

ASEAN Australia Development Cooperation Program (AADCP)

Phase II 2008-2015

Australian support to implementing the ASEAN
Economic Community Blueprint

Program Design Framework

Report of the joint Government of Australia/ASEC Design Mission
24 January 2008

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Abbreviations

AADCP	ASEAN-Australia Development Cooperation Program
AAECP	ASEAN-Australia Economic Cooperation Program
ADB	Asian Development Bank
AEC	ASEAN Economic Community
APEC	Asia Pacific Economic Cooperation
ASEC	ASEAN Secretariat
ASEAN	Association of South East Asian Nations
BEIF	Bureau of Economic Integration and Finance
BERC	Bureau of External Relations and Coordination
BIMP-EAGA	Brunei Indonesia Malaysia Philippines – East Asia Growth Area
CLMV	Cambodia Laos Myanmar Vietnam
EAS	East Asia Summit
EU	European Union
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
GDP	Gross Domestic Product
GoA	Government of Australia
IAI	Initiative for ASEAN Integration
IMF	International Monetary Fund
JPRC	Joint Planning and Review Committee
LT	Long-Term
M&E	Monitoring and Evaluation
MST	Management Support Team
NDG	Narrowing the Development Gap
PDD	Program/Project Design Document
PoA	Plan of Action
PPP	Purchasing Power Parity
PS	Program Stream (of AADCP)
REPSF	Regional Economic Policy Support Facility (of AADCP)
RPS	Regional Partnership Scheme (of AADCP)
SEOM	Senior Economic Officials Meeting
ST	Short-Term
TOR	Terms of Reference
VAP	Vientiane Action Programme
WofG	Whole of (Australian) Government
WTO	World Trade Organisation

ASEAN map and selected statistics



10 Member Countries: <ul style="list-style-type: none"> • Brunei Darussalam • Cambodia • Indonesia • Lao PDR • Malaysia • Myanmar • Philippines • Singapore • Thailand • Vietnam 	+ 3 China Japan Korea	+ 6 China Japan Korea India Australia New Zealand
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Selected basic ASEAN indicators

as of 12 June 2007

Country	Total land area	Total population ^{2/}	Population density ^{2/}	Annual population growth ^{2/}	Gross domestic product ^{3/} at current prices	Gross domestic product per capita at current prices		Merchandise trade ^{5/}			Foreign direct investments inflow ^{6/}
	thousand km ²	thousand	persons per km ²	percent	US\$ million	US\$	US\$ PPP ^{4/}	Exports	Imports	Total trade	US\$ million
	2006	2006	2006	2006	2006	2006	2006	2006	2006	2006	2005
Brunei Darussalam	5,765	383	66	3.5	11,845.7	30,928.8	25,940.1	5,768.7	1,028.7	6,797.4	288.5
Cambodia	181,035	13,996	77	2.5	6,105.2	436.2	2,406.4	2,602.4	2,147.0	4,749.4	381.2
Indonesia	1,890,754	222,051	117	1.3	364,258.8	1,640.4	4,930.1	103,964.0	78,392.7	182,356.8	6,107.3
Lao PDR	236,800	6,135	26	2.5	3,527.4	574.9	2,280.4	254.7	423.6	678.3	27.7
Malaysia	330,257	26,686	81	2.1	156,924.2	5,880.4	12,568.5	161,248.7	131,720.1	292,968.8	3,964.8
Myanmar ^{1/}	676,577	57,289	85	2.3	11,951.0	208.6	1,589.1	3,514.8	2,115.5	5,630.2	71.8
The Philippines	300,001	86,910	290	2.0	117,457.1	1,351.5	5,116.4	47,037.0	51,523.0	98,560.0	1,132.5
Singapore	699	4,484	6,433	3.3	132,273.4	29,499.6	29,065.6	271,601.0	238,503.0	510,104.0	20,080.5
Thailand	513,254	65,233	127	0.7	206,645.1	3,167.8	9,492.4	129,948.5	126,848.5	256,797.0	4,007.8
Viet Nam	330,363	84,222	255	1.3	60,965.2	723.9	3,600.1	39,605.0	44,410.0	84,015.0	2,020.8
ASEAN	4,465,505	567,390	127	1.5	1,071,953.2	1,889.3	5,421.7	765,544.8	677,112.1	1,442,656.9	38,082.9

