feasible. Special services agreements with designated service providers are seen as useful in facilitating more timely and efficient delivery of activities.
Sustainability	4	There is generally strong ownership of AECSP activities by project proponents and Free Trade Agreement Joint Committee members, so most outcomes are likely to be sustained. However, sustained ASEAN Secretariat ownership depends on its leadership being kept informed about how AECSP activities complement the secretariat's core business.
Gender equality	3	There has been limited focus on gender equity issues. This partly reflects difficulties in efficiently factoring gender issues into technical regional integration activities. Gender related integration issues are sometimes more effectively addressed in country and sector specific activities. However there is scope to build AECSP and partner awareness to seek opportunities to address gender issues during regional consultations and capacity building activities.

Evaluation criteria	Rating (1-6)	Explanation
Monitoring and evaluation	3	Progress with monitoring and evaluation was initially slow. More needs to be done to assess likely contributions of project outputs to broader national and regional efforts to boost trade, investment and employment. Steps have been taken to more systematically understand what impact capacity building is having on participants, and to better document and communicate results. There are good prospects for the monitoring and evaluation rating to be increased by next year.
Analysis and learning	4	The AANZFTA Support Unit has effectively identified and addressed immediate barriers to Economic Cooperation Work Program implementation (e.g. the shift to special services agreements to reduce ASEAN Secretariat overheads). However, there is scope to strengthen ongoing analysis of AECSP operations, drawing on lessons learned and taking remedial action to ensure continuous improvement. More can be done to learn from other related projects.

Introduction

Activity background

7. The agreement establishing the ASEAN–Australia–New Zealand Free Trade Area (AANZFTA) was signed in February 2009 and has been in force since 1 January 2010.¹ The agreement is designed to “*liberalise and facilitate trade and investment between ASEAN, Australia and New Zealand through commitments on goods, services, investment, temporary movement of natural persons, electronic commerce, intellectual property and economic cooperation*”.² The agreement includes provision for an economic cooperation program to support its implementation.³ Expected beneficiaries are regional producers, consumers and investors. AANZFTA is the largest free trade agreement Australia has concluded and the most comprehensive trade deal that ASEAN has negotiated.
8. The AANZFTA Economic Cooperation Support Program (AECSP) was established to ensure that the full benefits of AANZFTA are realised. AECSP funds an AANZFTA Support Unit within the ASEAN Secretariat and annual Economic Cooperation Work Program activities. The program is delivered through a partnership between AusAID⁴ and the Department of Foreign Affairs and Trade, New Zealand’s Ministry of Foreign Affairs and Trade, ASEAN and the ASEAN Secretariat. This independent progress report was scheduled in the program design.
9. AECSP’s goal is to:⁵
 - operationalise and implement AANZFTA (including enhancing ASEAN Secretariat capacity to support ASEAN Free Trade Agreement implementation)
 - progress AANZFTA’s built-in agenda
 - promote business use of AANZFTA
 - advance economic integration amongst the parties.

The program document (see pages 11 to 12) notes that the success of AECSP in achieving this goal over five years is seen as measurable in terms of the following five outcomes:

- enhanced government desire to engage in economic integration generally and AANZFTA implementation in particular
- increased business awareness leading to increased use of AANZFTA opportunities and increased trade and investment flows
- enhanced capacity of ASEAN member state institutions to engage in trade liberalisation and to implement the AANZFTA agreement specifically
- strengthened working relationships between the parties through the establishment of, and deepened engagement in, functional sector networks

¹ AANZFTA liberalises and facilitates trade in goods, services and investment between ASEAN, Australia and New Zealand with commitments and obligations on: (i) trade in goods including rules of origin and customs procedures (ii) standards, and sanitary and phytosanitary measures (iii) trade in services (iv) movement of natural/business persons (v) investments (vi) electronic commerce (vii) competition, and (viii) intellectual property. AANZFTA came into force on 1 January 2010 for Australia, Brunei, Malaysia, Myanmar, New Zealand, Singapore, the Philippines and Vietnam. It entered into force for Thailand on 12 March 2010, for Laos and Cambodia on 1 and 4 January 2011 respectively, and for Indonesia on 10 January 2012. An economic cooperation component was included to support AANZFTA implementation. <http://www.asean.fta.govt.nz/what-is-the-asean-fta/>

² AECSP program design document, November 2009, p.18.

³ AECSP program design document, November 2009, p.10.

⁴ AusAID has committed up to \$20 million over five years.

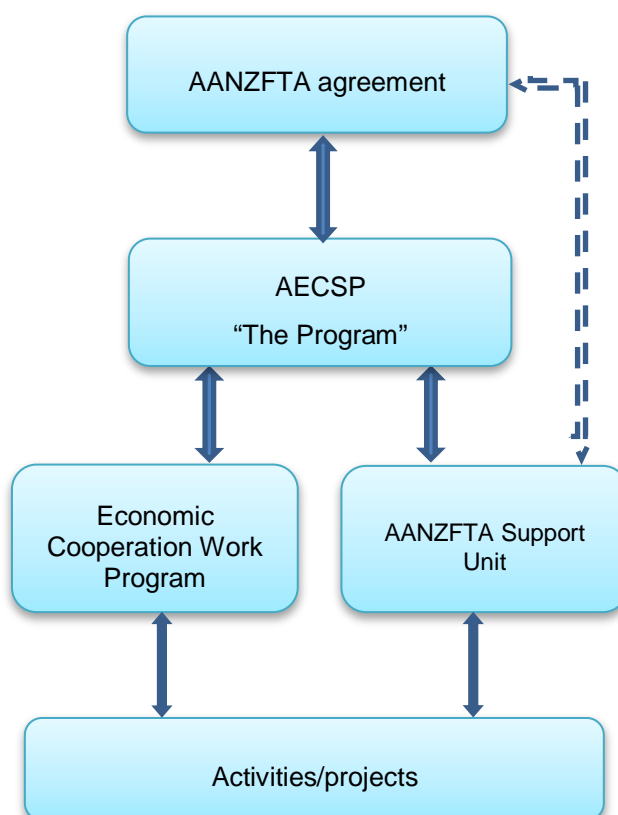
⁵ Revised goal as stated in the monitoring and evaluation framework (November 2011).

- increased confidence in AANZFTA Economic Cooperation (support unit and work program activities) as the preferred model for ASEAN-based free trade agreement implementation.

10. AECSP components are:

- a. Funding for an AANZFTA Support Unit within the ASEAN Secretariat to oversee and implement activities that promote the take-up of AANZFTA, including:
 - a) promotion and outreach
 - b) provision of information
 - c) technical assistance/capacity building
 - d) rapid response mechanism
 - e) monitoring and evaluation.

Figure 1: Program structure



Source: AECSP 2011, monitoring and evaluation framework.

- b. Funding for the Economic Cooperation Work Program, which is a set of annual activities agreed by Free Trade Agreement Joint Committee, helps build the capacity of developing ASEAN countries to implement the AANZFTA. It focuses on:
 - a) rules of origin/implementation of tariff commitments
 - b) sanitary and phytosanitary measures
 - c) standards, technical regulations and conformity assessment procedures
 - d) services
 - e) investment
 - f) intellectual property
 - g) sectoral integration
 - h) customs
 - i) competition policy.

Evaluation objectives and questions

11. The independent progress report terms of reference highlighted a range of issues that go beyond a standard evaluation of AECSP performance using Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee⁶ and AusAID⁷ evaluation criteria. The independent progress report was asked to formulate recommendations for the remainder of AECSP, propose appropriate changes to budgets, resources and timeframes, and to put forward options to ensure the optimal sustainable AECSP outcomes, taking into account the time and resources available. The independent progress report was also asked to examine AECSP governance arrangements to ascertain if they remain appropriate and relevant. Objectives were to:

- assess the performance of AECSP against the OECD Development Assistance Committee evaluation criteria of relevance, efficiency, effectiveness, impact and sustainability, and the AusAID criteria of monitoring and evaluation and gender equality
- assess AECSP's success in addressing overall performance, including adequately promoting gender equality, establishing and operationalising a robust monitoring and evaluation system, and undertaking ongoing analysis of the operation of the program, drawing out major lessons learned and taking remedial action to ensure continuous improvement
- determine if there were issues affecting AECSP's performance and if so, propose solutions—for example, assessing the effectiveness of the partnership delivery mechanism and ASEAN Secretariat processes and capacity limitations. Particular attention was to be paid to identifying lessons learned and practices to draw on for designing future programs of ASEAN–Australian development cooperation
- examine AECSP management with a view to devolving AusAID management of the program from Canberra to AusAID's East Asia regional team in Jakarta
- review the accountability and governance arrangements for the program
- determine whether there is a demonstrated development need to extend the program beyond the current end date
- address any other issues that the independent progress report team considers necessary for the successful completion of the report
- recommend future directions of AECSP in relation to available budget and resources to promote improvements in effectiveness and efficiency.

12. The team explored the complex institutional environment in which AECSP operates, including challenges relating to the institutional roles, capacity and authority of the ASEAN Secretariat (including its linkages with the Free Trade Agreement Joint Committee) and the AANZFTA Support Unit within the ASEAN Secretariat. The team was also asked to assess whether the initial assumptions regarding the mandates of the ASEAN Secretariat and AANZFTA Support Unit remained valid, and review the need for any modifications in the program design.

Evaluation scope and methods

13. The evaluation methodology included:

- reviewing core documents⁸ and preparing a detailed work plan

⁶ Relevance, efficiency, effectiveness, impact and sustainability.

⁷ Monitoring and evaluation and gender equality.

⁸ Including the AECSP design document; AECSP strategic overview (August 2011); mid-term review (August 2012); quality at implementation reports; Free Trade Agreement Joint Committee summary of decisions; monitoring and evaluation framework; matrix of approved Economic Cooperation Work Program projects; Economic Cooperation Work Program component implementation plans; Economic Cooperation Work Program project completion reports; and basic output and outcome level data and analysis of Economic Cooperation Work Program projects and activity reports, including participant evaluations.

- visiting Canberra from 4 to 8 February 2013 to meet and consult (semi-structured interviews) with AusAID and Department of Foreign Affairs and Trade officials, and representatives of business, trade unions and other stakeholders
 - visiting Jakarta from 10 to 22 February 2013 to interview officials from ASEAN, Australia and New Zealand working on AANZFTA issues, ASEAN Secretariat management, senior officials and other staff, and experts, staff, contractors, and other partners responsible for implementing AECSP activities.
14. Given the limited time and resources available for an independent progress report of a complex program, it was not feasible to meet with representatives from all ASEAN governments, nor to meet with representatives of all AECSP funded activities. The team prepared a semi-structured set of questions for the different categories of participants (see detailed methodology in Appendix 8). It relied on activity reports, participant evaluation reports and other documentation, as well as follow-up email and telephone communications, to supplement central level consultations. Given the program's long-term nature, and the limited scope to consult ultimate beneficiaries, it was recognised that it would not be possible to attribute impacts to program supported activities at this stage, and that it would be difficult to assess the likely sustainability of program supported activities. It was agreed at the inception stage therefore, that the evaluation should focus on the continuing validity of the core logical assumptions linking program funded activities, outputs and intended outcomes.⁹

ASEAN context

15. The 10-member ASEAN was initiated in 1967 with Indonesia, Malaysia, the Philippines, Singapore and Thailand as founding members. With Brunei joining in 1984, Vietnam in 1995, Myanmar and Laos in 1997, and Cambodia in 1999, ASEAN's combined population is now over 600 million, with a total gross domestic product estimated at over USD2300 billion in 2012.¹⁰ ASEAN became a formal legal entity when the ASEAN Charter came into force in 2008. The ASEAN Secretariat is located in Jakarta.
16. There is wide diversity among the ASEAN members in terms of population, resources, culture, languages, gross domestic product and business enabling environments. Singapore and Brunei had purchasing power parity per capita incomes of USD60 700 and USD51 760 in 2011, higher than that of Australia (USD39 721) and New Zealand (USD30 067).¹¹ Laos and Cambodia have per capita incomes of less than USD3000. In terms of the World Bank's annual 'Doing Business' rankings, the region includes both some of the world's highest (Singapore) and lowest ranked countries. Singapore has the highest trade/gross domestic product ratio, followed by Vietnam and Malaysia. Cambodia has the highest ratio of foreign direct investment inflows to gross domestic product.
17. In 2003 ASEAN members committed to create an ASEAN Economic Community, an ASEAN Political–Security Community and an ASEAN Socio–Cultural Community by 2020. In 2007, ASEAN leaders brought forward the target for the ASEAN Economic Community implementation to 2015. Leaders from ASEAN member states and ASEAN's free trade agreement partners (Australia, China, India, Japan, New Zealand and the Republic of Korea) agreed in November 2012 to launch negotiations on a Regional Comprehensive Economic Partnership.¹²

⁹ See Appendix 8.

¹⁰ <http://www.dfat.gov.au/geo/fs/asean.pdf>

¹¹ Source World Bank. World Development Indicators (downloaded 22 February 2013, PPP, current prices).

¹² <https://www.dfat.gov.au/fta/rcep/>

Evaluation findings

18. After delays in start-up, AECSP is beginning to build momentum and generate tangible outcomes that are likely to help expand regional trade and investment. One reason for the slower than planned start-up was that AANZFTA committees and sub-committees had to get established, plan activities, and identify particular Economic Cooperation Work Program projects that the AECSP could fund to support implementation of the agreement. Initial activities concentrated on ad-hoc capacity building initiatives to address specific impediments to AANZFTA implementation. While implementation remains a key focus, Economic Cooperation Work Program activities support a broader economic integration and business utilisation agenda that will have development impacts beyond AANZFTA.
19. The level and extent of interaction between AECSP and AANZFTA parties is indicative of strong country and regional level ownership of AECSP supported activities. Leads of the AANZFTA Joint Committee frequently complimented the contribution of AECSP in progressing the regional integration agenda. However more needs to be done to ensure that ASEAN Secretariat leadership is better aware of outcomes and linkages with the secretariat's core responsibilities.
20. This interactive process—where key stakeholders actively identify and guide AECSP projects and these in turn shape and inform the parties' collective action in implementing AANZFTA—can be expected to continue to drive the evolution of both AECSP and AANZFTA, as well as contribute to further regional economic integration, for example in the Regional Comprehensive Economic Partnership negotiations.
21. The greatest momentum has been in the goods and intellectual property areas, where cooperation activities are well integrated in the respective Free Trade Agreement Joint Committees, and the Economic Cooperation Work Program is effectively delivering tailored activities. Progress is also being made in the area of competition policy. Momentum is being developed in investment and services with growing interest in specific economic cooperation activities in these areas. Partnerships with other international organisations—including Asia Pacific Economic Cooperation (APEC), the Economic and Social Commission for Asia and the Pacific, the Organization for Economic Cooperation and Development United Nations Conference on Trade and Development, United Nations Educational, Scientific and Cultural Organization, World Intellectual Property Organization, and the World Trade Organisation—are contributing to more effective delivery of several Economic Cooperation Work Program activities.
22. Regular interaction between AECSP and AANZFTA parties, overseen by the various committees and sub-committees established under the agreement, is contributing to the broader AANZFTA work program. Cooperation activities have been most successful when the right people are engaged, that is AANZFTA officials with policy-making, operational or coordinating responsibility covering the specific area of economic cooperation. Engaging the right people has been a feature of goods-related, intellectual property and competition activities. AECSP projects supporting implementation of rules of origin, transposition of tariff schedules, the non-tariff measures review and the monitoring of tariff utilisation project, have helped the AANZFTA parties resolve problems or better inform their activities to move implementation of the agreement forward. The potential development impacts for increased regional trade and investment are substantial, especially if AANZFTA served as a catalyst for a wider trade agreement such as the Regional Comprehensive Economic Partnership.
23. Progress with AANZFTA-wide communication and outreach activities, gender equity and monitoring and evaluation activities has not always matched AECSP design expectations. More needs to be done to provide evidence of the link between program supported activities and results that can be expected to contribute to development outcomes.
24. The program is innovative in several important ways that may be of broader interest to the development community:
 - (i) this is the first free trade agreement Australia has signed which includes an economic cooperation program. Embedding a broader trade and investment

- development agenda in a free trade agreement delivers a practical development modality that bridges the trade/aid agenda
- (ii) the strong shared ownership of the program by those implementing the agreement has been reflected in the substantial in-kind contributions provided (especially staff time) for program planning and implementation activities by the ASEAN Secretariat, ASEAN member states, and Australian and New Zealand government agencies
 - (iii) cross-pillar collaboration within the ASEAN Secretariat. For example, the national qualifications framework project which in October 2012 led to the establishment of mechanisms for ongoing collaboration between the different ASEAN Secretariat divisions responsible for trade in services, education and migration.

Box 1: Enhancing outreach activities

A region-wide mechanism is being developed to monitor the use of AANZFTA tariff preferences. This will help AANZFTA parties better understand the extent to which the agreement is being used, assist in outreach activities and identify areas where further work is required to ensure business utilisation. AECSP supported roadshows are planned for 2013 in ASEAN member states, Australia and New Zealand to promote both AANZFTA, and to highlight specific investment opportunities.

Source: AANZFTA Support Unit work plan 2011–2013.

Assessment against OECD/AusAID evaluation criteria

Relevance

25. AANZFTA is a platform to encourage enhanced regional economic integration and greater engagement between Australia, New Zealand and ASEAN. AECSP contributes to a more effective partnership between the AANZFTA parties to support trade growth and economic development through effective implementation of AANZFTA, and helps develop ASEAN Secretariat capacity to support ASEAN free trade agreement implementation. AECSP also addresses equity issues, aiming to help close the development gap between the region's poorest and richest countries with targeted support for capacity building. The chair of the Free Trade Agreement Joint Committee noted that: *"we feel that the in-country training activities undertaken have been vital to addressing implementation and policy gaps within the parties."*¹³
26. The program supports activities that are closely aligned with Free Trade Agreement Joint Committee and ASEAN member state priorities. The leadership of the Free Trade Agreement Joint Committee in priority setting and approval processes helps ensure the practical relevance of core activities. Annual planning processes provide an adaptive and flexible way to respond to evolving priorities and challenges. The demand driven nature of AECSP supported activities—and the emphasis on embedding the program within the ASEAN Secretariat—provides a model that has the potential to contribute to the acceptance of more harmonised approaches to supporting the ASEAN Secretariat, and therefore to help reduce secretariat transaction costs in working with development partners. Growth in the level of funding requests indicates continuing strong ASEAN member state demand for AECSP support.

¹³ Email from representative of Chair of Free Trade Agreement Joint Committee to the independent progress report team on 14 February 2013.

Box 2: Reducing development gaps via capacity building

The rapid response mechanism has been used to provide in-country training for Cambodia, Lao PDR, Myanmar, the Philippines and Vietnam on rules of origin issues. This training has improved processes for customs clearance, tariff transposition to new versions of the harmonised system (which is facilitating business use of AANZFTA's substantial liberalisation of tariffs), and tariff and trade data analysis to assess the benefits of AANZFTA for the national economy.