Sources: ASEAN Finance and Macro-economic Surveillance Unit Database and ASEAN Statistical Yearbook 2006 (compiled/computed from data submission and/or websites of ASEAN Member Countries' national statistical offices, central banks, and other relevant government agencies)
IMF World Economic Outlook Database as of September 2006
Trade data for Brunei Darussalam, Cambodia, Lao PDR and Myanmar are from country submission thru National ASEAN Free Trade Area (NAFTA) Unit; for Indonesia from Bank Indonesia (www.bi.go.id); for Malaysia from the Malaysia Trade Development Corporation (www.matrade.gov.my/foreignbuyer/Msiatradestats.htm); for the Philippines from the National Statistics Office (www.census.gov.ph); for Singapore from the Department of Statistics (www.singstat.gov.sg); for Thailand from the Bank of Thailand (www.bot.or.th); and for Viet Nam from the General Statistical Office (www.gso.gov.vn).

Symbols used

- not available as of publication time
x not available/not compiled

Notes

- 1/ Myanmar GDP is based on fiscal year from April to March of the following year, and computed using derived foreign exchange rate based on IMF WEO data
2/ Refers to/based on mid-year total population as published in the ASEAN Statistical Yearbook 2006
3/ GDP figures for Cambodia, Lao PDR, & Myanmar are derived using growth estimates from the IMF WEO database September 2006; Brunei data is estimated using foreign exchange rate for Q1-Q3 only.
4/ Recomputed based on IMF WEO estimates and actual country data
5/ All figures are preliminary as of 12 April 2007; figures for Brunei Darussalam, Cambodia and Lao PDR are Q1-Q3 data only.
6/ Refers to net inflow of foreign direct investments as measured in the balance of payments; also includes reinvested earnings

Executive summary

Topic	Summary Description
1. Background and preparation steps	<p>Australia's relationship with ASEAN dates back to 1974 when Australia became ASEAN's first Dialogue Partner.</p> <p>Over the past 5 years, Australia has supported ASEAN through the ASEAN Australia Development Cooperation Program (AADCP). This is a \$45m six year program (2002-2008), which aims 'to promote sustainable development within ASEAN by assisting ASEAN to tackle priority regional development challenges through regional cooperation'.</p> <p>AADCP will finish in June 2008 and a new program of Australian assistance is therefore being designed with the aim of ensuring a smooth transition to a new phase of support by mid 2008.</p> <p>The process of preparing the new phase of support has so far involved:</p> <ol style="list-style-type: none"> Preparation of a Concept Note by AusAID for consideration and endorsement by ASEAN members states and other GoA agencies. The Concept Note proposed a clear focus for the next phase of support on ASEAN economic integration; Mobilisation of a design team,¹ preparatory work and consultations in Australia, and the conduct of a program of 'in-country' consultations with ASEAN member states and the ASEAN Secretariat; Preparation of an Aide Memoire documenting the design team's preliminary findings at the conclusion of in-country consultations; Preparation of a draft Program Design Document and submission to AusAID; Independent Appraisal (contracted by AusAID) and preparation of draft Quality at Entry reports by AusAID's Quality and Design advisers; Conduct of a 'Quality at Entry' Peer Review on 22/10/07; Revision of the Program Design Document based on Peer Review meeting and Independent Appraisal comments; Stakeholder workshop in Jakarta on 30/11/07; and Final editing and production of final Program Design Document. <p>Anticipated next steps in the program mobilisation process are summarised further below.</p>
2. Situation Analysis	<p>Key aspects of the current situation that have been considered in the design process include:</p> <ul style="list-style-type: none"> The generally high-regard in which AADCP is held by ASEAN member countries and ASEC staff. Nevertheless, AADCP is recognised as, using 'parallel project management systems, and being largely focused on providing Australian-sourced technical expertise; The development of the new ASEAN Charter, which gives the ASEAN Secretariat (ASEC) an enhanced role in driving forward the implementation of the Vientiane Action Programme and establishes ASEAN as a legal 'rules-based' entity;

¹ The core design team comprised: Dr. Peter van Dierman (Team Leader and AusAID Economic Adviser), Ms. Kerrie Anderson (AusAID, Program Manager), Mr. Rony Soerakoesoemah (ASEAN Secretariat), Mr. Jonathan Hampshire (consultant Design Specialist), and Mr. John Martin (consultant Monitoring & Evaluation Specialist). The team conducted in-country consultations during August 2007. This included visits to Indonesia, Vietnam, Thailand, Philippines and Singapore. In October 2007, the Team Leader held in-country consultations with Laos PDR.

Topic	Summary Description
	<ul style="list-style-type: none"> • The development of an ASEAN Economic Community Blueprint and Strategic Schedule, which provides a clear focus of work for economic integration, including implementation targets; • ASEC's ongoing implementation of ISO 9001 Quality Standards, specifically with respect its project management systems. Overall, ASEC is considered to have robust financial management, accounting and auditing systems. Nevertheless, there is a recognised need for further institutional capacity development within ASEC, particularly in the areas of Corporate Planning, Project Management, Human Resource Management and Monitoring & Evaluation; • ASEC staff are becoming severely stretched with an increasing workload, too many meetings to service, and a limited operational budget from member contributions; • The Government of Australia (GoA) has a range of other regional development assistance programs, as well as significant bi-lateral aid programs with most ASEAN member states. AADCP II must complement these other investments; • The Joint Declaration on the ASEAN-Australia Comprehensive Partnership, signed in August 2007 and the underlying Plan of Action, adopted in November 2007 provide a framework for the future engagement between ASEAN and Australia, covering political and security, economic socio-cultural and development cooperation; and • There are a number of other dialogue partners/donors working with ASEAN on issues of economic integration. For example, the European Commission, USAID, Japan and the Asian Development Bank are working with ASEC on AEC implementation issues. This relatively 'crowded field' means that donor-coordination is increasingly important with respect to promoting aid effectiveness.
3. Strategy selection	<p>The following list identifies key elements of the proposed strategy for AADCP II:</p> <ol style="list-style-type: none"> a) The overall objective of AADCP II is best served by having a tight focus, which has been identified as supporting ASEAN to implement its economic integration policies and priorities, in line with the ASEAN Economic Community (AEC) Blueprint. Within this objective, the social and environmental impacts of integration will be addressed; b) AADCP II will nevertheless have a broader role in supporting the development of ASEC's overall institutional capacity to fulfil its mandate (Component 1). Within Components 2(a) and 2(b), AADCP II will support both capacity development and capacity provision, with the required balance being determined by need and profiled in the framing of annual capacity development strategies (as part of the annual planning process). c) A priority for the new program should be to support poverty alleviation and narrowing the development gap between ASEAN member countries. This will be achieved by integrating the 'Initiative for ASEAN Integration' (IAI) workplan priorities and gender equality principles into the design of all initiatives supported through AADCP II; d) In line with aid effectiveness principles (Paris Declaration, 2005), assistance should be 'owned' by member countries and the mechanisms for using the assistance need to be 'aligned' with established/emerging regional institutional and management structures and systems, rather than building 'parallel' systems. This will require increasingly using ASEC systems for managing, monitoring and accounting for the use of dialogue partner funds; e) Based on experience from the current program, the successor program, while maintaining a clear and well defined focus, will need to be flexible and responsive to changing needs and emerging issues. To this end, 'projects'

Topic	Summary Description
	<p>will be identified on an ongoing basis, and funded through a project's Trust Fund. Nevertheless, it is anticipated that the bulk of resources committed for AEC implementation support (component 2b) and for ASEC institutional capacity building (component 1) will be for medium to larger scale 'multi-year' programs;</p> <p>f) Regional agreements need to be linked to national level implementation. AADCP II should do this primarily through:</p> <ul style="list-style-type: none"> • the National Secretariats and Working Groups and by supporting and following up on the implementation of their operational work-programs; • supporting ASEC in building the capacity of their compliance monitoring and reporting function; and • strengthening the link (namely communication and coordination) between AADCP II and relevant GoA bi-lateral programs in the region. <p>g) An essential part of achieving the AEC Blueprint should be effective engagement of the private sector. AADCP II in partnership with ASEC should do this through:</p> <ul style="list-style-type: none"> • engaging private sector expertise to help inform the development of economic policy and AEC implementation support project plans; • seeking to include private sector and industry representatives in relevant meetings and workshops; and • ensuring relevant information is made widely available to the private sector and industry bodies through appropriate media. <p>h) The Australian Government's engagement with ASEC through the current AADCP program has been highly valued by ASEC and ASEAN member countries. This engagement should be enhanced by the location of AusAID's AADCP II Program Director at ASEC. AADCP II will emphasise a "partnership approach" based on mutual interest and areas of expertise. This will include, where mutual interests exist and through an agreed mechanism, the provision of policy advice by Australian government agencies;</p> <p>i) There is a clear need for ASEC to take a leadership role in coordinating dialogue partner/donor activities. There are now a large number of donors assisting ASEC. Significant efficiency gains can be made by better coordinating donors and encouraging them to work through ASEC systems;</p> <p>j) The high cost of managing a large program can be addressed by ASEC recruiting and managing all required long and short-term staff and by making greater use of ASEAN/ASEC led project appraisal, approval and management systems;</p> <p>k) Transition arrangements will need to be considered so as to continue the momentum from the current AADCP program to Phase II. Such transition arrangements should include:</p> <ul style="list-style-type: none"> • inclusion of the broad scope of the Enabling ASEAN project in AADCP II design (ASEC capacity building); and • early identification by ASEC of some initial priorities to be funded under the Economic Policy Advice and AEC Implementation components. <p>l) The M&E system for AADCP II should be an integral part of ASEC and should use ASEC systems, or where they do not exist, help to build the capacity of ASEC to monitor and report; and</p> <p>m) All ASEAN member countries can participate in AADCP II supported activities. However, non-ODA eligible countries cannot be directly financially supported by Australia's ODA. Nevertheless, technical</p>