A more substantive rules of origin project is developing training modules translated into the languages of Cambodia, Indonesia, Lao PDR, Myanmar, Thailand and Vietnam as part of a 'train the trainers' program. ASEAN officials who complete this program will be qualified to conduct rules of origin training in their own countries and languages.

27. AECSP is consistent with AusAID's core aid policy goal of reducing poverty by facilitating trade and investment to boost growth in incomes and employment; and the economic development and governance goals of AusAID's Comprehensive Aid Policy Framework.¹⁴ AECSP support contributes to Australia's national interests¹⁵ by supporting whole-of-government¹⁶ engagement in the rapidly developing ASEAN region.
28. AECSP support is consistent with the focus areas of the ASEAN Economic Community blueprint:¹⁷
 - a single market and production base
 - highly competitive economic region
 - a region of equitable economic development
 - a region fully integrated into the global economy.
29. Technical expertise from ASEAN and the ASEAN Secretariat is crucial in the implementation and sustainability of Economic Cooperation Work Program initiatives and activities. The ASEAN Secretariat's workload is increasing due to ASEAN's expanding agenda and competing priorities with the implementation of the new ASEAN Charter as well as the ASEAN Economic Community. Human resource bottlenecks are beginning to have a negative impact on the delivery of Economic Cooperation Work Program activities. While several people (including ASEAN Secretariat desk officers) argued that key program activities complement core ASEAN Secretariat responsibilities (including preparations for the ASEAN Economic Community), ASEAN Secretariat leadership has expressed concerns to AusAID that AECSP is diverting secretariat desk officers from core responsibilities. In some recent AECSP supported activities, no ASEAN Secretariat officials with the relevant expertise were made available to support Economic Cooperation Work Program activities, resulting in suboptimal outcomes from AECSP investments.
30. ASEAN Secretariat leadership has noted that while the Free Trade Agreement Joint Committee is responsible for deciding AANZFTA Support Unit work priorities, the secretariat remains accountable for effective use of all the resources it implements and is committed to ensuring that these are used efficiently, effectively and transparently.

¹⁴ <http://www.ausaid.gov.au/about/Documents/capf.pdf>

¹⁵ In a joint communiqué following an ASEAN–Australia Leaders Summit in Hanoi in October 2010, “ASEAN expressed appreciation for Australia’s support and assistance to ASEAN’s efforts toward community building, enhancing regional integration and narrowing the development gap which was realised in various concrete programs, especially the Australia Development Cooperation Program II and the AANZFTA Economic Cooperation Support Program”.

¹⁶ Australian Government departments engaged under Economic Cooperation Work Program projects include the Department of Agriculture, Fisheries and Forestry, Australian Bureau of Statistics, Australian Customs and Border Protection Service, Attorney-General's Department, Australian Competition and Consumer Commission, IP Australia, the Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education, the Department of Foreign Affairs and Trade and Treasury.

¹⁷ <http://www.asean.org/archive/5187-10.pdf>

Recent ASEAN Secretariat leadership concerns about the relevance of AECSP activities may simply reflect a need for regular dialogue on strategic AECSP related issues, and for the relevance and benefits of AECSP activities to be better communicated. The delegation of AECSP management to AusAID's Jakarta office could help facilitate more regular direct contact between ASEAN Secretariat leadership and other AECSP stakeholders.

Effectiveness

31. The AECSP design and implementation arrangements are generally consistent with good practices for aid effectiveness.¹⁸ After a slow start, AECSP is beginning to deliver tangible and useful outputs including those related to goods (including rules of origins and standards), intellectual property and competition policy.¹⁹ There is also growing demand for support in investment and services related areas. Strong commitment and support from the Free Trade Agreement Joint Committee, the AANZFTA Support Unit and sectoral departments of the ASEAN Secretariat have been critical to success in pushing forward implementation. The Chair of the Free Trade Agreement Joint Committee noted that *"AECSP has been of tremendous value to ASEAN, and it is a program that we in ASEAN are trying to emulate under our other free trade agreements"*.²⁰
32. AECSP resources have been used to fund:
 - (a) 28 Economic Cooperation Work Program activities in goods (12), services (four), investment (five),²¹ intellectual property (five), and competition
 - (b) nine rapid response activities to meet urgent and relevant requests for assistance from Cambodia, Lao PDR, the Philippines, Vietnam and Myanmar for trade in goods related support²²
 - (c) running expenses of the AANZFTA Support Unit, which manages the Economic Cooperation Work Program, and comprises six staff (a program coordinator, two trade officers, two technical officers and a technical assistant).
33. A Free Trade Agreement Joint Committee representative noted that training activities had *"increased ASEAN's confidence to start addressing much of the agreement's built-in agenda"*, but also noted *"that there is still scope for better follow-up to specific activities, especially where the agreement's built-in agenda is concerned"*.²³ Another representative suggested AECSP should explore opportunities to work with other donor programs to strengthen country level institutions and information dissemination.²⁴
34. The AANZFTA Support Unit played an important role in developing, processing and implementing proposals. Transaction costs have been minimised with effective support from the unit and ASEAN Secretariat in coordinating events to coincide with other

¹⁸ For example, as defined in the Paris Declaration on Aid Effectiveness and the Accra Accord. <http://www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm>

¹⁹ Monitoring and evaluation data indicates that the quality of program outputs is encouraging, with most participants rating Economic Cooperation Work Program activities as successful to highly successful.

²⁰ Email to team from representative of Chair of the Free Trade Agreement Joint Committee dated 14 February 2013.

²¹ Including support for OECD investment policy reviews being undertaken by Malaysia, the Philippines and Myanmar.

²² Support for the rules of origin and tariff transposition workshops requested by Myanmar, Cambodia, Laos and the Philippines are indicative of AECSP responsiveness to individual ASEAN member state capacity building requirements.

²³ The representative of the Free Trade Agreement Joint Committee Chair also noted their concern *"that official development assistance limitations restrict such activities from being carried out in both Brunei Darussalam and Singapore, which therefore, denies the full benefit of the program from being enjoyed by all parties"*.

²⁴ Email to team from Lao PDR Free Trade Agreement Joint Committee representative dated 15 February 2013.

regional meetings and activities, and strong whole-of-government support for core activities. Collaboration with other donor funded ASEAN Secretariat projects²⁵ could further help improve efficiency and effectiveness. The Brunei representatives noted that the AANZFTA Support Unit *“has ensured that attention has been given to follow-up work under the agreement itself, and has been vital to identifying, monitoring and evaluating the success of cooperation activities. Without them, it is likely that implementation of activities and follow-up work would have taken a lot longer to complete”*.²⁶

35. Progress in implementing activities related to communication, outreach efforts and engaging with the business community,²⁷ and in evaluating the impact of AANZFTA and AECSP activities, has been mixed. Concerns were expressed that the AECSP website²⁸ has not always included essential and up-to-date AANZFTA related information, and that there has been limited progress in building business awareness of AANZFTA. On the other hand, the Free Trade Agreement Joint Committee Chair argued that *“the outreach activities undertaken through the AECSP, such as website and promotional materials (e.g. rules of origin booklets) are the highest quality outreach materials that we have under any of our free trade agreements. This has definitely led to greater business knowledge on this agreement, as well as been vital to increase free trade agreement usage. We further hope that a range of topics could have similar outreach materials by the conclusion of the program”*.²⁹ Examples of AANZFTA Support Unit efforts to engage the private sector includes initial discussions with private sector-led think-tanks and chambers in Vietnam and the Philippines, co-organising the AANZFTA Outreach to Business initiative and launch of an AANZFTA publication in Vietnamese in Ho Chi Minh City on 12 September 2012, promoting a New Zealand Ministry of Foreign Affairs and Trade business forum in Wellington in May 2011 through the AANZFTA website, and translating publications for dissemination in Cambodia, Lao PDR, Myanmar and Vietnam.
36. As long as the ASEAN Secretariat is able to continue providing appropriately qualified staff to AECSP supported activities—and AECSP continues to move to more strategic approaches to capacity building—most core goals related to effective implementation of AANZFTA are likely to be achieved (even if several participants raised concerns about the level of the business uptake of the agreement³⁰). The program has been particularly effective in building partnerships that have helped address practical barriers to enhanced economic cooperation (for example, facilitating regional agriculture trade by establishing creditable and acceptable diagnostic protocols). Reducing such barriers, with sustained capacity building support, has the potential to generate substantial development impacts well beyond those directly linked to implementation of AANZFTA.

Efficiency

37. Delays in program start-up undermined efficiency in the early stages, but the problems encountered have been addressed and program implementation is beginning to build momentum. Growing trust and a willingness to look at practical solutions to bottlenecks

²⁵ Including the AusAID funded ASEAN Australia Development Cooperation Project: Phase II.

²⁶ Email to team from the Free Trade Agreement Joint Committee Chair dated 14 February 2013.

²⁷ AECSP supported roadshows are planned for 2013 in ASEAN member states, Australia and New Zealand to promote AANZFTA and highlight specific investment opportunities.

²⁸ <http://aanzfta.asean.org>

²⁹ Email to team from Baldeep Singh Bhullar from the Brunei Free Trade Agreement Joint Committee team dated 14 February 2013.

³⁰ AANZFTA Support Unit work plans included target activities to collect and analyse data on the business use of AANZFTA. The Department of Foreign Affairs and Trade reported (email dated 10 April 2013) increasing levels of use: *“for 2010, the AANZFTA utilisation rate for imports into Australia from the seven ASEAN countries for which AANZFTA had entered-into-force was 49 per cent. In 2011 this jumped to 66 per cent for the nine ASEAN countries for which the agreement had entered into force”*. Collection and dissemination of such data for all countries should be an element of monitoring and evaluation efforts.

(for example, the special services agreements with the Department of Agriculture, Fisheries and Forestry, and IP Australia) has been an encouraging development in this regard. The growing pipeline of more outcomes focused proposals (as opposed to those related to ad-hoc activities) submitted to the Free Trade Agreement Joint Committee is indicative of growing and more mature demand for AECSP support. The program actively seeks to minimise transaction costs through integration with ASEAN Secretariat systems and by coordinating program activities with ongoing ASEAN working agendas wherever feasible.³¹ Government partners in Australia, New Zealand and ASEAN countries absorb some of the project management and implementation costs. Special services agreements with designated service providers are seen as useful in facilitating more timely and efficient delivery of activities.

38. Economic Cooperation Work Program component committees under AANZFTA have been important in helping (with AANZFTA Support Unit assistance) to develop and filter projects proposals. The initial Economic Cooperation Work Program projects focused on issues related to trade in goods because this was where the most progress was being made on liberalisation in AANZFTA's subsidiary bodies. This reflected in part the greater familiarity among trade officials with these issues and therefore the relative ease in designing and implementing projects to address issues such as rules of origin. Over time the sectoral scope of projects has widened to encompass newer issues such as services, intellectual property, investment and competition policy. Most of these issues are the responsibility of departments and agencies other than trade or finance ministries. These issues are also increasingly relevant to business. Over time there has been a shift from projects focused directly on implementation to those that will deliver longer-term gains from enhanced regional economic integration.
39. Direct bilateral funding to the ASEAN Secretariat—and use of the secretariat's financial and human resource systems—strengthens opportunities to achieve AECSP objectives and is consistent with higher order capacity development principles. The secretariat is working with other donors and partners including the European Union, Germany, World Intellectual Property Organization, United Nations Educational, Scientific and Cultural Organization and the OECD to develop and deliver Economic Cooperation Work Program projects, with additional cooperative projects in the pipeline.
40. Multiple donor-funded programs that require separate administration, bank accounts and auditing are becoming an overwhelming problem for the ASEAN Secretariat. Donors should look to consolidate their support into a single trust fund.
41. In response to specific questions about whether the ASEAN Secretariat was the most appropriate institution to implement AECSP—especially given the pressing demands on the secretariat's resources—participants argued that the secretariat was the obvious implementing partner, stressing the strong complementarity between AANZFTA institutional building priorities and ASEAN priorities as identified in the ASEAN Economic Community blueprint. Participants also noted the potential to build on this capacity to further support ASEAN efforts to develop wider regional trade agreements.
42. One option would be to continue seeking opportunities to contract out³² implementation of selected projects (for example, broader economic integration projects and projects to increase business use), however the AANZFTA Support Unit and others argued that some projects (such as many of those directly supporting AANZFTA implementation and progressing its built-in agenda) require expertise and commitment from relevant government officials (current and retired) and the ASEAN Secretariat.
43. The demand-driven nature of AECSP, and the emphasis on embedding the program within the ASEAN Secretariat, has the potential for other donors to use a harmonised structure that could help reduce the secretariat's administrative burdens. The design and implementation strategy allows for contingencies and opportunities to be addressed as

³¹ For example, planning sessions, workshops and training activities are regularly piggy-backed to other ASEAN or AANZFTA meetings to minimise travel time and costs for participants.

³² For example, to other international organisations, partners or contractors.

required. The annual planning process, working through the Economic Cooperation Work Program, provides an adaptive way to account for ongoing priorities and developments.

44. The structure of the AANZFTA Support Unit appears generally appropriate given the context and the needs of AECSP. More resources may be needed to improve program communications, proposal preparation and evaluation, outreach and visibility. Staff classifications appear consistent with existing ASEAN Secretariat appointments and salaries, however there are reportedly some inconsistencies in conditions of service. Maintaining professional and financial parity within and across the secretariat is an important principle in attempting to build sustainable capacity and the partners should address this issue.

Impact³³

45. As discussed elsewhere in this report, more could be done to systematically collect, collate and disseminate information on results. Tangible, practical results already realised include:

- (i) resolving bottlenecks related to issuing and recognising certificates of origins
- (ii) developing practical and high quality trade related training capacity (manuals and trainers)
- (iii) strengthening the regional diagnostic network to enhance regional capacity to diagnose crop diseases.

More than 1500 people (funded and self-funded) participated in Economic Cooperation Work Program activities. Most were government sector participants, but the program is beginning to attract private sector participation in competition and intellectual property activities.³⁴

46. Other AECSP supported activities will take more time to generate tangible development impacts, but measurable progress is already being made. For example, there are a number of rules of origin activities that are being extended to incorporate a train the trainer activity. Training modules developed as part of this are being translated into national languages for national workshops. The results will last beyond the life of AECSP, not only through the implementation and full use of AANZFTA, but also because it can be applied in other negotiations, such as those towards a regional comprehensive economic partnership. The AECSP-supported OECD investment policy reviews³⁵ of Malaysia, Myanmar and the Philippines will provide recommendations on, and help build support for, investment reforms with potential national benefits in terms of increased competitiveness.
47. While the benefits of workshops and training programs can be overstated, several participants highlighted the quality of the training manuals prepared under several Economic Cooperation Work Program projects. These should deliver ongoing benefits for other negotiations and for officials who did not undertake the training.
48. The frequency and intensity of interaction among officials has delivered additional benefits. These include a better appreciation of the areas where assistance could deliver

³³ A 2000 Centre for International Economics study estimated that the proposed free trade agreement would bring to the region a net discounted benefit of about USD48 billion in additional gross domestic product up to the year 2020, with an additional USD19.1 billion to Australia, USD25.6 billion to ASEAN countries, and USD3.4 billion to New Zealand (www.dfat.gov.au/trade/fta/asean/cie_afta_cer_2000_report.pdf).

³⁴ AECSP draft quality at implementation report (February 2013).

³⁵ The OECD's reviews help countries attract foreign investment by drawing on international experiences to strengthen national policies and institutions, and to improve the investment environment. AusAID, together with other donors, recently supported the OECD to conduct such a review in Vietnam under its bilateral program.

benefits and deeper and more robust discussions about issues related to implementation, the built-in agenda and possible future negotiations.

Box 3: ASEAN Regional Diagnostic Network

AECSP support is developing capacity of ASEAN institutions to identify plant pests and diseases. The project aims to build the capacity of ASEAN agricultural agencies to produce credible lists of plant pests and diseases, identify quarantine interceptions, and develop targeted measures for reducing crop losses. The need for such support is particularly acute in the least-developed ASEAN member states. Managed by Australia's Department of Agriculture, Fisheries and Forestry, AECSP support has harnessed regional expertise and facilitated the secondment of ASEAN researchers and officials to leading laboratories in Australia and New Zealand. Key successes to date include:

- establishing a pilot clearing house for the ASEAN Regional Diagnostic Network in a laboratory in Malaysia to manage the flow of plant pest and disease samples between submitters and diagnostic experts. The clearing house has already successfully identified pest insects using international experts outside the ASEAN region
- building capacity through workshops that provide training in the diagnostics of pest nematodes. Assessments found that the share of participants that could identify pest nematodes increased from 33 per cent to 100 per cent after participating in the training workshop.

The network helps ASEAN countries take advantage of agricultural trade opportunities and has already been used to help resolve trade issues between Thailand and other ASEAN member countries. The network development strategy includes plans to move to a sustainable fee for service model as Economic Cooperation Work Program support is phased out.

Sustainability

49. There is generally strong ownership of program activities by the various project proponents, and by Free Trade Agreement Joint Committee members. The approval process ensures that AECSP activities are directly linked to both national and regional priorities, so most sub-project outcomes are likely to be sustained within ASEAN member country institutions. The key reservation relates to the sustainability of initial ad-hoc training activities. As noted in the following box, more substantive capacity building initiatives are now being funded.
50. With the AANZFTA Support Unit integrated in the ASEAN Secretariat, support is also helping build the secretariat's capacity and providing benefits for other ASEAN priorities such as the ASEAN Economic Community. Embedding AECSP management within the secretariat should reinforce the broader donor support directed at improving its management practices.³⁶ However the ASEAN Secretariat leadership concern mentioned above about program relevance is a worry. Sustained secretariat ownership depends on its leadership being kept informed on how program activities complement core secretariat responsibilities.
51. The stated goal for sustainability in the program design was for the ASEAN Secretariat to *effectively monitor and support AANZFTA implementation* after AECSP finishes in December 2014.³⁷ The reality is that the secretariat's role in monitoring and supporting implementation of AANZFTA would very likely decline significantly without ongoing

³⁶ <http://www.usaid.gov.au/countries/eastasia/regional/Documents/asean-adcp-phasel-progress%20report-final%20public%20version%20aug2012.pdf>

³⁷ AECSP Program Design Document p.40.

support, because it has limited resources and currently places much higher priority on implementation of the ASEAN Economic Community.

Box 4: Examples of efforts to build sustainable capacity

- Drawing on over 30 years of IP Australia's experience in patent examination, a multi-year project will assist IP examining offices to meet Patent Cooperation Treaty standards. It combines recognition of prior learning, face-to-face training in Australia and distance education. Its graduates will be qualified to train others in any ASEAN IP office. Support is also being provided to countries wishing to accede to the Madrid Protocol by 2015.
- Capacity building in the collection and analysis of services statistics will contribute to an understanding of the key contribution of the services sector to economic growth, as well as enabling more detailed analyses and evidence-based policy development. Work in collaboration with the United Nations Educational, Scientific and Cultural Organization on a national qualifications framework will facilitate student and skilled labour mobility and encourage trade and investment in services, including education. This support is also helping to establish cross-pillar collaborative mechanisms within the ASEAN Secretariat.