Topic	Summary Description
4. Description of Design Framework	expertise/consultancy inputs can be sourced, and paid for, from any country.
	<p>Duration and phasing</p> <p>It is proposed that AADCP II will run from mid 2008 through to mid 2015 (7 years duration), and thus be aligned with the strategic timeline for implementation of the AEC Blueprint. The program will consist of 3 main stages:</p> <ul style="list-style-type: none"> • Stage 1: Inception, transition and initial program planning (6 months); • Stage 2: Implementation, independent review of performance and re-design as required (3 years); and • Stage 3: Implementation, review of performance and consideration of future programming implications (3 years and 6 months). <p>Objectives and structure</p> <p>Figure (i) (on page xiii) summarises the proposed program objectives, structure and overall scope of AADCP II. The 3 main ‘component’ objectives are:</p> <ul style="list-style-type: none"> • To strengthen ASEC’s institutional capacity to effectively implement its mandate; • To provide timely and high quality economic research and policy advice on priority regional economic integration issues; and • To support regional mechanisms/capacity for implementation of selected high priority AEC Blueprint activities. <p>Figure (ii) (on page xiv) outlines the proposed priority setting, project preparation and approval processes for each component.</p> <p>Indicative resources and costs</p> <p>The total cost of GoA inputs to the program is estimated at A\$57 million over 7 years, or about A\$8.15m per year. Of this total, it is estimated that around A\$17 million will be required to cover the costs of long-term personnel, management support staff and all other management and administrative costs, including design and monitoring and evaluation support. This amount of A\$17m <u>does not</u> represent a management ‘overhead’ cost, as it includes the cost of key personnel directly involved in implementing AADCP funded initiatives.</p> <p>AADCP II funded personnel (recruited and managed by ASEC) will include:</p> <ul style="list-style-type: none"> • Program Coordinator, Program Support Officer and Administrative Officer (Planning and Monitoring Support Unit) • Capacity Building Specialist • Economist – Research & Policy Specialist • Economist – Program Management Specialist • Senior Technical Officers for programming, project design, management and technical support (x 3) • Trust fund, administrative and contract management support officers (x3) <p>In addition, AusAID will directly recruit an AusAID Program Director, a Program Officer and Administrative Officer to work with ASEC counterparts and to ensure that AusAID/GoA specific program coordination, management and reporting requirements are met.</p> <p>AADCP II will cover associated costs for these personnel, including office equipment, materials and supplies, and travel costs.</p> <p>A\$40m will therefore be available for specific activities/projects, broken down roughly as follows:</p> <ul style="list-style-type: none"> • ASEC Institutional Capacity Building A\$8m