Gender equality

52. Compared to typical development projects supported by AusAID and New Zealand, the AECSP design includes relatively limited attention to gender issues. The scope of service for AECSP notes that gender issues should be addressed stating that *"the Economic Cooperation Work Program may fund evaluation studies that include analysis of the situation for women, and that barriers to gender equality are identified and integrated into continuous improvement of AECSP and its monitoring and evaluation"*.³⁸ Personnel terms of reference in the design outline the need for recruited staff to have an appreciation of gender and equity issues, and the program design requires that gender issues be addressed in the monitoring and evaluation framework. However, accountability for managing gender opportunities is transferred to the monitoring and evaluation framework (that is, the design document states that the monitoring and evaluation framework "will assist in the consideration of gender and other cross cutting issues as appropriate" and highlights the need to "gather gender-disaggregated data").³⁹
53. Past AusAID quality at implementation reports have also concluded that AECSP support for gender issues has been limited and ad-hoc.⁴⁰ This indicates that a 'less than adequate quality' has been achieved and there is a need for additional 'work to improve in core areas'. There is scope to build AECSP awareness to seek opportunities to address gender issues during regional consultations and capacity building activities.⁴¹
54. Partners and stakeholders argue that a number of extenuating circumstances have impacted upon AECSP's inability to provide proactive support for gender and equality priorities. These include:
- the challenge of identifying ways to efficiently factor gender issues into quite technical regional integration projects
 - gender related integration issues, which are more effectively addressed in country, and sector specific activities

³⁸ AECSP program design document p.101.

³⁹ AECSP design document p.37.

⁴⁰ AusAID quality at implementation reports, 2010, 2011 and (draft) 2012.

⁴¹ Guided by the ASEAN Committee on Women work plan 2011–2015.

- the fact that AECSP is partner led, which limits avenues of influence to those largely within ASEAN structures, policies and systems. Planning and implementation of program activities are shaped by ASEAN priorities
 - sensitivities of ASEAN member states to any perception of encroachment on internal policies and approaches by external parties
 - the varying attitudes and approaches to managing gender and equality across ASEAN member states, Australia and New Zealand.
55. AECSP provides a potentially fertile opportunity to support appropriate gender programming in a unique context. Evidence indicates that increased trade and investment can be good for gender equity.⁴² Greater efforts could be made by AECSP and partners to pursue appropriate development opportunities in collaboration with the ASEAN Secretariat and other partners working with the secretariat on gender mainstreaming.

Monitoring and evaluation⁴³

56. The AECSP design document⁴⁴ describes the monitoring and evaluation requirements for the program and includes a draft version of the monitoring and evaluation framework.⁴⁵ The document highlights the need for a comprehensive framework to legitimately and accurately monitor and evaluate progress towards achieving the goals of AECSP. The aim was to establish a system that would help identify what is different after five years of AECSP, compared with what would have happened without this support. However, it is also recognised that, given AECSP is a relatively minor contributor to the overall regional and national trade and investment reform agenda, it will be difficult to directly attribute regional developments in trade and investment to AECSP. Part-time international advisors were appointed to assist with the development of the monitoring and evaluation system.
57. Progress with monitoring and evaluation has been slower than planned in the agreed program design. The challenges of developing and implementing the framework were probably understated in the program design.⁴⁶ An initial framework developed by the first international monitoring and evaluation consultant was seen by AECSP stakeholders as too complex, too difficult to comprehend and too hard to implement. Monitoring and evaluation challenges were compounded by a lack of familiarity by some stakeholders of the AusAID results reporting requirements. The final AECSP monitoring and evaluation framework was completed by the second international specialist and the AANZFTA Support Unit, and endorsed by the program in November 2011. A third international monitoring and evaluation expert is now supporting the unit's efforts to operationalise the monitoring and evaluation system.⁴⁷ The challenge now is to develop approaches to

⁴² Ana C. Dammert, Beyza Ural Marchand, and Chi Wan (2013), "Gender Wage-Productivity Differentials and Global Integration in China", Institute for the Study of Labor Discussion Paper No. 7159, concluded that *"more exposure to globalisation through increased exports is associated with lower gender wage-productivity differentials, and more exposure through increased foreign investment leads to differentials in favor of female workers. On the other hand, gender discrimination is found to be prevalent among domestically owned and non-exporting firms."*

⁴³ See Appendix 4 for a more detailed analysis of AECSP monitoring and evaluation issues and opportunities.

⁴⁴ November 2009.

⁴⁵ Program documentation consistently refers to the AECSP monitoring and evaluation framework and monitoring and evaluation tools. When dealing with AusAID program monitoring and evaluation constructs, it is more common to refer to a program's performance assessment framework. In the context of this review both terminologies are used interchangeably.

⁴⁶ Including database development and management, capacity building initiatives, monitoring and evaluation for AECSP sponsored projects, and interfacing monitoring and evaluation with information and knowledge acquisition strategies.

⁴⁷ A third international monitoring and evaluation specialist was appointed in 2012 when the second advisor took another full-time position.

document, analyse and disseminate information on likely contributions of project outputs to broader national and regional efforts to boost trade, investment and employment.

58. Beneficiary impacts as a result of supported capacity development initiatives within AECSP and AANZFTA do not appear to be well articulated or understood within the context of the program. Further steps were taken to more systematically understand what impact capacity building is having on participants. The revised program performance and monitoring and evaluation framework is working towards these objectives.
59. Strengths of the AECSP monitoring and evaluation methodology include:
- all stakeholders have access to, and most are using, reports that provide an overview of program activities and outputs
 - an evolving methodology adapted to stakeholder needs
 - AANZFTA Support Unit activities can be mapped and the Economic Cooperation Work Program tracked
 - the AANZFTA Support Unit team was strengthened in 2012. Since mid-2012, progress has been made in applying practical tools to monitor and record verifiable outcomes
 - the move away from one-off activity specific initiatives towards a more program approach⁴⁸ should result in better integration of program activities and facilitate monitoring and evaluation processes
 - feedback indicates that the basic high-level information provided to economic ministers, the Free Trade Agreement Joint Committee and Senior Economic Officials Meetings is appropriate.⁴⁹
60. Limitations of the AECSP monitoring and evaluation methodology include:
- the uptake was slow during the first two years of implementation
 - not all stakeholders had the same understanding and commitment to monitoring and evaluation as AusAID. With the approval of the monitoring and evaluation framework in November 2011, stakeholders are now making more effort to demonstrate outcomes⁵⁰
 - verifiable evidence on the quality of some project outputs and outcomes is limited. While the AANZFTA Support Unit provides regular detailed reports to program stakeholders, a more succinct results and issues report would be useful for the ASEAN Secretariat and to inform AusAID quality assurance reports. More could be done to demonstrate to the ASEAN Secretariat beneficial impacts
 - there are some unrealistic expectations about the capacity of the monitoring and evaluation design to attribute AECSP direct contributions to regional trade and investment
 - more national level analysis may be required to better establish the impact of AANZFTA and AECSP
 - gender issues have received little attention in monitoring and evaluation reporting
 - the monitoring and evaluation system is not linked to a learning and communication strategy
 - systematic reporting of qualitative information on regional trade and developments (for example, on the AANZFTA website) would be useful.
61. While initial AANZFTA monitoring and evaluation traction was slow, improvements are being implemented. Results reporting remains an important priority to better evaluate outcomes and progress against defined objectives. Results are also important to build

⁴⁸ A program approach is when support is for targeted objectives within a collective implementation context, i.e. a shift from an exclusive focus on project inputs and activities towards broader policy concerns and development impact within a vertical (country) or horizontal (sector) context.

⁴⁹ See Appendix 7.

⁵⁰ For example, the Department of Foreign Affairs and Trade is compiling data on AANZFTA outcomes to further support the AECSP performance assessment framework.

knowledge and to learn for the future. A shift in focus towards a performance assessment framework⁵¹ that will facilitate the collection of relevant data and enable results to be documented and provided to program stakeholders may help build broader support for monitoring and evaluation amongst partners. It will be particularly important that those undertaking the independent completion report for AECSP have better access to information on the results of AANZFTA amongst the business community and on economic outcomes in AANZFTA party countries.

Analysis and learning

62. There is need for a stronger focus on ongoing analysis of AECSP operations, drawing on lessons learned and taking remedial action to ensure continuous improvement. AANZFTA Support Unit efforts have been focused on getting the Economic Cooperation Work Program moving and this has distracted attention from assessing lessons learned and outreach and communication initiatives. The development of a comprehensive communication and outreach strategy should now be accorded high priority.
63. AECSP has attempted to harmonise its procedures and processes with the ASEAN Secretariat, however more can be done to harmonise with the secretariat's rules and regulations. Other development partners working with the ASEAN Secretariat also recognise the potential benefits from harmonisation, but cooperation is still largely dependent on personal networks. Most development partners recognise the potential for improvements in sharing experiences and knowledge, and collaborating on efforts, between related projects.
64. The AANZFTA Support Unit has been pragmatic in reflecting on problems encountered and lessons learned in ongoing management and implementation, and in developing solutions to address immediate bottlenecks to effective and efficient Economic Cooperation Work Program implementation (for example, the shift to special services agreements).

Other assessment issues

Factors affecting program performance

65. Planned sub-components related to promotion and outreach, provision of information, and monitoring and evaluation, received relatively less attention due to the AANZFTA Support Unit focus on getting project activities moving. Several stakeholders, especially private sector representatives, noted the need for more concrete action in this area. Several ad-hoc activities have been supported (for example, the preparation and translation of guides and a business promotion event in Ho Chi Minh City), and most project activities include elements of promotion and outreach (for example, engagement of the private sector in competition and investment related activities). However, there is no systematic strategy for disseminating information to facilitate greater business and community awareness or to raise the visibility of either AANZFTA or AECSP.
66. There are substantial coordination, travel and efficiency costs in implementing regional level activities. Given large regional differences in institutional capacity and regimes, most institution building activities will be more effective if implemented at the national (and in some cases sub-national) level.⁵² AECSP needs to ensure the focus is on supporting activities where there are clearly demonstrated benefits from regional or sub-regional cooperation in institution building.

⁵¹ With links to the communication strategy.

⁵² For example, the capacity building needs for competition policy institutions in Singapore are very different to those of Thailand or Vietnam, while there may be questions about whether Lao PDR really needs a competition policy agency at this stage of its development.

Capacity building issues and opportunities⁵³

67. AECSP was established when ASEAN member states asked Australia and New Zealand to support development assistance during the implementation of AANZFTA. The AANZFTA/AECSP design is founded upon many good capacity development principles and practices:
- the multi-dimensional governance structure embedded in the AANZFTA framework (Senior Economic Officials Meeting and Free Trade Agreement Joint Committee) ensures strong and active ownership
 - AECSP supported initiatives are demand driven and directly support AANZFTA implementation
 - the AANZFTA Support Unit is embedded in ASEAN Secretariat and is accountable to AANZFTA parties through the Free Trade Agreement Joint Committee
 - the AANZFTA Support Unit also reports to the ASEAN Secretariat hierarchy,⁵⁴ works closely with desk officers and uses the secretariat's financial and administrative systems. AANZFTA Support Unit personnel and associated technical assistance is contracted through the ASEAN Secretariat
 - AECSP supported initiatives reflect cultural and national priorities and are supported within a horizontal (sector) and vertical (country) context
 - the AANZFTA/AECSP design is both iterative and practical, and supports a range of modalities including research/policy support, rapid response and direct implementation, and wide ranging capacity development initiatives⁵⁵
 - design, procurement implementation and monitoring processes are transparently managed and reported to stakeholders and partners.
68. During the initial stage of AECSP implementation, resources tended to be targeted towards activities that supported individual professional development through workshops and conferences. While such activities generally help promote personal development and provide short-term incentives, they do not necessarily impact upon institutional capacity, particularly when the partner agencies and systems are weak. AECSP attempted to ensure professional development impacts were sustainable by using and establishing train the trainer methodologies within a cascading training modality. This can work well in stable and mature institutions, where appropriate resources are allocated to professional development programs. Training materials developed and used to support training initiatives are (anecdotally) considered of a very high quality,⁵⁶ and suitable to support ongoing professional development activities in a variety of training contexts (for example, on-the-job training).
69. However, there is less verifiable evidence that AECSP sponsored training activities have had an impact on developing sustainable institutions, or independent evidence to confirm that the materials produced in support of training are high quality or likely to be sustainable. International experience suggests that training alone will have little chance of developing sustainable organisational or institutional capacity.⁵⁷ As AECSP has matured, more focus has been given to designing more holistic initiatives⁵⁸ that

⁵³ See Annex 5 for a more detailed analysis of capacity development issues and opportunities associated with AECSP.

⁵⁴ Through the Assistant Director, External Economic Relations.

⁵⁵ Examples include targeted training, workshops, conferences, materials development, qualifications frameworks, regional diagnostics and outreach programs.

⁵⁶ For example, the training materials produced as a result of the workshops on rules of origin and tariff transposition.

⁵⁷ World Bank Institute (2006), World Bank Institute Capacity Development Briefs *Does training work? re-examining donor-sponsored training programs in developing countries*. Capacity Collective (2008) Op. Cit. (2009) *Mainstreaming results-oriented approaches in capacity development: toward action and collaboration*. Report from June 2009 Forum on Learning Results.

⁵⁸ Examples include the Comprehensive Patent Examination Training Project, and the ASEAN Regional Diagnostic Network.

encompass vertical (country) and horizontal (sectoral) development requirements linked together in a structured way. This is providing a better foundation for more effective capacity building support.

AusAID management arrangements

69. Several participants highlighted the advantages demonstrated under the ASEAN Australia Development Cooperation Project: Phase II initiative following the delegation of AusAID responsibility for program management to Jakarta. Regular contact between AusAID officials, the implementation units and ASEAN Secretariat leadership were seen as valuable in building the relationships needed for effective partnerships, facilitating regular substantive dialogue with the ASEAN Secretariat leadership to better understand issues, identifying bottlenecks and agreeing on solutions in a timely manner, and ensuring more effective coordination of the various donor initiatives.

AECSP accountability and governance arrangements

70. Program governance arrangements are unique. Program planning and oversight is the responsibility of the Free Trade Agreement Joint Committee, which is responsible for implementing AANZFTA with representatives of ASEAN member states, Australia and New Zealand. The involvement of the joint committee in priority setting helps ensure that approved proposals are of direct practical relevance to the AANZFTA parties. This increases the probability of effective and sustainable delivery of program objectives.
71. While AANZFTA Support Unit staff are employed by the ASEAN Secretariat, the organisation chart in the program design document shows the unit reporting to the Free Trade Agreement Joint Committee via the ASEAN Secretariat's Assistant Director of External Relations. In practice the AANZFTA Support Unit also reports to ASEAN Secretariat leadership.⁵⁹ The leadership noted that effective reporting is important because the secretariat remains accountable for all resources it manages. At times there have been tensions around prioritising use of ASEAN Secretariat resources for some development partner-funded activities (including AECSP funded activities). This tension might be reduced if the value added by AECSP support to the ASEAN Secretariat was better documented and communicated.
72. There was some uncertainty over whether the budget sub-committee has to approve projects, or just to endorse financial proposals that are consistent with ASEAN Secretariat and donor financing guidelines. This issue needs to be clarified by AANZFTA parties and AusAID.

Program duration

73. Delays in project start-up means that considerable program resources have not been used. The program is just beginning to develop momentum and finance more substantive medium-term support to build capacity, which has the potential to generate development impacts beyond facilitating implementation of AANZFTA. Given that there is a growing pipeline of proposals for results-focused activities, and an increasingly effective support unit, the potential development impacts from a no-cost extension are considerable. AANZFTA includes provision for a review of progress in implementing the build-in agenda three years after the agreement came into force. There is also provision for an impact assessment of AANZFTA in 2015. The results of these reviews should help demonstrate achievements and prioritise remaining needs. There is a strong case for recommending a no-cost extension of the program, given the growing program

⁵⁹ The AANZFTA Support Unit submits mission/workshop reports, briefing notes for high-level meetings, and other reports to the ASEAN Secretariat. The Free Trade Agreement Joint Committee submits reports on the outcomes and constraints on economic cooperation activities under AECSP to ASEAN Secretariat leadership, ASEAN, Australia and New Zealand at the Senior Economic Officials Meeting –Closer Economic Relations consultation meetings. The ASEAN Secretariat also provides updates on AECSP to the ASEAN–Australia Joint Cooperation Committee Meeting and to the ASEAN–New Zealand Dialogue.

momentum, ongoing demand (pipeline of requests) for support, and the innovative characteristics of the program that may provide useful lessons for AusAID and other development partners.

Evaluation criteria ratings

Evaluation criteria	Rating (1-6)	Explanation
Relevance	5	The program supports activities that are closely aligned with Free Trade Agreement Joint Committee and ASEAN member state priorities. However, ASEAN Secretariat leadership does not always see AECSP activities as relevant. This issue may well be resolved with better two-way communication.
Effectiveness	4	Despite a slower than planned start, AECSP is likely to achieve most core goals related to effective implementation of AANZFTA (even if business awareness was reported to be relatively modest). AECSP has been particularly effective in building regional partnerships to address practical barriers to enhanced economic cooperation. Progress in implementing planned activities related to communication, outreach efforts and in evaluating the impact of AANZFTA and AECSP activities has been more mixed.
Efficiency	5	Delays in AECSP start-up undermined efficiency in the early stages, but the AANZFTA Support Unit addressed problems encountered in a pragmatic manner. AECSP seeks to minimise transaction costs by integrating with ASEAN Secretariat systems and coordinating program activities with ongoing ASEAN working agendas to the extent feasible. Special services agreements with designated service providers are seen as useful in facilitating more timely and efficient delivery of activities.
Sustainability	4	There is generally strong ownership of AECSP activities by project proponents and Free Trade Agreement Joint Committee members, so most outcomes are likely to be sustained. However, sustained ASEAN Secretariat ownership depends on its leadership being kept informed on how AECSP activities complement the secretariat's core business.
Gender equality	3	There has been limited focus on gender equity issues. This partly reflects difficulties in efficiently factoring gender issues into technical regional integration activities. Gender related integration issues are sometimes more effectively addressed in country and sector specific activities. However there is scope to build AECSP and partner awareness to seek opportunities to address gender issues during regional consultations and capacity building activities.
Monitoring and evaluation	3	Progress with monitoring and evaluation was initially slow. More needs to be done to assess likely contributions of project outputs to broader national and regional efforts to boost trade, investment and employment. Steps have been taken to more systematically understand what impact capacity building is having on participants, and to better document and communicate results. There are good prospects for the monitoring and evaluation rating to be increased by next year.
Analysis and learning	4	The AANZFTA Support Unit has effectively identified and addressed immediate barriers to Economic Cooperation Work Program implementation (for example the shift to special services agreements to reduce ASEAN Secretariat overheads). However, there is scope to strengthen ongoing analysis of AECSP operations, drawing on lessons learned and taking remedial action to ensure continuous improvement. More can be done to learn from other related projects.