Topic	Summary Description
	<ul style="list-style-type: none"> • Economic Policy advice A\$10m • AEC implementation support A\$22m <p>ASEC and ASEAN member contributions to program implementation will cover:</p> <ul style="list-style-type: none"> • The costs of non-ODA eligible member country participation in AADCP II supported activities/projects; • Provision of office space and furniture for all additional AADCP II financed long-term TA/staff who are based in ASEC, • The time of ASEC staff members and ASEAN member officials who are involved in implementing AADCP II supported activities/projects; and • ASEAN member countries own budget allocations to implementing the AEC Blueprint at national level.
5. Management, financing and monitoring arrangements	<p>Figure (iii) summarises proposed management, staffing and financing arrangements for AADCP II.</p> <p>Use of ASEC systems</p> <p>The most significant overall feature of the proposed approach to program management is that it will use and support ASEC/ASEAN-led systems for:</p> <ul style="list-style-type: none"> • Identifying priorities for AADCP funding; • Coordinating with other development partner/donor programs; • Recruiting and managing jointly with AusAID's Program Director the required long-term technical specialists and administrative support staff; • Sub-contracting and managing short-term technical specialists; • Implementing project activities; • Managing and accounting for Trust Fund monies; and • Monitoring and evaluating program performance. <p>Program coordination and oversight</p> <p>The primary decision making and coordination body regarding the use of AADCP II resources will be the Joint Planning and Review Committee (JPRC). This Committee will be co-chaired by AusAID and Australia's ASEAN Country Coordinator (currently Thailand).² Other members of the Committee will include ASEC and a representative from the Senior Economic Officials Meeting (SEOM). Other key development partners will be invited to participate in meetings as appropriate. It is anticipated that the JPRC will meet twice a year, to: (i) review and approve AADCP II Annual Plans and budgets; and (ii) conduct a mid-year review of progress in implementing each Annual Plan. The meeting to review and approve each annual plan should ideally be run back to back with the annual review of the ASEAN-Australia Comprehensive Partnership's Plan of Action. The primary responsibilities of the JPRC will be to:</p> <ul style="list-style-type: none"> • Ensure both ASEAN and GoA policy priorities are reflected in the strategic direction of AADCP II supported activities; • Review and endorse the strategic direction of each AADCP II Annual Plan and budget; • Review the progress made in implementing each Annual Plan and, as appropriate, help resolve implementation problems and re-direct the attention of the management support team; • Assess AADCP II effectiveness in contributing to AEC Blueprint

² The incoming Country Coordinator will be invited to attend the JPRC meetings in the year prior to 'handover' to help ensure a smooth transition

Topic	Summary Description
	<p>implementation; and</p> <ul style="list-style-type: none"> Promote and support effective coordination with other dialogue partners. <p>ASEC's primary focal point for AADCP II will be the Principal Director of the Bureau of External Relations and Coordination (BERC) and his counterpart will be AusAID's Program Director.</p> <p>Program management and implementation</p> <p>A Program Management Team (PMT) comprising the Principal Director of the Bureau of Economic Integration and Finance (BEIF), the Institutional Affairs Focal Point, the Principal Director of BERC and the AusAID Program Director will be established. The team will meet regularly (as needed) – both formally and informally. The Director for the Bureau of Resources Development (BRD) will be invited to participate in discussions in relation to social impact issues. The PMT will have operational responsibilities for:</p> <ul style="list-style-type: none"> The programming of AADCP II resources, including identification of priorities; Coordination with other donor funded initiatives to avoid overlap and enhance complementarity; The design and appraisal of project proposals for AADCP II funding; Mobilisation of the required resources for program/project implementation, including ensuring that tendering/contracting procedures are efficiently and effectively managed; Ongoing monitoring of program/project implementation, including quality assurance of program/project activities and outputs; Preparation of AADCP II six-monthly progress reports and annual plans for submission to the JPRC;; Implementation of ASEC institutional capacity building strategies; and Promoting effective teamwork, problem solving and results-focused working approaches. <p>Day to day management responsibility for implementing AADCP II funded programs/project will be with the Principal Director of BEIF (Components 2a and b) and the Focal Point for Institutional Affairs (Component 1).</p> <p>AusAID's Program Director and the Principal Director of BERC will be primarily responsible for:</p> <ul style="list-style-type: none"> Preparing consolidated AADCP II Annual Plans and budgets, and six-monthly performance reports; Authorising the commitment of expenditures from the relevant Trust Funds (for programs/projects and staffing/management support) in line with the scope of approved projects and work plans; Monitoring the overall progress of AADCP II implementation and the achievement of results; Promoting donor coordination; Providing secretariat support to the JPRC; Maintaining a central database of all AADCP II funded initiatives; and Producing appropriate informational materials on AADCP II and promoting the program's visibility. <p>They will be supported in these tasks by the Program Planning and Monitoring Support Unit.</p> <p>The AusAID Program Director will also have responsibility for ensuring that AusAID specific financial and aid effectiveness reporting requirements are met,</p>