Conclusion and recommendations

Conclusions

74. After delays in start-up, AECSP is beginning to build momentum and generate tangible outcomes that should help facilitate growth in regional trade and investment. Momentum has been strongest in goods and intellectual property areas, and is increasing in other areas including investment and services. Potential development impacts will be enhanced if AANZFTA serves as a catalyst for a wider trade agreement such as the Regional Comprehensive Economic Partnership. Regional leaders have repeatedly noted AECSP contributions in progressing the regional integration agenda, and have highlighted the quality of training support. Additional effort is needed to ensure that ASEAN Secretariat leadership is more aware of AECSP linkages with the secretariat's core responsibilities.
75. Progress with AANZFTA wide communications and outreach, and with monitoring and evaluation, have not always matched AECSP design expectations. More needs to be done to document and disseminate evidence-based arguments of the link between program supported activities and results that can be expected to contribute to development outcomes.
76. The program is innovative in several important ways that may be of broader interest to the development community including:
 - (i) this is the first free trade agreement Australia has signed which includes an economic cooperation program. Embedding a broader trade and investment development agenda in a free trade agreement delivers a practical development modality that bridges the trade-aid agenda
 - (ii) the strong shared ownership of the program by those implementing the agreement. This has been reflected in the substantial in-kind contributions provided (especially staff time) for program planning and implementation activities by the ASEAN Secretariat, ASEAN member states, and Australian and New Zealand government agencies
 - (iii) cross-pillar collaboration within the ASEAN Secretariat. For example, the national qualification framework project which led to establishing in October 2012 mechanisms for ongoing collaboration between the different ASEAN Secretariat divisions responsible for trade in services, education, and migration.

Recommendations

Strengthen engagement with ASEAN Secretariat leadership

- Strengthen communications between ASEAN Secretariat leadership, AusAID and AANZFTA parties around program issues, including more substantive discussion of program outcomes and constraints.
- Raise ASEAN Secretariat leadership awareness of the alignment between key AECSP results targets and the secretariat's core responsibilities (for example as outlined in ASEAN Economic Community blueprint) so the potential AECSP benefits to the ASEAN Secretariat are better understood. It could be argued that nearly all capacity building activities are linked to the secretariat's core responsibilities. The exceptions may be the relatively limited activities that are designed to publicise AANZFTA or to enable compliance. Activities such as training on rules of origin, the transposition of tariff schedules to the latest Harmonised System competition policy and intellectual property will help improve the competitiveness of ASEAN member state economies, and will help with implementation of other trade and investment agreements.
- Improve strategic and summary results focused reporting to ASEAN Secretariat leadership.

AusAID management

- Delegate responsibility for AusAID management of AECSP to its Jakarta office at a pace appropriate to resources and management timeframes.
 - AusAID Jakarta should continue working with the AECSP and ASEAN Australia Development Cooperation Project: Phase II teams to build joint learning and collaboration as opportunities permits.
 - Consider options for enhancing AECSP and ASEAN Australia Development Cooperation Project: Phase II collaboration to improve communications, reporting and linkages with ASEAN Secretariat leadership and between the two programs.
- 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.

Program level planning, management and governance

- Continue to be guided by ASEAN Secretariat management guidelines on issues such as reporting, human resources, financial management and transparency in procurement and evaluation of program supported activities.
- Clarify budget sub-committee responsibilities and authority in addressing any concerns they may have about proposals that have already been endorsed by relevant Free Trade Agreement Joint Committee sub-committees.
- Explore options (including improved annual planning processes and direct support to sector agencies) to improve the quality of proposals for AECSP financing, and to ensure proposals:
 - are more strategic and focused on results aligned with AECSP objectives and component implementation plans,⁶⁰ and include built in results focused monitoring and evaluation systems
 - explore opportunities for cooperation with other donor funded AECSP projects
 - directly consider what activities (especially institutional building activities) are better done regionally and those that are better done bilaterally
 - include, where appropriate, gender specific results targets
 - focus more on longer-term outcomes as opposed to requests for support for single activities. The IP Australia and Department of Agriculture, Fisheries and Forestry special service agreements provide potentially replicable models.
- Strengthen the ASEAN Secretariat information base on related bilateral programs and improve AECSP linkages with complementary bilateral programs.

Program monitoring, evaluation, communication and knowledge management

- Allocate resources to better monitor, analyse, document and disseminate evidence of the links from AECSP supported activities to facilitate regional trade, investment and employment.⁶¹ Consideration should be given to supporting, or linking with, national studies on impacts of integration.
- Develop and implement an AECSP communication strategy, including strategies to raise awareness of AANZFTA related business results and opportunities in ASEAN member states, New Zealand and Australia,⁶² and ensure more effective use of the AECSP website to highlight program results and lessons learned. It is important to:
 - better document and publish the unique features of the program and lessons learned that might have broader applicability

⁶⁰ The component implementation plans are revised and updated at least twice a year by the relevant sectoral bodies of AANZFTA with input from other ASEAN bodies.

⁶¹ The team recognises that the AANZFTA Support Unit has included a proposal in its work plan to survey the use and benefits of AANZFTA and other free trade agreements (with coverage beyond trade in goods). Implementation and analysis of this survey should be an important priority.

⁶² A core AANZFTA Support Unit targeted outcome in the program design.

- require all component proposals to include lessons learned sections in periodic reports on component activities, outputs and results
 - strengthen knowledge linkages between AECSP and the ASEAN Australia Development Cooperation Project: Phase II.
- Consider the need for a review of program priorities and the work program following the AANZFTA review of progress in implementing the built-in agenda.
- Prepare and present to ASEAN Secretariat leadership periodic summary results focused review reports (for example, ASEAN Australia Development Cooperation Project: Phase II reports may provide useful models).

Gender

- Continue to liaise with the ASEAN Secretariat, ASEAN member states and AANZFTA parties to identify common opportunities to ensure gender equity in distribution of benefits from integration. Seek opportunities to support research and policy initiatives with inherent gender equity issues. Examples include value chain analysis, trade policy review mechanisms, sustainability impact assessment, engendering trade policies, poverty and social impact analysis, fair and ethical trade mechanisms.
- 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.
- Continue to focus on supporting trade in services, especially those that benefit women.⁶³

Capacity building

- Continue efforts to move away from standalone training, workshops and conferences towards more results focused medium term capacity building initiatives (as is being done with the patent assessors training for example).
- Continue supporting the development of long term institutional relationships that are likely to be sustained beyond AECSP funding.
- Ensure design frameworks include robust performance assessment methodologies capable of measuring activity impacts (for example tracking instruments, outcome surveys and independent assessments of materials developed).
- Establish links to complementary regional and bilateral programs.⁶⁴
- Cooperate with the ASEAN Australia Development Cooperation Project: Phase II to ensure ASEAN Secretariat capacity continues to be enhanced.

Program duration

- Depending on 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 and progress in providing stronger evidence of development outcomes.
- Retain flexibility to provide support for economic cooperation agreements that extend beyond AANZFTA. The planned review of AANZFTA will be useful in terms of assessing the need for additional resources.

⁶³ Traditionally women have become more advantaged as trade in services has improved. United Nations Economic Commission for Africa, 2004, *Economic report on Africa, Addis Ababa, Ethiopia*, www.uneca.org

⁶⁴ These bilateral initiatives may not necessarily have a trade focus. They can and should include capacity development opportunities likely to impact upon developmentally related agendas, e.g. public sector and economic reform, qualification frameworks, labour mobility and corruption management.

Appendix 1: Independent progress report terms of reference

1. CONTEXT

- 1.1 AusAID is contributing up to \$20 million over five years (2009–10 to 2013–14) to the AECSP. The AECSP is supporting ASEAN member states to implement AANZFTA. New Zealand is also contributing to the program. The AECSP funds an AANZFTA Support Unit within the ASEAN Secretariat and the annual implementation of Economic Cooperation Work Program activities. The program is being delivered through a partnership between AusAID, the Department of Foreign Affairs and Trade, New Zealand's Ministry of Foreign Affairs and Trade, ASEAN and the ASEAN Secretariat.

Under the cooperation arrangement between AusAID and the ASEAN Secretariat, an independent review will be undertaken in year 3 of program implementation.

- 1.2 The objectives of the AECSP sub-programs are as follows:

AANZFTA Support Unit:

- Support the ASEAN Secretariat in servicing the Free Trade Agreement Joint Committee and other stakeholders and assist parties in the implementation of AANZFTA. Key result areas include:
 - a. promotion and outreach
 - b. provision of information
 - c. technical assistance and capacity building
 - d. rapid response mechanism
 - e. monitoring and evaluation.

The Economic Cooperation Work Program:

- Operationalise AANZFTA through the nine Economic Cooperation Work Program component⁶⁵ objectives listed at Attachment A.

- 1.3 While it appears AECSP has been operating since 2009–10, the program had a slower start than anticipated due to the need to establish an AANZFTA Support Unit and operationalise functioning systems, policies and procedures to enable projects to get underway. Delays also occurred in bedding down the AANZFTA subsidiary bodies and the resultant identification by these bodies of relevant Economic Cooperation Work Program projects and activities.

This delay has impacted on the rate of expenditure, with 30 per cent of the budget spent over half of the program's life. However, while the AANZFTA Support Unit commenced in August 2010, it was not fully staffed until late 2011. Similarly the first Economic Cooperation Work Program activity did not commence until May 2010. The program is clearly building momentum. For example in 2010, six activities were completed or underway and in 2011, 18 activities had been approved or were underway. Twenty-nine projects are either completed or underway, and the project pipeline has the potential to increase the number of projects for the remaining years of the program. A detailed breakdown of these projects, together with information regarding outreach and awareness raising activities, is at Attachment B. Since commencement, program expenditure has been less than that anticipated under the AECSP design. AusAID funding has increased incrementally, with total AusAID funding to date of \$4 794 426. However, while taking into account the project pipeline, total

⁶⁵ The nine Economic Cooperation Work Program components are: rules of origin and other aspects of implementation of tariff commitments; sanitary and phytosanitary measures; standards, technical regulations and conformity assessment procedures; services; investment; intellectual property; sectoral integration; customs; and competition policy.

program expenditure to 2013–14 is expected to be significantly less than the program design's projected expenditure of up to \$20 million.

- 1.4 As the program is being delivered in partnership with ASEAN and the ASEAN Secretariat, the involvement of ASEAN (including the Free Trade Agreement Joint Committees) and the ASEAN Secretariat is crucial given that they must commit to jointly engaging in the process and following through on the agreed recommendations of the independent progress report. Officers from the ASEAN Secretariat, Department of Foreign Affairs and Trade, and New Zealand Ministry of Foreign Affairs and Trade will be invited to participate in and contribute to the independent progress report through the consultation process and the in-country mission. The Free Trade Agreement Joint Committee will be given the opportunity to comment on and approve (if acceptable), the terms of reference, participate in consultations with the independent progress report team, and be part of the approval process for the final report.

2. OBJECTIVES OF THE REVIEW

- 2.1 The independent progress report will make recommendations for the remainder of the program and propose appropriate changes to budgets, resources and timeframes as required. Importantly the report will put forward options to ensure optimal sustainable outcomes from the program, taking into account the time and resources available. The report will also examine the governance arrangements for AECSP to ascertain whether they remain appropriate and relevant. The objectives of the independent progress report are to:
 - 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 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 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 the AusAID 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 team considers necessary for the successful completion of its review
 - h) make recommendations for the future directions of AECSP in relation to available budget and resources to promote improvements in effectiveness and efficiency.

3. EVALUATION METHOD

- 3.1 The team leader, in consultation with the team member, will draft an evaluation plan at least two weeks before the in-country mission for approval by AusAID and the ASEAN Secretariat. The plan will expand on the evaluation questions (Annex 1), describe the evaluation methodologies to be used, and provide an indicative report structure. The independent progress report will be undertaken according to the approved evaluation plan. As a minimum, the evaluation approach should include a document review and analysis by the team and accompanying ASEAN Secretariat, AusAID, Department of Foreign Affairs and Trade, and New Zealand Ministry of Foreign Affairs and Trade

representatives, an in-country mission and stakeholder consultations. A non-exhaustive list of reference documents is provided at paragraph 7 below.

3.2 Using the generic evaluation questions in Annex 1 as a basis, the team should:

- fine-tune these evaluation questions
- identify the key stakeholders to be interviewed
- convert these questions into a semi-formal interview format
- determine if the best approach to answering these questions will be through one-on-one interviews with stakeholders or whether some balance between focus groups and individual interviews will be more useful.

3.3 Before commencing the independent progress report, the team should gain a thorough appreciation of AECSP's context, rationale, desired outputs and outcomes, implementation methodologies, program management, monitoring and evaluation, results achieved, lessons learned and major issues.

3.4 Before departing Jakarta, the team will conduct a one-day workshop to ensure key stakeholders have a good understanding of the preliminary findings and issues arising from the independent progress report.

4. TIMING AND DURATION

4.1 The independent progress report process will take place from late February to mid April 2013. The following phases are required:

Task	Indicative timing	Location	Input	Output
Evaluation plan	28 to 31 January 2013	Australia	Two days for team leader	Evaluation methodology and plan submitted to AusAID by 31 January.
Preparation and desk review	4 to 8 February	Australia	Six days	Including consultations with Australian stakeholders and team briefing on 6 February in AusAID Canberra.
Meetings	11 to 18 February	Jakarta	10 days (including travel)	Discussions with relevant stakeholders including personnel from ASEAN, the ASEAN Secretariat and AusAID, collect relevant data, prepare the aide memoire for presentation at stakeholder workshop on 18 February.
Stakeholder workshop	18 February	Jakarta	One day	Discussion of preliminary findings and issues with relevant stakeholders.
Draft report preparation	18 February to 4 March	Australia	Five days	Draft report to AusAID by 4 March incorporating presentation to AusAID and the Department of Foreign Affairs and Trade Canberra on 5 March.
Stakeholder comments	7 to 20 March	Australia		Comments to team leader by 20 March.
Revise draft report	21 to 27 March	Australia	Two days for team leader	Revised draft report to AusAID by 27 March.

Task	Indicative timing	Location	Input	Output
Independent peer review	Week commencing 15 April	Australia	Two weeks	Report to peer reviewers 28 March.
Finalisation of report	22 to 25 April	Australia	Two days for team leader	Peer reviewers comments from AusAID to team leader by 22 April. Final report to AusAID by 26 April.

5. TEAM COMPOSITION

- 5.1 In the interest of ensuring adequate input by both partners to the program, this independent progress report should include representatives from the ASEAN Secretariat, Department of Foreign Affairs and Trade, the New Zealand Ministry of Foreign Affairs and Trade, and AusAID.
- 5.2 It is recommended that the team comprise two consultants: a capacity development and monitoring and evaluation adviser, and an economics/trade analysis adviser. The team will be accompanied by a nominated officer from the ASEAN Secretariat and a representative each from AusAID, the Department of Foreign Affairs and Trade and the New Zealand Ministry of Foreign Affairs and Trade. One consultant will also be engaged as team leader.

Consultants

- 5.3 The two consultants will have complementary skills in team leadership, monitoring and evaluation, economics and capacity building/institutional change. They should also have an appreciation of the economic and development aspects of ASEAN member states and the ASEAN Secretariat. Both consultants will have extensive experience in reviewing technical cooperation programs and projects, and a good understanding of partnership arrangements.
- 5.4 In addition to economics expertise, the economics specialist will undertake the team leader role and will provide leadership and overall direction for the independent progress report. This includes engaging with all team members and independent progress report participants, and ensuring all stakeholders comprehend the report's purpose and scope. They will also be responsible for the report's rigour and the application of appropriate methodological inquiry to each of the report's areas. The team leader will be responsible for the final report.
- 5.5 The economics consultant will be widely experienced in economic analysis and project assessment and the practical application of economics to a multi-faceted program in a complex environment. The economist will assess the economic principles, objectives and assumptions underpinning the program to gauge the extent to which it has been viable, practical and sustainable. The economist will analyse selected Economic Cooperation Work Program project completion reports to ascertain how they meet the objectives of both the relevant activity and the program more broadly, and assess their value when developing targeted future activities under the program. The economist should also have a good understanding of current trade issues and developments in ASEAN and its dialogue partners.
- 5.6 The monitoring and evaluation/capacity development consultant will examine the existing monitoring and evaluation basis for both the AANZFTA Support Unit and Economic Cooperation Work Program components, and assess the extent to which each component is meeting its respective objectives and contributing to the overall goal of AECSP. The consultant will also have experience in capacity development and institutional change, particularly in assessing the contribution of Economic Cooperation Work Program projects to capacity building in ASEAN member states, and the role of the AANZFTA Support Unit in both the program and ASEAN Secretariat more broadly—that is, in assisting ASEAN to build capacity and expertise in free trade

agreement negotiations and implementation. This consultant will also ensure that the findings and recommendations of the team are evidence based and that the analysis and presentation of that evidence is clearly presented in the final report.

ASEAN Secretariat representative

- 5.8 It is highly desirable that ASEAN Secretariat representative be an experienced officer who can contribute to one or more of the areas of specialisation for the independent progress report. Ideally a staff member working in the economics and external relations areas would be best placed to participate fully.
- 5.9 The ASEAN Secretariat representative is expected to contribute substantially to the evidence base and analysis undertaken by the team. He/she will be consulted fully in the preparation and drafting of the report.

AusAID, Department of Foreign Affairs and Trade, and New Zealand Ministry of Foreign Affairs and Trade representatives

- 5.10 The role of AusAID, Department of Foreign Affairs and Trade, and New Zealand Ministry of Foreign Affairs and Trade representatives is to provide input and information on Australia and New Zealand's perspective, and information on the three agencies. They will provide in country support to the independent progress report mission, including facilitating and attending meetings with key stakeholders. Where applicable they may assist the team regarding advice on their policies and business processes, as well as development effectiveness and international best practice approaches. As determined by the team leader, they may also contribute to the preparation of the independent progress report.

6. REPORTING REQUIREMENTS

- 6.1 A suggested draft report format will be agreed before the team departs for Jakarta. The independent progress report team will provide:
 - 31 January 2013: evaluation plan/draft methodology for approval prior to the in-country mission. This plan will outline the scope and methodology of the evaluation.
 - 18 February: independent progress report aide memoire to be presented to ASEAN, the ASEAN Secretariat and departmental representatives at the stakeholder workshop on completion of the in-country mission. This document will also be provided to AusAID Canberra for comment.
 - 5 March: draft independent progress report to be provided to AusAID Canberra.
 - 28 March: Revised draft independent progress report incorporating stakeholder comments.
 - 8 April: peer review: the team leader (and possibly team members) will participate in the peer review and provide verbal clarification and input as required.
 - 16 April: final independent progress report: final document, incorporating agreed outcomes from the peer review. The report will be no more than 20 pages (plus annexes and a two page executive summary). Lessons learned, recommendations and ratings should be clearly documented in the report.
 - Summary for publication: in consultation with AusAID Canberra, produce a two page summary document for publication on the website, highlighting the most important aspects of the final report.

7. KEY REFERENCES

- 7.1 The following is a list of key documents and is not intended to be exhaustive:
 - AECSP design document
 - AECSP strategic overview (August 2011)

- AECSP mid-term review (August 2012)⁶⁶
- quality at implementation reports
- Free Trade Agreement Joint Committee summary of decisions
- monitoring and evaluation framework
- AECSP matrix of approved Economic Cooperation Work Program projects
- Economic Cooperation Work Program component implementation plans
- available Economic Cooperation Work Program project completion reports
- Output and outcome level data and analysis of Economic Cooperation Work Program projects
- Cooperation Arrangement between the Association of Southeast Asian Nations Secretariat and the Commonwealth of Australia represented by the Australian Agency for International Development on the ASEAN Australia New Zealand Free Trade Area Economic Cooperation Support Program.

8. LEARNING AND DISSEMINATION

- 8.1 AusAID will consult on the final independent progress report with ASEAN, the ASEAN Secretariat, Department of Foreign Affairs and Trade, New Zealand Ministry of Foreign Affairs and Trade and the Free Trade Agreement Joint Committee. A joint management response to the independent progress report recommendations will be agreed by these parties.

⁶⁶ This document was prepared by the Department of Foreign Affairs and Trade for the Senior Officials Meeting – Closer Economic Relations meeting in August 2012.

Attachment to Appendix 1: Proposed questions for an independent progress report

Relevance

- Are the objectives relevant to Australian Government and partner (ASEAN and ASEAN Secretariat) priorities?
- Are the objectives relevant to the context and needs of beneficiaries?
- If not, what changes need to be made to the activity or its objectives to ensure continued relevance?

Effectiveness

- Are the objectives on track to being achieved? If not, what changes need to be made to objectives to ensure they can be achieved?
- To what extent has the activity contributed to achievement of objectives?

Efficiency

- Has the implementation of the activity made effective use of time and resources to achieve the outcomes?
 - Have there been any financial variations to the activity? If so, was value for money considered in making these amendments?
 - Has management of the activity been responsive to changing needs? If not, why not?
 - Has the activity suffered from delays in implementation? If so, why and what was done about it?
 - Has the activity had sufficient and appropriate staffing resources?
- Was a risk management approach applied to management of the activity (including anti-corruption)?
- What are the risks to achievement of objectives? Have the risks been managed appropriately?

Impact (if feasible)

- Has the activity produced intended or unintended changes in the lives of beneficiaries and their environment, directly or indirectly?
- Have there been positive or negative impacts from external factors?

Sustainability

- Do beneficiaries and/or partner country stakeholders have sufficient ownership, capacity and resources to maintain the activity outcomes after Australian Government funding has ceased?
- Are there any actions that can be taken now that will increase the likelihood that the activity will be sustainable? Are there any areas of the activity that are clearly not sustainable? What actions should be taken to address this?

Gender equality

- Is the activity promoting equal participation and benefits for women and men?

Sub-questions:

- Is the activity promoting more equal access by women and men to the benefits of the activity, and more broadly to resources, services and skills?
- Is the activity promoting equality of decision making between women and men?

- Is the initiative helping to promote women's rights?
- Is the initiative helping to develop capacity (donors, partner government, civil society etc.) to understand and promote gender equality?

Monitoring and evaluation

- Does evidence exist to show that objectives are on track to being achieved?
- Is the monitoring and evaluation system collecting the right information to allow judgment to be made about meeting objectives and sustainability at the next evaluation point?
- Is data gender-disaggregated to measure the outcomes of the activity on men and women?
- Is the monitoring and evaluation system collecting useful information on cross-cutting issues?

Analysis and learning

- How well was the design based on previous learning and analysis?
- How well has learning from implementation and previous reviews (self-assessment and independent) been integrated into the activity?

Lessons

- What lessons from the activity, for example working in partner systems, can be applied to an extension or further phase of the program (if applicable), or to designing future activities?

Appendix 2: Agencies and people consulted

Date	Person consulted	Agency	Position
4/2/13	Hannah Plumb	AusAID	Program Officer, East Asia Regional Section
	Lisa Spender	AusAID	Program Manager, East Asia Regional Section
	Graham Rady	AusAID	Quality Specialist, Asia Strategies and Partnerships Branch
	Claire Birgin	DFAT	Director, SE Asia Investment and Services
	Tony Mahar	National Farmers Federation	Representative
	Bob Warner	ANU	Director, Crawford School
5/2/13	Christine Ford	AusAID	(former) Program Manager AECSP
	Graham Rady	AusAID	Quality Specialist, Asia Strategies and Partnerships Branch
	Arnold Jorge	AusAID	Trade Advisor
	Julia Niblet	AusAID	ADG, Asia Strategies and Partnerships Branch
	Susan Wilson	AusAID	Director, East Asia regional Section
	Pat Duggan	AusAID	Counsellor Regional
	Eko Setiono	AusAID	Program Manager
	Colin Reynolds	Consultant	Monitoring and Evaluation Consultant
	Dorothea C. Lazaro	ASU	Program Coordinator
6/2/13	Michael Mugliston	DFAT	Special Negotiator
	Claire Birgin	DFAT	Director, SE Asia, Investment & Services Branch
	Milton Church	DFAT	SE Asia Goods Branch
	Louise Hingee,	DFAT	Executive Officer, Goods and Government Procurement
	Carol Robertson	DFAT	Divisional Coordinator
	David Earl	Treasury	Foreign Investment and Trade Policy
	John Kitchen	Treasury	Foreign Investment and Trade Policy
	Tim Lear	ACCC	International Unit, Intelligence, Infocentre & Policy Liaison
	Rose Webb	ACCC	Executive General Manager, Mergers & Acquisition
	Dr Ian Naumann	DAFF	Director, Office of the Chief Plant Protection Officer
	Wendy Lee	DAFF	Program Coordinator, SPS Capacity Building Program
	Kate Colquhoun	IP Australia	Assistant Director, International Policy and Cooperation
	Helen Dawson	IP Australia	Assistant Director, International Policy and Cooperation
	Paul Gretton	Productivity Commission	Assistant Commissioner, Trade and Economic Studies
7/2/13	Grant Belchamber	ACTU	Representative
	Amy Schwebel	ACTU	Representative
	Peter Mare	Australian Institute of Export	Official General Manager
	Lisa McAuley		Official
	Louise McGrath	AIG	National Business Development Manager
	Rebecca Walker	AIG	Senior Advisor, International and Government Relations
	Professor Tony Milner	ANU	Professorial Fellow, Asialink
	Ian Birks	ASR	CEO, Australian Services Roundtable
8/2/13	Steve McCombie	NZ MFAT	Former AANZFTA Co-chair
	Greg Andrews	NZ MFAT	Manager FTA Implementation Unit
	Andrew Gillespie	NZ MFAT	NZ representative on FTA budget sub-committee
	Caron Beaton Wells	Consultant	AECSP contractor (competition workshops)

Date	Person consulted	Agency	Position
11/2/13	Susanna Manurung	ASU	Trade Officer
	Kunto Suseno	ASU	Trade Officer
	Jati Martopranoto	ASU	Technical Officer
	Jeannie Kiagoes	ASU	Technical Assistant
	Anna Robeniol	ASEAN Secretariat	Assistant Director – External Economic Relations
	Subash Bose Pillai	ASEAN Secretariat	Director – Market Integration
12/2/13	Jenny Lala	AADCP II	Program Director – AADCP II (AusAID)
	Glenda Reyes	ASEAN Secretariat	Assistant Director – Services and Investment
	Elizabeth Alarilla	ASEAN Secretariat	Senior Officer – Statistics
	Mega Irena	ASEAN Secretariat	Assistant Director – Social Welfare
	Kamal Mamat	ASEAN Secretariat	Senior Officer – Education
/	Sita Zimpel	GIZ	Technical Adviser – ASEAN Secretariat GIZ Program
13/2/13	Isagani Erna	ASEAN Secretariat	Senior Officer – Standards and Conformance
	Antonio Mendoza	ASEAN Secretariat	Senior Officer – Intellectual Property
	Nadya Fanessa	ASEAN Secretariat	Technical Officer – Intellectual Property
	Solomon N. Benigno	ASEAN Secretariat	Senior Officer – Agriculture Industries
	Himma Adiena	ASEAN Secretariat	Technical Officer – Agriculture Industries
	Lim Hong Hin	ASEAN Secretariat	Deputy Secretary General
14/2/13	Tradene Dobson	New Zealand Embassy	Deputy Head of Mission
	Anita Prakash	ERIA	Director, Policy Relations
	Lili Yan Ing	ERIA	Economist
	Rony Soerakoesoemah	ASEAN Secretariat	Assistant Director, IAI and NDG
	Adrian Candolada	Philippines	Minister
	Gabriel Bautista	Mission to ASEAN	Second Secretary
	Vanessa G. Bago	ASEAN	Third Secretary
	Peter van Diermen	Consultant	Advisor to the Vice President, AusAID Support
15/2/13	Takako Ito	Japan Embassy	Minister-Counsellor, Deputy Chief of Mission to ASEAN
	Cecile Leroy	EU	Project Officer – Economic Cooperation
	Jennifer Wilson	US Embassy	USAID – ASEAN Affairs
	Guillo Cintron		USAID – Program Manager
18/3/13	Djatkiko Witjaksono	Indonesia Ministry of Trade	Director, ASEAN Cooperation
	Andri Gilang Nugraha	Indonesia Ministry of Trade	Head of Section, ASEAN Cooperation
19/2/13	Pham Quynh Huong	World Bank	Senior ASEAN Liaison Officer
	Della Temenggung	World Bank	Consultant, Economist, MDF for Trade and Investment
	Sjamsu Rahadja	World Bank	Senior Economist

Date	Person consulted	Agency	Position
	Paul Bartlett	AIPEG	Lead Advisor
	Kirk Haywood	AIPEG	International Trade Law Advisor
	Roland Rajah	AusAID	First Secretary, Economic Governance

Appendix 3: AANZFTA Chapter on Economic Cooperation⁶⁷

Chapter 12 – Economic Cooperation

Article 1 – Scope and Objectives

1. The Parties reaffirm the importance of ongoing economic co-operation initiatives between ASEAN, Australia and New Zealand, and agree to complement their existing economic partnership in areas where the Parties have mutual interests, taking into account the different levels of development of the Parties.
2. The Parties acknowledge the provisions to encourage and facilitate economic co-operation included in various Chapters of this Agreement.
3. Economic co-operation under this Chapter shall support implementation of this Agreement through economic co-operation activities which are trade or investment related as specified in the Work Programme.

Article 2 – Definitions

For the purposes of this Chapter:

- a. **implementing Party** or **implementing Parties** means, for each component of the Work Programme, the Party or Parties primarily responsible for the implementation of that component; and
- b. **Work Programme** means the programme of economic co-operation activities, organised into components, mutually determined by the Parties prior to the entry into force of this Agreement

Article 3 – Resources

1. Recognising the development gaps among the ASEAN Member States and among the Parties, the Parties shall contribute appropriately to the implementation of the Work Programme.
2. In determining the appropriate level of contribution to the Work Programme, the Parties shall take into account:
 - a. the different levels of development and capacity of Parties;
 - b. any in-kind contributions able to be made to Work Programme components by Parties; and
 - c. that the appropriate level of contribution enhances the relevance and sustainability of co-operation, strengthens partnerships between Parties and builds Parties' shared commitment to the effective implementation and oversight of Work Programme components.

Article 4 – Economic Co-operation Work Programme

1. Each Work Programme component shall:
 - a. be trade or investment related and support this Agreement's implementation;
 - b. be specified in the Work Programme;
 - c. involve a minimum of two ASEAN Member States, Australia and/or New Zealand;
 - d. address the mutual priorities of the participating Parties; and
 - e. where possible, avoid duplicating existing economic co-operation activities.
2. The description of each Work Programme component shall specify the details necessary to provide clarity to the Parties regarding the scope and purpose of such component.

⁶⁷ <http://www.asean.fta.govt.nz/chapter-12-economic-co-operation/>

Article 5 – Focal Points for Implementation

1. Each Party shall designate a focal point for all matters relating to the implementation of the Work Programme and shall keep all Parties updated on its focal point's details.
2. The focal points shall be responsible for overseeing and reporting on the implementation of the Work Programme in accordance with [Article 6](#) (Implementation and Evaluation of Work Programme Components) and [Article 7](#) (Review of Work Programme), and for responding to inquiries from any Party regarding the Work Programme.

Article 6 – Implementation and Evaluation of Work Programme Components

1. Prior to the commencement of each Work Programme component, the implementing Party or Parties, in consultation with relevant participating Parties, shall develop an implementation plan for that Work Programme component and provide that plan to each Party.
2. The implementing Party or Parties for a Work Programme component may use existing mechanisms for the implementation of that component.
3. Until the completion of a Work Programme component, the implementing Party or Parties shall regularly monitor and evaluate the relevant component and provide periodic reports to each Party including a final component completion report.

Article 7 – Review of Work Programme

At the direction of the FTA Joint Committee, the Work Programme shall be reviewed to assess its overall effectiveness and recommendations may be made. The FTA Joint Committee may make modifications to the Work Programme taking into account the review and available resources.

<http://www.asean.fta.govt.nz/chapter-12-economic-co-operation/> - **Content Article 8 - Non-Application of Chapter 17 (Consultations and Dispute Settlement)**

[Chapter 17](#) (Consultations and Dispute Settlement) shall not apply to any matter arising under this Chapter.

Appendix 4: AECSP monitoring and evaluation observations

Background

The development cooperation program supporting AANZFTA's implementation is prescribed by the AECSP design document.⁶⁸ This clearly describes the monitoring and evaluation requirements for the program. The design document outlines a draft version of the monitoring and evaluation framework,⁶⁹ that is it provides an overview of monitoring and evaluation expectations for the program.

The design document clearly articulates the program's intended monitoring and evaluation system. In particular it highlights that the AECSP monitoring and evaluation system will:

- be simple, relevant, efficient and contextually feasible
- generate data and information that can motivate and guide the strategic thinking of the parties and the AECSP Support Unit where successes and lessons learned are elicited for continuous improvement in effective AANZFTA implementation
- be collaborative, integrated and supportive of ASEAN Secretariat data and systems. In doing this the monitoring and evaluation system will also contribute to broader secretariat-wide monitoring and evaluation systems over the coming years, including those developed with the support of ASEAN Australia Development Cooperation Project: Phase II.

Development of a comprehensive AECSP monitoring and evaluation framework was considered critical if stakeholders were to legitimately and accurately monitor and evaluate progress towards achieving the goals of AECSP. In support of program monitoring and evaluation, specific resources were allocated including an international specialist who was to be recruited and deployed part-time to work with the AANZFTA Support Unit on monitoring and evaluation activities for the life of AECSP.

This specialist role was deployed after mobilisation of the program. The initial specialist was replaced in 2011. The final AECSP monitoring and evaluation framework was completed by a second international specialist and the AANZFTA Support Unit team and endorsed by the program in November 2011. A third international expert is now supporting efforts to operationalise the monitoring and evaluation system.⁷⁰ This ever-changing support provided to the program has clearly impacted upon AECSP's ability to appropriately manage and implement the monitoring and evaluation framework.

Program monitoring and evaluation

It is clear AANZFTA/AECSP is operating in a complex operational, governance and implementation context. Monitoring and evaluation demands are varied and stakeholders have very different perspectives and priorities on the use and application of performance data. These variables have had a significant impact on the way monitoring and evaluation has been managed, interpreted and applied within and across the program.

Strengths of the AECSP monitoring and evaluation methodology include:

- i. A collective understanding of the importance of being able to record and act upon data capable of monitoring and measuring results and impacts associated with the program. All stakeholders are keen to have access to, and use reports which provide, an overview of program impacts and outcomes.

⁶⁸ November 2009.

⁶⁹ Program documentation consistently refers to the AECSP monitoring and evaluation framework and monitoring and evaluation tools. When dealing with AusAID program monitoring and evaluation constructs, it is more common to refer to a program's performance assessment framework. In the context of this review both terms are used interchangeably.

⁷⁰ A third international monitoring and evaluation specialist was appointed in 2012 when the second advisor took another full-time position.

- ii. An evolving methodology which has adapted to stakeholder requirements and which allows information to be collected that is capable of providing verifiable effects aligned to:
 - capacity development initiatives, including the collection of sex disaggregated data
 - research/policy development initiatives
 - direct implementation initiatives.
- iii. The ability to map AANZFTA Support Unit activities and ultimately track the Economic Cooperation Work Plan (Economic Cooperation Work Program).
- iv. The capacity to build on ASEAN Secretariat and AANZFTA Support Unit systems and tools to produce relevant program reports applicable to stakeholders including:
 - economic ministers reports
 - Free Trade Agreement Joint Committee reports to economic ministers
 - senior economic official meeting reports
 - AECSP annual and biannual reports
 - project/activity completion reports
 - AusAID/ASEAN Secretariat financial reports
 - AusAID quality at implementation reports.
- v. In 2012 the AANZFTA Support Unit team was strengthened with the recruitment and deployment of additional people to manage and implement the performance framework. Since mid-2012, progress has been made in developing and applying practical tools to monitor and record verifiable outcomes which meet the needs of all stakeholders. These tools include:
 - updating the project proposal templates to better align activity objectives and outputs to verifiable outputs for reporting purposes
 - enhancing (electronic) survey questionnaires and follow-up methodologies appropriate to targeted initiatives including capacity development, research/policy and direct implementation
 - streamlining and simplifying the electronic database (management information system) to manage data and activity outputs/outcomes and to enable usable and appropriate reports to be produced. It should be noted that it is still too early to longitudinally assign results and impacts to activities being monitored by a revised (2012) management information system.
- vi. Time has resulted in a maturity of the program methodology. There has been a move away from one-off activity specific initiatives towards program-wide strategic and results focused projects and proposals. Strategic work streaming is more closely aligned to a 'program approach',⁷¹ and should result in better integration of program activities which align to higher level objectives of the program. It also has the potential to achieve broader capacity development outcomes as it allows organisational and institutional (capacity) development to be targeted and supported as opposed to individual professional development or a focus on training. Further enhancement of the program approach will occur if more robust 'project' design, implementation, evaluation and reporting procedures (front end and back end opportunities) are supported during the proposal phase of the project cycle.
- vii. Clearly high-level information provided to economic ministers, the Free Trade Agreement Joint Committee and Senior Economic Officials Meeting is considered appropriate to their needs as evidenced by the numerous communications emanating from AANZFTA partners. These include:⁷²
 - statements from leaders and ministers meetings and related media releases
 - cabled reporting on AANZFTA Economic Cooperation Work Program meetings of officials and other stakeholders
 - an extract from the 2012 Australia in the Asian Century White Paper.

⁷¹ A program approach is best considered as support for targeted objectives within a collective implementation context, that is a shift from an exclusive focus on project inputs and activities towards broader policy concerns and development impact within a vertical (country) or horizontal (sector) context.

⁷² Direct quotations pertaining to the above are outlined in Annex 7 of this report.

Weaknesses of the AECSP monitoring and evaluation methodology are as follows:

- i. Uptake and traction of AECSP monitoring and evaluation was slow during the first two years of the program. In many ways this reflected overall program progress during the initial phase of AECSP. Clearly it was important to mobilise technical and capacity development initiatives to help operationalise AANZFTA and stakeholders focused resources to achieve this. As a result, development and implementation of the AECSP management and evaluation framework suffered.⁷³ This slowed down the program's ability to monitor and report on impacts and results at the activity level.
- ii. The design (perhaps) assumed all partners and stakeholders had similar perceptions and assigned the same priority towards monitoring and evaluation methodologies and application. AusAID has a strong institutional and accountability obligation to ensure all funded activities are monitored and evaluated to a well-defined quality standard.⁷⁴ Discussions with numerous program partners indicated that not all stakeholders ascribed the same understanding and commitment to monitoring and evaluation methodologies as AusAID, particularly during the initial phase of implementation. This resulted in some tension around the prioritisation, implementation and management of monitoring and evaluation activities within AECSP. This issue has been further exacerbated by stakeholder capacity and capability to pursue monitoring and evaluation priorities across the program. As the program has bedded down, all stakeholders are now making a greater effort to contribute towards support of monitoring and evaluation priorities as outlined in the management and evaluation framework.⁷⁵
- iii. High-level outcomes are regularly reported upon and clearly understood and appreciated at the Free Trade Agreement Joint Committee and Senior Economic Officials Meeting level. However lower level (verifiable) results necessary to satisfy AusAID quality at implementation and ASEAN Secretariat line management requirements appear inadequate, incomplete or simply under-reported at the moment.⁷⁶ This is particularly the case at the activity level. This gap in information has resulted in:
 - a lack of 'results' evidence being available to allow AusAID quality at implementation activities to be completed appropriately. Clearly evidence and examples of results are available within the AANZFTA Support Unit and ASEAN Secretariat, however the current reporting process does not adequately communicate or convey the information in a way that allows the quality at implementation process to be carried out appropriately in Canberra. This issue is (perhaps) further exacerbated by the fact that the AusAID quality at implementation process is managed from Canberra, whereas program management and implementation is decentralised through the AANZFTA Support Unit and ASEAN Secretariat
 - some tension within ASEAN Secretariat on the roles and responsibilities of desk officers when contributing and reporting on program activities. AANZFTA governance ensures strong regional/country ownership, management and

⁷³ This is a common issue for programs/designs which allow performance assessment frameworks to be developed after mobilisation. Most designs now endorsed by AusAID require a performance assessment framework to be developed prior to mobilisation, although it is usual for monitoring and evaluation tools that support the performance assessment framework to be developed after mobilisation of a program.

⁷⁴ AusAID quality at implementation requirements are well documented and applied across the agency. Standards reflect internationally accepted norms for monitoring development assistance programs and derive from the Quality of Official Development Assistance index and three other global assessments of donor aid performance. AusAID program quality at implementation data contributes to a detailed Annual Review of Development Effectiveness for all AusAID funded programs.

⁷⁵ As an example, the Australian Department of Foreign Affairs and Trade is now compiling data on AANZFTA outcomes to further support the program performance assessment framework.

⁷⁶ Members of the AECSP review team were observers of the February AusAID quality at implementation process, and it was apparent that results/evidence were under reported and recorded in the quality at implementation process.

implementation of initiatives. However ASEAN Secretariat leadership is often not as well informed of the program or its links to the secretariat's core responsibilities. Some of the tensions are also attributed to bureaucratic delays in reporting within the ASEAN Secretariat, for example activity completion reports (including travel reports) not being completed in a timely manner.

- iv. The design, and to some degree partners and stakeholders, appear to overestimate the ability of a program's monitoring and evaluation framework to accurately monitor, as well as attribute, program outcomes to supported activities. At best the monitoring and evaluation framework will likely only be able to monitor and evaluate qualitative impacts. The level to which beneficiary impacts of AANZFTA can be attributed to AECSP will be problematic for the short to medium term, assuming AANZFTA is a sustainable entity. There is a need to dampen down monitoring and evaluation expectations aligned to the program.
- v. While substantial efforts have been made to strengthen resourcing and implementation of the program's monitoring and evaluation framework. There are a number of performance areas which are still lacking:
 - Gender priorities are not integrated into the monitoring and evaluation framework. A greater effort could be made to ensure gender concerns are mainstreamed and addressed by the monitoring and evaluation framework. Examples to achieve this include ensuring gender priorities and outcomes are included for support in the project proposal template, sponsoring or prescribing research/policy initiatives in support of gender equity priorities, and using exception reporting to continually highlight the lack of progress on support for gender initiatives.
 - Monitoring and evaluation is intimately linked to communication and the use and application of lessons learned. The current monitoring and evaluation framework appears to have been established as a tool to report results, outputs and outcomes. However it is not interfaced with a communication or lessons learned strategy. A program communication strategy should be immediately developed which builds upon the monitoring and evaluation platform, supports the dissemination of information to all stakeholders, and communicates results and lessons learned beyond AECSP stakeholder groups. This should include strengthening and updating the AANZFTA website so it is accurate and relevant to the needs of partners and stakeholders.
 - Materials produced by the program appear to be of a high standard, for example the training materials produced as a result of the workshops on rules of origin. However little qualitative or quantitative information on the development and production of these materials exists within the program.
 - The monitoring and evaluation framework or program reporting does not adequately address the monitoring and evaluation of capacity development or financial management initiatives issues within and across the ASEAN Secretariat. Additional efforts should be made to interpret and report upon the impact of internal ASEAN Secretariat/AANZFTA capacity development activities supported or sponsored by AECSP. This includes the effectiveness and appropriateness of special service agreements, ASEAN Secretariat trust accounts, advisory services procurement processes, initiatives straddling across pillars, outreach programs (including the AANZFTA website), and AANZFTA governance management systems.
 - Annual reporting. While the program sponsors and supports substantial reporting practices, there is a need for a succinct and relevant annual report which summarises program results and impacts. The annual report should be published and distributed or available to all stakeholders and beneficiaries.
 - Even though variations to trade data amongst AANZFTA partners cannot be directly attributed to AECSP sponsored initiatives, it is important that this data is collected and collated. The program should ensure resources and systems are in place to facilitate the collection and distribution of this data, particularly through AANZFTA outreach initiatives such as the website.

The future

A performance assessment framework facilitates the collection of relevant data and helps document and generate information and results of relevance to program stakeholders. The results will be used to evaluate outcomes and to monitor a program's progress against well-defined objectives. Results should also be used to expand our knowledge base and to learn for the future.

AANZFTA and AECSP will be further enhanced if its monitoring and evaluation framework is expanded to take into account the following:

1. Active support of a program specific methodology, that is strategic work-streaming which targets and supports organisational and institutional development within and across AANZFTA partners. To achieve this AECSP will need to develop and implement more enhanced methodologies for front and back end performance management strategies—robust activity design and appraisal processes which fully integrate end of activity evaluation and reporting initiatives. Front end activities may require additional capacity development support for proponents and the ASEAN Secretariat and AANZFTA Support Unit developing and assessing program/activity submissions. Strengthened back end performance management strategies will also result in enhanced lessons learned reporting, including the identification and publishing of appropriate case studies.
2. Enhanced communication methodologies have to be developed by AECSP and the AANZFTA Support Unit to ensure monitoring and evaluation results are better understood and appreciated by program stakeholders and beneficiaries. This will be addressed by developing a formal communication strategy as envisaged in the original design. Enhanced communication is particularly important to address issues associated with AusAID and ASEAN Secretariat senior management requiring up-to-date and accurate results and evidence based reporting on the program's progress. Communication and program monitoring will be further improved as a result of strengthening engagement with ASEAN Secretariat leadership, which is likely to be enhanced if AusAID devolves program management to Jakarta.
3. Program reporting and learning will be further enhanced if all AECSP's reports are used to contribute towards the production of a consolidated, results focused annual review report. This should be a succinct document which focuses on program quality and results using evidence and results based reporting aligned to Economic Cooperation Work Program targets. The report should be published and distributed to key partners, stakeholders and beneficiaries, and should also be available on the AANZFTA website. Case studies highlighted or identified by the annual reporting process should also be published on the AANZFTA website.
4. AECSP must continue to look for feasible and creditable opportunities to enhance gender equity awareness and reinforce this through program-supported activities. This is challenging in a demand driven ASEAN context. However proactive (supply driven) initiatives can be supported by prescribing gender considerations during activity design and analysis, that is encouraging or requiring activity proponents to consider and account for gender considerations when seeking support and funding of program sponsored activities and projects. This will have increased traction if targeted through country and sector specific activities. The project proposal template should be adapted to take into account program specific gender opportunities and considerations. The AANZFTA Support Unit and ASEAN Secretariat may need additional support to enhance their capacity to progress this agenda.
5. AECSP is a parallel program to the AusAID supported ASEAN Australia Development Cooperation Program II. Significant synergies and opportunities exist for the two programs to interface with each other resulting in increased development effectiveness and efficiency. Both programs should continue to work together to ensure operational efficiencies are maximised by collaborative programming and targeted outcomes. Increased synergy and efficiency will likely result if AusAID devolves AECSP program management to Jakarta, as is the case for ASEAN Australia Development Cooperation Program II.

Conclusion

While initial AANZFTA monitoring and evaluation traction has been slow, AECSP has made progress in recent times on the management and implementation of its monitoring and evaluation framework.⁷⁷ All stakeholders must continue to work together to facilitate the input, collection, management and publication of creditable results and evidence-based reports.

⁷⁷ AANZFTA and AECSP should consider dropping the monitoring and evaluation framework terminology and use the more positive concept of a performance assessment framework in the future.

Appendix 5: AANZFTA capacity development

A definition and foundation principles

In recent times there has been growing recognition that capacity development⁷⁸ is a multi-dimensional process that goes far beyond knowledge and skills transfer at the individual level. Capacity development should embrace whole organisations, sectors and systems, and the culture and context in which they all exist.

AusAID's accepted definition of capacity development is "the process of developing competencies and capabilities in individuals, groups, organisations, sectors or countries, which will lead to sustained and self-generating performance improvement". This definition makes clear that capacity development is **a process as well as an objective** – *how* capacity development is undertaken will fundamentally influence how successful a program will be over time.

Good capacity development is premised upon a number of key principles:⁷⁹

- i. Holistic framework – supported initiatives must work within a multidimensional framework, that is all supported initiatives must take a multi-stakeholder approach to development.
- ii. Participatory – initiatives must be fully inclusive of all stakeholders. Stakeholders must own the process. Ideally supported initiatives should work within and use counterpart systems and personnel, and be fully transparent.
- iii. Priorities base – capacity development responds to local partners' priorities and encourages local ownership of development.
- iv. Result based – capacity development must encourage positive change that is articulated, planned and measurable.
- v. Collaborative – capacity development requires the coordination of efforts by governments, non-government organisations, the private sector and international agencies working in the sector.
- vi. Culturally situated – capacity development must respect the predominant values, cultures and incentive systems of the organisations and people involved in the process.
- vii. Analytical – capacity development requires analytical thinking in the preparation of strategies for development.
- viii. Staged sequencing – capacity development supports an ongoing change and improvement process.
- ix. Iterative – capacity development requires flexibility and creativity as well as allowance for trial and error to determine the best ways to achieve objectives.
- x. Practical – capacity development initiatives need to be practical and modest.

Where good capacity principles are employed in support of development initiatives, particularly within a program context, it is expected sustainable development outcomes will be achieved.⁸⁰

Capacity development and AANZFTA/AECSP

AECSP was established as a direct result of ASEAN partners requesting that Australia and New Zealand support development assistance during the implementation of AANZFTA. The

⁷⁸ In a development context, particularly within AusAID, the terms capacity development and capacity building are interchangeable. Both terms are used throughout this report.

⁷⁹ Adapted from various United Kingdom Department for International Development and World Bank documents describing good capacity development practice, for example United Kingdom Department for International Development, *Capacity development: where do we stand now?* (2002), and World Bank, *Capacity development: lessons of experience and guiding principles* (2005).

⁸⁰ AusAID (2004) Capacity Development Principles and Practices.

AANZFTA/AECSP design is clearly founded upon many of the capacity development principles outlined above.

Good capacity development principles and practices supported by the AANZFTA/AECSP are clearly evidenced by:

- a multi-dimensional governance and management structure which is deeply embedded within the AANZFTA framework (Senior Economic Official Meeting – Senior Economic Officials Meeting and Free Trade Agreement Joint Committee) ensures strong and active ownership of the program.
- demand driven initiatives that are fully participatory, aligned to partners' priorities and needs and directly support AANZFTA implementation.
- AECSP responding to partners needs through the AANZFTA Support Unit, which is embedded within ASEAN Secretariat and accountable to AANZFTA partners through the Free Trade Agreement Joint Committee.
- The AANZFTA Support Unit also works within and reports to the ASEAN Secretariat hierarchy,⁸¹ working closely with desk officers and using the secretariat's financial and administrative systems. AANZFTA Support Unit personnel and associated technical assistance is contracted through the secretariat.
- Initiatives supported by AECSP are reflective of cultural and national priorities and supported within a horizontal (sector) and vertical (country) context.
- The AANZFTA/AECSP program was premised on providing a flexible and innovative design. The design is both iterative and practical—it supports a variety of methodologies including research/policy support, rapid response and direct implementation, and wide ranging capacity development initiatives.⁸²
- All supported initiatives, including design, procurement implementation and monitoring processes, are transparently managed and reported on by stakeholders and partners.

While the foundations for successful capacity development support by AANZFTA/AECSP appear well established, it is clear the program is only just beginning to make inroads with institutional and organisational capacity development impacts.

During the initial phase of AECSP, resources tended to be targeted towards activities which supported professional development of the individual through workshops and conferences. While these activities are relevant to the development of personal growth, they do not necessarily have an impact upon organisational or institutional capacity, particularly when the partner agencies and systems are weak.

When targeting the training of individuals, AECSP made every effort to ensure professional development impacts were sustainable within an organisational context. This was done by using and establishing train-the-trainer methodologies within a cascading training modality. In stable and mature organisations and institutions, this can work quite well where appropriate resources are allocated to ensure professional development programs are sustainable.

Training materials developed and used to support training initiatives are (anecdotally) considered very high quality.⁸³ These same resources are also considered very useful and sustainable in that they can be used for the medium to long term to support ongoing professional development activities in a variety of training contexts such as on-the-job training.

However there is little evidence at this point in time to suggest the early AECSP sponsored training activities have had an impact on sustainable organisational and institutional development of partner agencies. Nor is there objective or independent evidence to suggest the materials produced in support of training are of a high quality and sustainable within a developmental context. Evidence from elsewhere suggests that training alone will have little

⁸¹ Through the Director of Policy Relations.

⁸² Examples include targeted training, workshops, conferences, materials development, qualifications frameworks, regional diagnostics and outreach programs.

⁸³ For example the training materials produced as a result of the workshops on rules of origin.

chance of developing sustainable organisational or institutional capacity.⁸⁴ As AECSP has developed and matured, there has been an increasing recognition of the importance of designing and implementing initiatives which are more holistic in structure and that encompass vertical (country) and horizontal (sectoral) development requirements. Recently supported initiatives are usually within a programming⁸⁵ context and are larger and more complex, often using sub-activities or projects which are linked together in a structured way. Examples of such initiatives sponsored by AECSP include the Comprehensive Patent Examination Training Project, and the ASEAN Regional Diagnostic Network.

There is a continuing recognition and increased effort by partners and stakeholders to pursue and support initiatives more likely to impact and result in sustainable change within an organisational and institutional context – both vertically and horizontally. This is in itself an indicator that partner capacity and capabilities are developing under the sponsorship of AANZFTA/AECSP.

Future capacity development options

AANZFTA/AECSP has established a strong foundation (and capacity) to further support and enhance capacity development across AANZFTA partners. Capacity development opportunities which could be pursued in the future include:

- continue efforts to ensure sponsored activities are designed and implemented within a flexible programming context, that is within a structured design framework targeting a package of activities to enhance institutional/organisational capacity. Ideally the package should have staged sequencing and be in support of country or sectoral needs. It is important the program continue to move away from support of standalone training, workshops and conferences – supported initiatives must be within a structured and targeted framework.
- continue to support opportunities which have the potential to establish and support long-term (bilateral and multilateral) institutional and organisational relationships (including twinning) which may be sustained beyond the constraint of AANZFTA, that is those that establish a sustainable relationship for the future.
- ensure design frameworks include robust performance assessment methodologies capable of measuring activity impacts. These include tracking instruments, outcome surveys and independent assessments of materials developed.
- establish active links and developmental interfaces to other regional and bilateral programs which are complementary to AANZFTA/AECSP. This is particularly important where parallel (AusAID) development initiatives are being supported in a bilateral context.⁸⁶
- continue efforts to work with the AusAID funded ASEAN–Australia Development Cooperation Program II to ensure ASEAN Secretariat capacity continues to be enhanced. This may include enhancing the ASEAN Secretariat's ability to facilitate and assess proposals prepared by AANZFTA partners, supporting ASEAN Secretariat financial management and procurement practices (including streamlining trust account management), and helping the secretariat to better support gender and equity objectives backed by the organisation.
- ensure design frameworks include sub-activities, research initiatives or tracking instruments which support or monitor the potential for the program to influence gender impacts associated with AANZFTA implementation.

⁸⁴ World Bank Institute (2006), World Bank Institute Capacity Development Briefs, Does Training Work? Re-Examining Donor-Sponsored Training Programs in Developing Countries. Also Capacity Collective (2008) Op. Cit. (2009), Mainstreaming Results-Oriented Approaches in Capacity Development: Toward Action and Collaboration. Report from June 2009 Forum on Learning Results.

⁸⁵ A program approach is best considered as support for targeted objectives within a collective implementation context, i.e. a shift from an exclusive focus on project inputs and activities towards broader policy concerns and development impact within vertical or horizontal contexts.

⁸⁶ These bilateral initiatives may not necessarily have a 'trade' focus – they can and should include capacity development opportunities likely to impact upon developmentally related agendas, e.g. public sector and economic reform, qualification frameworks, labour mobility and corruption management.

Conclusion

AANZFTA/AECSP has made good progress in supporting and pursuing capacity development objectives across partners and stakeholders. The program is founded upon sound capacity development principles. As the program has matured, capacity development support has become more structured and targeted within a program context. Partners must continue to focus on higher level capacity development objectives by targeting organisational and institutional development, and continue to move away from supporting standalone training activities.

Appendix 6: AANZFTA gender and equality development

Background

Compared to many development designs supported by AusAID and New Zealand, AECSP is relatively silent on support for gender initiatives. The design acknowledges gender support is appropriate within the context of the program. However, it opts to manage gender opportunities by transferring accountability for gender programming to the monitoring and evaluation framework which was to be developed after mobilisation of the program. That is, the monitoring and evaluation framework 'will assist in the consideration of gender and other cross cutting issues as appropriate' (page 37).

The design seems to be of the opinion that the prime gender consideration is the need and ability to 'gather gender-disaggregated data' (page 37). Personnel terms of reference provided in the design outline the need for recruited staff to have an appreciation of gender and equity issues and that these issues are to be addressed in the monitoring and evaluation framework.

The scope of service for AECSP highlights that gender issues should be addressed: 'this may include that Economic Work Cooperation Program evaluation studies include analysis of the situation for women (in relation to the particular Economic Cooperation Work Program component), that barriers to gender equality are identified and integrated into continuous improvement of AECSP and its monitoring and evaluation" (page 101). So clearly it was recognised that AECSP/AANZFTA had the potential to impact upon gender priorities through the Economic Cooperation Work Program.

Current context

This independent progress report confirms that AECSP has given limited attention to gender equality issues. Past AusAID quality at implementation reports have also confirmed limited and ad-hoc support for gender equality issues by the program.⁸⁷ This indicates that a 'less than adequate quality' has been achieved and there is a need for additional "work to improve in core areas".⁸⁸

Partners and stakeholders will argue there are a number of extenuating circumstances which have impacted upon AECSP's inability to provide proactive support for gender and equality priorities. These include:

- AECSP is partner led, which limits avenues of influence to those largely within ASEAN structures, policies and systems. Planning and implementation of program activities are shaped by ASEAN priorities.
- Sensitivities of ASEAN member states to any perception of encroachment on internal policies and approaches by external parties.
- The varying attitudes and approaches to managing gender and equality across member states and Australia and New Zealand.

There is a widespread assumption that trade policies and agreements are class, race and gender neutral. Substantial international research confirms gender and equality is a key factor in the complex relationship between trade, growth and development.⁸⁹ It is incumbent upon all AANZFTA/AECSP partners to ensure trade liberalisation does not undermine women's rights and poor people's livelihoods. The program should actively pursue the gender and equality agenda.

⁸⁷ AusAID quality at implementation – 2010, 2011 and (draft) 2012.

⁸⁸ AusAID quality at implementation rating of 3.

⁸⁹ See for examples: Free Trade Policies and Impact on Sustainable Development, Social and Gender Justice: A Case Study of the EU-India Free Trade Agreement (European Commission), and Gender and Trade – Bridge Development (2007).

Nevertheless, it is also recognised that it can be quite difficult to actively incorporate gender and equality activities into technically focused and regionally managed programs. Clearly progress on gender and equality opportunities has been slow in the region and priorities by developmental partners has tended to focus on family violence and trafficking of women and children.

AECSP provides a fertile opportunity to act as an (active) entry point to support appropriate gender and equality programming in a unique context. Greater efforts need to be made by AECSP and the partners to pursue appropriate development opportunities in support of gender and equality across the program. This will require collaboration with the ASEAN Secretariat which is currently taking a proactive role in facilitating a gender and equality agenda within the institution and ASEAN partners.⁹⁰ It will also require greater cooperation with the ASEAN Australia Development Cooperation Program: Phase II which has a broader brief to support capacity development within the ASEAN Secretariat and across ASEAN partners.

Future opportunities for supporting gender and equality within AECSP

AECSP must consider gender and equality as a cross-cutting issue rather than a standalone activity which needs direct support by the program. Gender and equality activities have to be integrated into all tenets of the program. Efforts must be made to ensure opportunities are provided to support gender and equality across all potential and future opportunities. This can be achieved if AECSP is proactive in pursuing the following:

- i. liaising with the ASEAN Secretariat and the ASEAN–Australia Development Cooperation Program II to determine and act upon common opportunities to support gender and equality within a common context. This may include:
 - drafting or adopting a gender and equality policy⁹¹ appropriate to the development context the programs are working within
 - examining shared opportunities to pursue and support cross-programming support for gender and equality within an ASEAN context, both multilaterally and bilaterally
- ii. revisiting existing reporting, operational and policy guidelines and templates to ensure gender and equality policy and opportunities are genuinely embedded within all program documents and reports. This should result in redrafting documents if appropriate, but certainly ensuring gender priorities and outcomes are included for support in the project proposal template
- iii. ensuring gender priorities are genuinely integrated into the monitoring and evaluation framework. This means going beyond requiring the collection and distribution of gender-disaggregated data for initiatives supported by the program. At a minimum the program should ensure all:
 - project proposals include a requirement for supported activities to report upon actual or perceived impact upon gender and equality outcomes associated with the initiative⁹²
 - AECSP reports include exception reporting if gender and equality activities are not being supported or impacts observed
- iv. pursuing innovative ways to support the gender and equality agenda within an AECSP/AANZFTA context, working through the Economic Cooperation Work Program. This could include:
 - sponsoring or prescribing research/policy initiatives in support of gender equity priorities. Examples include value chain analysis, trade policy review mechanisms, sustainability impact assessment, engendering trade policies, poverty and social impact analysis, fair and ethical trade mechanisms

⁹⁰ During the independent progress report consultations, the ASEAN Secretariat sponsored a one day gender and equality (gender main streaming) workshop for its staff.

⁹¹ Particularly for AECSP.

⁹² A nil return still provides valuable data on potential/likely gender and equality impacts. The inclusion of such requests also subtly socialises the importance of potential gender and equality impacts when supporting technical initiatives.

- ensuring all materials and activities supported by the program have a gender analysis completed to assess intended and unintended (gender) impacts derived from the activity
- ensuring women or gender experts are included in all discussions and activities sponsored by the program. At a minimum ensure gender discussions take place during all consultations and decision making processes associated with the program
- encouraging proposals which are most likely to empower women in an international trade context, for example opportunities to expand trade access for small and medium sized companies (traders) where women are more likely to be recipients of trade benefits. This could include strengthening support to the informal sector
- expanding opportunities to ensure women are not disadvantaged as a result of revised patent and intellectual property rights⁹³
- ensuring initiatives are in place to support opportunities for women in the services sector, as traditionally women have become more advantaged as trade in services have improved⁹⁴
- focusing on capacity development initiatives which strengthen local know-how, particularly for women, within an institutional context. This should be linked to opportunities to strengthen capacity to meet export market requirements. This could be pursued in partnership with donors (including AusAID) in a bilateral context.

Conclusion

AANZFTA/AECSP has made little progress in advancing the gender and equality agenda within the overall context of the program. While it is developmentally challenging to pursue gender and equality opportunities in the ASEAN context, we are perhaps underestimating the opportunities that exist to work with our ASEAN Secretariat/ASEAN partners in supporting gender and equality within the context of the program.

It is incumbent upon all partners, particularly Australia and New Zealand, to ensure legitimate and practical opportunities are pursued in support of the gender and equality agenda. This should be done within the holistic context of the program and in partnership with the ASEAN Secretariat and the ASEAN Australia Development Cooperation Program: Phase II.

⁹³ Perhaps through the Comprehensive Patent Examination Training Project.

⁹⁴ United Nations Economic Commission for Africa, 2004, 'Economic Report on Africa, Addis Ababa, Ethiopia', www.uneca.org

Appendix 7: Feedback to the Department of Foreign Affairs and Trade on AECSP⁹⁵

The Department of Foreign Affairs and Trade has had consistent excellent feedback from ASEAN countries on AECSP and Australia's contribution to it. Much of this has been informal, in the course of conversation with ASEAN participants in AANZFTA Economic Cooperation Work Program activities. Numerous specific requests for particular Australian Government officials to participate in and run program activities because of their expertise and negotiating experience are further evidence of the positive ASEAN attitude to the program, as well as their increasing familiarity with and confidence in it. There are increasing requests from ASEAN countries, including the least developed, for follow-up, and second and third phases of Economic Cooperation Work Program activities. ASEAN countries are themselves initiating more projects (rather than responding to proposals from Australia, New Zealand and the ASEAN Secretariat), which augurs well for the sustainability of the work under AECSP.

From Australia's perspective, the 2012 Australia in the Asian Century White Paper includes a précis of economic cooperation under AECSP as an integral part of the vision of a more open Australian economy integrated with Asia.

We have listed below formal feedback on AECSP, which is the tip of the iceberg, but gives a snapshot of ASEAN perceptions of the AECSP at all levels. The feedback comprises:

- (a) excerpts from statements from leaders and ministers meetings and related media releases
- (b) an extract from the Australia in the Asian Century White Paper .

(a) *Excerpts from statements from leaders and ministers meetings and related media releases*

17th AEM-CER consultations (31 August 2012)

Summary of decisions (and joint media statement)

12. Ministers were pleased with the good progress achieved in economic cooperation among the (AANZFTA) parties, particularly in implementation of the free trade agreement in goods-related, intellectual property and competition policy areas.
14. ASEAN Economic Ministers expressed their appreciation to Australia and New Zealand for the continued technical and financial support given to ASEAN through the AECSP.

Joint media statement

9. The Ministers noted the breadth and depth of the economic cooperation projects (under AECSP) and their increasing focus on achieving inclusive regional economic integration to complement the building of an ASEAN Economic Community as well as narrowing the development gap among the parties.

16th AEM-CER consultations (13 August 2011)

Summary of decisions

11. Ministers noted the strategic approach of the AANZFTA Economic Cooperation Work Program. ASEAN expressed appreciation to Australia and New Zealand not only for their generous contribution in the AANZFTA Economic Cooperation Work Program, but also for extending assistance in sending expertise to conduct workshop as well as in-country trainings.

⁹⁵ This note was prepared by officials from Australia's Department of Foreign Affairs and Trade.

Joint media statement

10. Ministers noted that concrete outcomes in support of ... strategic objectives were achieved with the implementation of AANZFTA's Economic Cooperation Support Program (AECSP).
11. The Ministers acknowledged the wide range of economic cooperation projects completed or under implementation including:
 - a. *in-country training on rules of origin for Cambodia and Lao PDR* to assist officials and businesses in the newer ASEAN member states to make use of the agreement
 - b. *the ASEAN Regional Diagnostics Network on Sanitary and Phytosanitary measures*, part of a wider long-term project to create an ASEAN-wide system for delivering credible plant pest and disease diagnostic services
 - c. *a forum on ASEAN Regional Qualifications Framework* to support trade in education services and temporary movement of natural persons
 - d. *a workshop on Accession to the World Intellectual Property Organization Madrid Protocol* to build capacities among the ASEAN member states in implementing their intellectual property commitments.
12. The ASEAN Economic Ministers expressed their appreciation to Australia and New Zealand for the continued support given to ASEAN through the AECSP including making funds available for interested ASEAN member states in undertaking an investment policy review under the OECD Policy Framework for Investment Process.

ASEAN Post Ministerial Conferences +1 Consultations (11 July 2012)

(Foreign ministers)

Chairman's statement

5. The ASEAN Ministers expressed appreciation for Australia's contribution through the... Economic Cooperation Support Program for the ASEAN–Australia–New Zealand Free Trade Agreement (AANZFTA), in supporting ASEAN's economic integration."

ASEAN–Australia Summit (30 October 2010)

Joint statement

4. ASEAN leaders noted Australia's significant contribution to the AANZFTA Economic Cooperation Support Program, including the AANZFTA Support Unit in the ASEAN Secretariat. These were unprecedented capacity building initiatives undertaken within the framework of an ASEAN-Plus free trade agreement. We believe that the AANZFTA will be a cornerstone of the continued regional agenda for liberalisation of trade and investment and contribute to the building of a Comprehensive Economic Partnership in East Asia.

15th AEM-CER consultations (26 August 2010)

Summary of decisions

13. The meeting underlined the importance of the AECSP and the strategic approach being developed by parties in not only ensuring that AANZFTA commitments are implemented smoothly and in a timely manner, but also in addressing regional development gaps to enable parties, especially the less developed ASEAN member states, take full advantage of the opportunities and benefits accruing from the AANZFTA.
14. ASEAN Economic Ministers thanked Australia and New Zealand for the continued support to ASEAN through the economic cooperation component of the AANZFTA.

Joint media statement

6. The Ministers were pleased to note the implementation of the AANZFTA Economic Cooperation Support Program (AECSP), especially the endorsement of 10 activities in several areas that include rules of origin, intellectual property, trade in services, investment and sanitary and phytosanitary measures. The ministers were confident that the AECSP and parties' strategic approach to economic cooperation would help not only to ensure the smooth implementation of AANZFTA commitments but also to address regional development gaps to enable all parties, especially the less developed ones, to take full advantage of the opportunities and benefits of AANZFTA. The ASEAN Economic Ministers expressed their appreciation to Australia and New Zealand for the continued support given to ASEAN through the AECSP.

14th AEM-CER consultations (15 August 2009)

Joint media statement

6. The Ministers welcomed the support "capacity" for the implementation of the agreement through the Economic Cooperation Work Program (Economic Cooperation Work Program) under which cooperation initiatives will be undertaken to assist in the implementation of the various components of the agreement. The ASEAN Ministers also thanked the Australian and New Zealand governments for the economic cooperation assistance that they have pledged to provide to ensure the effective implementation of the agreement as well as the ongoing assistance in the lead-up to the entry into force of the agreement.
7. The Ministers, noting the important role of the ASEAN Secretariat in the implementation of the agreement and the Economic Cooperation Work Program, welcomed the establishment of a support unit at the ASEAN Secretariat that will provide technical assistance and secretariat support to the AANZFTA Joint Committee and the parties in implementing the agreement.

(b) Extract from the 2012 Australia in the Asian Century White Paper

Chapter 7: Operating in and connecting to growing Asian markets, page 212

Box 7.10: Economic cooperation through trade agreements—AANZFTA

The AANZFTA includes economic cooperation commitments with an associated five-year Economic Cooperation Work Program, which supports ASEAN countries and businesses to implement and use the agreement. Australia is contributing up to \$20 million over five years to the program.

Program activities are approved by the AANZFTA's Free Trade Agreement Joint Committee. A support unit in the ASEAN Secretariat manages project implementation and often partners with international organisations, including the World Intellectual Property Organization, the UN Educational, Scientific and Cultural Organization (UNESCO), the UN Economic and Social Commission for Asia and the Pacific, the OECD and the World Trade Organization.

Examples of economic cooperation activities in 2010–11 included capacity-building and technical assistance on rules of origin, monitoring the use of tariff preferences, the two-annex approach to the scheduling of investment reservations, intellectual property crime and accession to the World Intellectual Property Organization's Madrid Protocol, and statistics relating to international trade in services.

The Economic Cooperation Work Program activities are designed to leave a long-lasting legacy. For example, the ASEAN Regional Diagnostics Network will contribute to the system-wide delivery of credible plant pest and disease diagnostic services, and a multiyear project is planned for training patent examiners.

Appendix 8. Agreement establishing the AANZFTA Economic Cooperation Support Program: evaluation plan and methodology⁹⁶

Introduction

77. The agreement establishing AANZFTA was signed in February 2009 and has been in force since 1 January 2010. The intent of the agreement is to “*liberalise and facilitate trade and investment between ASEAN, Australia and New Zealand through commitments on goods, services, investment, temporary movement of natural persons, electronic commerce, intellectual property, and economic cooperation*”.⁹⁷ The agreement includes provision for an economic cooperation program to support implementation of the agreement.⁹⁸ Expected beneficiaries are producers, consumers and investors in the region.
78. The AANZFTA AECSP was established to ensure that “the full benefits of AANZFTA are realised”. AECSP funds two components: an AANZFTA Support Unit within the ASEAN Secretariat and an annual implementation of Economic Cooperation Work Program activities. The program is being delivered through a partnership between AusAID⁹⁹ and the Department of Foreign Affairs and Trade, New Zealand’s Ministry of Foreign Affairs and Trade, ASEAN and the ASEAN Secretariat. An independent program review is scheduled for Year 3 of implementation.
79. The original goal of AECSP was to “*support the ASEAN Secretariat servicing the Free Trade Agreement Joint Committee and to assist parties in the implementation of the AANZFTA*”. This was revised when an AECSP monitoring and evaluation framework was developed in late 2011 to “*operationalise and implement the AANZFTA (including enhancing ASEAN Secretariat capacity to support ASEAN free trade agreement implementation); progress AANZFTA’s built-in agenda; promote business utilisation of AANZFTA opportunities; and advance economic integration amongst the parties.*” AECSP components are:
- funding for an AANZFTA Support Unit within the ASEAN Secretariat to oversee and implement activities that promote the take up of AANZFTA
 - funding for the Economic Cooperation Work Program, which is a set of agreed annual activities that help build the capacity of developing ASEAN countries to implement AANZFTA.
80. Economic Cooperation Work Program component objectives are:
1. rules of origin and other aspects of implementation of tariff commitments
 2. sanitary and phytosanitary measures
 3. standards, technical regulations and conformity assessment procedures
 4. services
 5. investment

⁹⁶ Agreed between review team and AusAID prior to fieldwork in Jakarta.

⁹⁷ AECSP Program Design Document, November 2009, p. 18.

⁹⁸ AECSP Program Design Document, November 2009, p. 10.

⁹⁹ AusAID has committed up to \$20 million over five years.

6. intellectual property.
7. sectoral integration
8. customs
9. competition policy.

Objectives of the evaluation

81. The independent progress report will formulate recommendations for the remainder of the program and propose appropriate changes to budgets, resources and timeframes as required. Importantly the report will put forward options to ensure the optimal sustainable outcomes from the program, taking into account the time and resources available. The report will also examine AECSP governance arrangements to ascertain if they remain appropriate and relevant. The report's objectives are to:
 1. 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
 2. assess AECSP's success in addressing overall performance, including adequately promoting gender equality, establishing and operationalising a robust monitoring and evaluation system, and undertaking ongoing analysis of the operation of the program, drawing out major lessons learned and taking remedial action to ensure continuous improvement
 3. 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 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
 4. 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
 5. review the accountability and governance arrangements for the program
 6. determine whether there is a demonstrated development need to extend the program beyond the current end date
 7. address any other issues that the independent progress report team considers necessary for the successful completion of the report
 8. make recommendations on future directions of AECSP in relation to available budget and resources to promote improvements in effectiveness and efficiency.

Key issues

82. The terms of reference for this evaluation highlight a range of issues that go beyond a standard evaluation of AECSP performance using OECD Development Assistance Committee¹⁰⁰ and AusAID¹⁰¹ evaluation criteria. In addition to the standard evaluation, the terms of reference ask the team to also:

¹⁰⁰Relevance, efficiency, effectiveness, impact and sustainability.

¹⁰¹Monitoring and evaluation and gender equality.

- review and suggest changes to work plans and budgets for the remainder of the program, and assess whether there is a development need to extend the program beyond the current end date
 - review and comment on the governance arrangements for the program
 - review program management including the extent to which ongoing monitoring and evaluation systems were used to improve program implementation and performance and suggest opportunities for improvement (including scope to devolve management to AusAID's Jakarta office)
 - highlight any other issues that affect AECSP performance, including an assessment of partnership delivery mechanisms
 - draw lessons learned for future ASEAN–Australian cooperation
83. The team will need to explore the complex institutional environment in which AECSP operates, including challenges relating to the institutional roles, capacity, and authority of the ASEAN Secretariat (including its linkages with the Free Trade Agreement Joint Committee) and the AANZFTA Support Unit within the ASEAN Secretariat. In particular, the team will need to assess whether the initial assumptions regarding the mandates of ASEAN Secretariat and AANZFTA Support Unit remain valid, and to assess whether any modifications in the program design are needed. This suggests a need for pragmatism and flexibility in the approach to the evaluation.
84. Given the nature of the program, and the limited scope to consult ultimate beneficiaries, it will not be possible to attribute any impacts to program supported activities. It will also be difficult to assess the likely sustainability of program supported activities. The evaluation will need to focus more on the continuing validity of the core logical assumptions linking program funded activities, outputs and intended outcomes.
85. The slow start-up of program activities will further complicate analysis. The team will assess what impact a potentially substantial shortfall in spending might have on potential program results.

Approach

86. The first step will be to review project related documentation, including documents produced with program funding. The second step will be structured interviews and consultations with selected program stakeholders and other relevant persons with program related knowledge.

Review documentation

87. The team has been provided with the following core documents:
- AECSP design document
 - AECSP strategic overview (August 2011)
 - AECSP mid-term review (August 2012)
 - quality at implementation reports
 - Free Trade Agreement Joint Committee summary of decisions
 - monitoring and evaluation framework
 - AECSP matrix of approved Economic Cooperation Work Program projects
 - Economic Cooperation Work Program component implementation plans
 - available Economic Cooperation Work Program project completion reports
 - output and outcome level data and analysis of Economic Cooperation Work Program projects

- Cooperation Arrangement Between the ASEAN Secretariat and the Commonwealth of Australia represented by the AusAID on AECSP
- activity reports, including participant evaluations.

Consultation

88. Diverse groups of stakeholders have a potential interest in the work and outcomes of the AECSP and AANZFTA, including:
- officials from ASEAN, Australia and New Zealand working on AANZFTA issues, including members of the Free Trade Agreement Joint Committee
 - ASEAN Secretariat management, senior officials and other staff
 - governments, policy and research institutes, businesses, employees, and consumers from ASEAN countries, Australia and New Zealand.
 - experts, staff, contractors and other partners responsible for implementation of AECSP activities
 - direct beneficiaries of activities and studies supported from AECSP resources.
89. Given the limited time and resources available for evaluation of a complex program, it will not be possible to consult with all these groups. Given that it will not be feasible to meet with individual ASEAN government representatives, or to meet with representatives of most of the individual activities funded under the program, the team will need to rely on activity reports, participant evaluation reports and other documentation to supplement central level consultations.

Table 1: Stakeholders to be consulted and issues to be discussed

Stakeholders	Issues to be discussed
ASEAN/Department of Foreign Affairs and Trade/New Zealand Ministry of Foreign Affairs and Trade officials responsible for AANZFTA	<p>What are the key drivers for and constraints to AANZFTA implementation? Comments on commitment of parties to AANZFTA implementation?</p> <p>How effectively has the AECSP supported national and regional interests; views on major remaining bottlenecks to AANZFTA implementation? How significant is the AECSP contribution to the ASEAN–Australia Comprehensive Partnership (signed 2007)</p> <p>Comments on synergies with ASEAN Australia Development Cooperation Program: Phase II and or other development cooperation initiatives? How (if at all) could the partnership (ASEAN Secretariat/Australia) delivery model be improved?</p> <p>Views on possible AusAID funding support to ASEAN for the Regional Comprehensive Economic Partnership.</p>
Applied researchers at universities, think-tanks labour organisations etc. working on ASEAN–Australian economic cooperation	<p>AANZFTA: substantive or strategic free trade agreement? Implications for AECSP?</p> <p>AANZFTA “underutilised”? Is there a disconnect between officials and business with respect to impact of free trade agreements? Views on visibility of AANZFTA/AECSP in the research and business community?</p> <p>How effective is AECSP in strengthening ASEAN–Australia–New Zealand relations? What could AECSP do better to help strengthen and build the profile of ASEAN–Australia–New Zealand relations? (that is away from being akin to “a long dependable marriage” noted in the “Our Place in the Asian Century”¹⁰² report).</p> <p>What more could/should Australia be doing (if anything) to support the Regional Comprehensive Economic Partnership and other economic regional cooperation initiatives?</p> <p>How (if at all) could the partnership (ASEAN Secretariat/Australia) delivery model be improved?</p>
Business association representatives in Australia and Jakarta	<p>“What do you see as the key new opportunities (or challenges) resulting from the AANZFTA?” How effectively has AECSP been in supporting business interests and raising awareness of new opportunities? Do you see any disconnect between officials and business with respect to impact of free trade agreements such as AANZFTA? Visibility of AECSP in the research and business community?</p> <p>Views on major remaining bottlenecks to AANZFTA implementation? How (if at all) could the partnership (ASEAN Secretariat/Australia) delivery model be improved?</p> <p>Comments on bilateral versus multilateral approaches to trade and investment cooperation?</p>
Other donors (e.g. European Union) supporting the ASEAN	<p>What are strengths and weaknesses of the AECSP? How does this contrast with the strengths and weaknesses of other donors programs? How (if at all) could the partnership (ASEAN</p>

¹⁰² Our Place in the Asian Century — Southeast Asia as ‘The Third Way’ p17. The Asia Link Commission 2012.

Table 1: Stakeholders to be consulted and issues to be discussed

secretariat	Secretariat/Australia) delivery model be improved? Are there any lessons to be drawn in terms of future support?
Senior ASEAN Secretariat staff exposed to AECSP programs.	<p>Key outcomes from program?</p> <p>Perspectives on program efficiency and quality of partnership model?</p> <p>Impacts on capacity building and comparisons with other capacity building initiatives? Does ASEAN Secretariat have medium-term strategy for capacity building? What are expectations for development support?</p> <p>Comment on governance and priority setting processes?</p> <p>How (if at all) could the partnership (ASEAN Secretariat/Australia) delivery model be improved?</p>
ASEAN Secretariat program officers	Key outcomes from program, and perspectives on program efficiency? Comments on impact on capacity building; governance and priority setting processes; quality of sub-contractor work and outputs; and future needs?
ASEAN, AusAID, New Zealand officials overseeing AECSP implementation	<p>Views on program efficiency; comments on governance structure and program management and delivery systems, including role and effectiveness of the AANZFTA Support Unit; quality of sub-contractor work and outputs?</p> <p>Key outcomes from each Economic Cooperation Work Program components; provide examples of most important impacts from program interventions?</p> <p>Future demands for AECSP support?</p> <p>Comparisons with other related donor programs? How could the partnership delivery model be improved?</p>
AECSP Support Unit members	<p>How have the program systems worked, and how efficiently? What have been the program strengths and weaknesses? Comments on governance and implementation arrangements? Comment on project prioritisation, selection, design, quality assurance, monitoring and evaluation processes? Provide examples of most important impacts from program interventions.</p>
Economic Cooperation Work Program: representatives from AANZFTA committee overseeing each Economic Cooperation Work Program component	Discuss: examples of most important results/outcomes from program interventions for each component; strengths and weaknesses in identifying and implementing projects; capacity building; role and effectiveness of AANZFTA Support Unit; institutional and other changes need to ensure better outcomes for each component.
AECSP consultants and/or contractors, especially monitoring and evaluation advisers (i.e. Peter van Diermen and Colin Reynolds)	<p>How have the program systems worked, and how efficiently? What have been the program strengths and weaknesses? Comment on project prioritisation, selection, design, quality assurance, monitoring and evaluation processes?</p> <p>Comments on governance and implementation arrangements, including role and effectiveness of AANZFTA Support Unit? Provide examples of most important impacts from program interventions.</p> <p>How (if at all) could the partnership (ASEAN</p>

Table 1: Stakeholders to be consulted and issues to be discussed

	Secretariat/Australia) delivery model be improved?
AADCP II team	Linkages and synergy with AECSP project; comparative strengths and weaknesses of two programs; lessons learned; need for ongoing support. How (if at all) could the partnership (ASEAN Secretariat/Australia) delivery model be improved?

90. Draft questions to be considered by the team in preparing the report are presented as Appendix A to this plan. These questions draw from, and build on, the suggestions made in the terms of reference. They will be further revised following more detailed review of documentation and discussions with AusAID in Canberra.

Work plan

91. The work plan for the evaluation is presented in the following table. This will be reviewed following initial discussions with AusAID staff in Canberra.

Table 2: Work plan for evaluation

Task	Start	Finish	Input (days)	Location	Output
Evaluation plan	28/1/13	29/1/13	2	Hanoi	Evaluation methodology and plan submitted to AusAID by 31 January.
Preparation and desk review	4/2/13	7/2/13	4	Canberra	Including team briefing on 6 February at AusAID, Canberra.
Independent progress report meetings	10/2/13	17/2/13	8	Jakarta	Discussions with relevant stakeholders including personnel from ASEAN, the ASEAN Secretariat and AusAID. Collect relevant data, prepare aide memoire for presentation at stakeholder workshop on 18 February.
Stakeholder workshop	18/2/13	18/2/13	1	Jakarta	Discussion of preliminary findings and issues with relevant stakeholders.
Draft report	28/2/13	4/3/13	5	Hanoi	Draft report to AusAID by 4 March incorporating presentation to AusAID Canberra on 5 March.
Stakeholder	7/3/13	20/3/13		Hanoi	Comments to team leader

Table 2: Work plan for evaluation

<i>comments</i>					<i>by 20 March.</i>
Revise draft report	26/3/13	27/3/13	2		Revised draft report to AusAID by 28 March.
Independent peer review		15/4/13			
Finalise report	24/4/13	25/4/13	2	Hanoi	Final independent progress report to AusAID by 26 April 2013.

Annex A. Proposed questions for independent progress report team

Evaluation criteria

Relevance

- *Are the objectives relevant to Australian Government and partner (ASEAN and ASEAN Secretariat) priorities?*
 - *If not, what changes should be made to ensure relevance?*
- *Are the objectives relevant to the context and needs of beneficiaries?*
 - *If not, what changes need to be made to the activity or its objectives to ensure continued relevance to the needs of beneficiaries?*
- *Were the institutional arrangements for prioritisation and implementation relevant to the way the ASEAN Secretariat operates?*
- *Was adequate account taken in the design of the different capacity of ASEAN members?*
- *Did the design adequately reflect lessons learned from AusAID support to ASEAN Australia Development Cooperation Program: Phase II and other donor support to the ASEAN Secretariat?*

Effectiveness

- *Are the component objectives (see Appendix B) on track to being achieved?*
- *Please provide concrete examples of how program activities have contributed (or are expected to contribute) to achievement of each of the component objectives?*
- *If not, what changes to the program are needed to help better achieve each of the component objectives?*

Efficiency

- *Has the implementation of the activity made effective use of time and resources to achieve the outcomes?*
 - *Have there been any financial variations to the activity? If so, was value for money considered in making these amendments?*
 - *Has management of the activity been responsive to changing needs? If not, why not?*
 - *Has the activity suffered from delays in implementation? If so, why and what was done about it?*
 - *Has the activity had sufficient and appropriate staffing resources? If not, what are the key constraints?*
- *Do management arrangements provide for adequate information sharing and synergy between individual projects and components? How is this knowledge stored and accessed – publicly and across stakeholders?*
- *Was a risk management approach applied to management of the activity (including anti-corruption)?*
- *What are the risks to achievement of objectives? Have the risks been managed appropriately?*
- *Are the governance arrangements appropriate? What changes (if any) are needed to improve program governance?*

Impact (if feasible)

- *Is it possible to assess whether program supported activities have produced intended or unintended changes in the lives of beneficiaries and their environment, directly or indirectly?*
 - *If so, provide examples.*
 - *If not, does the program logic continue to provide a plausible link between program activities and potential development outcomes?*

- *Is it possible to provide examples of positive or negative impacts from external factors?*

Sustainability

- *Do beneficiaries and/or partner country stakeholders have sufficient ownership, capacity and resources to maintain the activity outcomes after Australian Government funding has ceased?*
- *Are there concrete examples of where program supported activities have resulted in beyond program uptake and/or replication of activities and/or findings?*
- *How durable are program outcomes with respect to capacity building?*
- *Are there any actions that can be taken now that will increase the likelihood that the activity will be sustainable? Are there any areas of the activity that are clearly not sustainable? What actions should be taken to address this?*

Gender equality

- *Is the activity promoting equal participation and benefits for women and men?*
 - *Is the activity promoting and targeting more equal access by women and men to the benefits of the activity, and more broadly to resources, services and skills?*
 - *Is the activity promoting equality of decision-making between women and men?*
 - *Is the initiative helping to promote women's rights?*
 - *Is the initiative helping to develop capacity (donors, partner government, civil society, etc.) to understand and promote gender equality?*

Monitoring and evaluation

- *Does evidence exist to show that objectives are on track to being achieved?*
- *Is the monitoring and evaluation system collecting the right information to allow judgment to be made about meeting objectives and sustainability at the next evaluation point?*
- *Is data gender-disaggregated to measure the outcomes of the activity on men and women?*
- *Is the monitoring and evaluation system collecting useful information on cross-cutting issues?*

Analysis and learning

- *How well was the design based on previous learning and analysis?*
- *How well has learning from implementation and previous reviews (self-assessment and independent) been integrated into the activity?*
- *What project case studies could be developed to best illustrate potential benefits of the program? How can these case studies be used by stakeholders to further promote program objectives?*

Lessons

- *What lessons from the activity, (e.g. working in partner systems), can be applied to an extension or further phase of the program (if applicable), or to designing future activities.*

Looking forward

- *Is there need for an extension of the current program completion date? Why and what are the priority outcomes to be achieved during any extension?*
- *What level of support exists for continuing program beyond the current timetable?*
 - *If so, what are the key priorities for the future?*

- *Would support for these priorities contribute to a sustainable institutional building agenda?*
 - *What changes would be required to organisational, governance, priority setting and/or implementation arrangements? Are there design efficiencies which can be applied to enhance opportunities for the future?*
- *Are there case studies that could be prepared that would help demonstrate the potential value for money from extending program support? Provide concrete examples.*

Annex B. Economic Cooperation Work Program component objectives

Component 1 Objective – rules of origin and other aspects of implementation of tariff commitments: To facilitate effective utilisation of the AANZFTA commitments through efficient and transparent administration of rules of origin requirements and other aspects of implementation of tariff commitments.

Component 2 Objective – sanitary and phytosanitary measures: To support implementation of the AANZFTA chapter on sanitary and phytosanitary measures by helping to build the capacity of agencies responsible for implementation of sanitary and phytosanitary policies and procedures, build business awareness of the application of sanitary and phytosanitary measures consistent with the principles in the sanitary and phytosanitary chapter, and support strengthened cooperation between authorities responsible for dealing with the matters covered by that chapter.

Component 3 Objective – standards, technical regulations and conformity assessment procedures: To support joint efforts in the fields of standards, technical regulations and conformity assessment procedures, assist in promoting mutual understanding of each party's measures, and strengthen information exchange and cooperation among the parties.

Component 4 Objective – services: To facilitate increased cross-border flows of services among the parties, by assisting them to adapt regulations affecting services trade and to build on the reductions in barriers to trade in services embodied in the AANZFTA.

Component 5 Objective – investment: To facilitate the flow of investment across the parties by deepening and broadening linkages and assisting parties to address impediments to expanding investment in response to the opportunities created by the AANZFTA.

Component 6 Objective – intellectual property: To provide comprehensive support for the development of sound and balanced intellectual property systems in the AANZFTA region.

Component 7 Objective – sectoral integration: To provide for technical assistance and training that helps the parties to address residual impediments to integration by working on the problems faced by particular sectors.

Component 8 Objective – customs: To support customs cooperation activities related to implementation of AANZFTA.

Component 9 Objective – competition policy: Support the implementation of the AANZFTA chapter on competition by helping to support the development of competition policies, laws and institutions in the parties, and encourage the exchange of related information.

Annex C. Initial indicative list of proposed meetings

<i>Location</i>	<i>People</i>
<i>Canberra, Australia</i>	<i>Relevant AusAID staff at different levels, including: Director, East Asia; Manager, ASEAN program; and relevant program officers</i>
	<i>Relevant Department of Foreign Affairs and Trade and other Australian Government department staff responsible for AANZFTA matters, including the Australian free trade agreement co-chair; Department of Agriculture, Fisheries and Forestry; Treasury; IP Australia; Australian Competition and Consumer Commission</i>
	<i>Canberra based contractors, consultants or researchers familiar with program and AANZFTA implementation</i>
	<i>Telephone meetings with New Zealand officials, including New Zealand free trade agreement co-chair</i>
<i>Jakarta, Indonesia</i>	<i>Research, business and labour representatives with interest in AANZFTA</i>
	<i>ASEAN Secretariat, relevant senior staff responsible for AANZFTA negotiations and implementation</i>
	<i>ASEAN Secretariat officers exposed to program supported projects</i>
	<i>ASEAN Secretariat staff responsible for development cooperation programs</i>
	<i>Members of the AANZFTA Support Unit, including all component program officers, monitoring and evaluation officer, etc.</i>
	<i>Committee of Permanent Representatives members (Singapore, Philippines (latter Australia's current country coordinator))</i>
	<i>Program consultants and contractors</i>
	<i>Members of the Free Trade Agreement Joint Committee (mostly by email or phone)</i>
	<i>Representatives of Indonesian, ASEAN, Australian and New Zealand business associations</i>
	<i>Edimon Ginting, Asian Development Bank Deputy Country Director</i>
	<i>AusAID, Jakarta staff</i>
	<i>Researchers familiar with program and/or AANZFTA implementation i.e. ERIA.</i>
	<i>New Zealand embassy staff</i>
	<i>Other development partners working with ASEAN (e.g. European Union, Japan, New Zealand Canada and the USA)</i>
	<i>ASEAN Australia Development Cooperation Program: Phase II leadership</i>