Topic	Summary Description
	<p>and that GoA funds are released into the ASEC trust funds in a timely manner once the required approvals and accounting/acquittal requirements have been met.</p> <p>Trust Funds</p> <p>Two trust funds, managed by ASEC, will be used to finance AADCP II initiatives. AusAID and ASEC will be joint signatories to the funds. In line with ASEC practice, the trusts funds will be regularly audited and information shared with AusAID. Further, in line with the emphasis on donor coordination it is expected that options for a common pool donor fund could be considered and gradually implemented.</p> <p>Program Monitoring & Evaluation</p> <p>Monitoring and Evaluation will be jointly undertaken by ASEC and AusAID. The proposed approach to monitoring and evaluation will entail:</p> <ul style="list-style-type: none"> • Primarily working with and through ASEAN/ASEC monitoring and review systems, providing capacity building support where required; • Supporting the collection and use of information at 3 main levels, namely: (i) Macro economic indicators of economic integration; (ii) Meso-level indicators of progress in implementing the AEC Blueprint; and (iii) Micro-level indicators of AADCP II funded program/project implementation, including delivery of outputs and use of resources; • Conducting periodic ‘contribution analysis’ activities, in order to assess the ongoing relevance, efficiency and effectiveness of AADCP II support; and • Coordinating and harmonise with the M&E activities of other key dialogue partners.
6. Risks	<p>The ‘success’ of AADCP II will be inextricably linked to the perceived success of ASEAN/ASEC in progressing its ASEAN Economic Community agenda.</p> <p>All such ambitious endeavours carry risks. The broad strategic risks to AEC implementation are likely to include:</p> <p>Strategic risks</p> <ul style="list-style-type: none"> • <i>Political instability and/or in-security in the wider region.</i> This would divert the attention (and resources) of ASEAN member country governments away from the AEC agenda and 2015 targets. • <i>Resurgent nationalism in the region.</i> This would again divert the attention (and resources) of ASEAN member countries away from the AEC agenda and likely lead to more isolationist and protectionist economic policies. • <i>ASEC is not given a clear enough mandate, authority or adequate resources to ‘drive’ the integration process forward.</i> The effective implementation of the AEC agenda will require that strong and well-resourced regional institutional structures be put in place. At present ASEC (the main ASEAN institution) has very limited core resources from member country contributions, is highly dependent on dialogue partner ‘aid’ for program/project implementation, and has yet to take on a lead role in driving forward the implementation of the AEC Blueprint. The risk is therefore that the rhetoric of ASEAN leaders is not matched by adequate resources or institutional mechanisms to implement their vision. <p>The only real risk management strategy for dealing with such ‘strategic’ risks is being prepared to scale down, stop or re-direct AADCP II funding if AEC implementation becomes un-feasible.</p> <p>There are also some more operational risks to the effective use of AADCP II resources, including:</p> <p>Operational risks</p>

Topic	Summary Description
	<ul style="list-style-type: none"> • <i>ASEC program/project management systems prove inadequate to the task.</i> The implementation of the AEC Blueprint will require that ASEC further develop, and continuously improve, its systems for supporting and monitoring national level <u>implementation</u> of ASEAN Agreements. This will require ongoing institutional reform and innovation, driven forward by dynamic leadership. There remains a risk that ASEC will remain in ‘Secretariat mode’, focused more on servicing meetings than initiating and resourcing practical implementation support interventions. This risk can nevertheless be managed, to some extent, through the institutional capacity building support that will be provided through AADCP II. ASEC’s initiative to implement an ISO 9001 accredited quality management system (with EC support) is also a positive step in mitigating this risk. • <i>ASEAN/ASEC do not identify and formulate an adequate ‘supply’ of projects for AADCP funding.</i> This risk has been identified through the experience of other ‘Facility’ type programs. However, this risk will be mitigated by: (i) recruiting additional long-term personnel who have a specific responsibility for supporting the identification and design of ‘projects’ for AADCP II funding; (ii) taking a more programmatic approach through the design and implementation of larger multi-year projects (rather than many small-scale/ad-hoc activities; and (iii) including resources in the AADCP II budget specifically for project design specialist Technical Assistance. • <i>Additional staffing resources provided through AADCP II are not of high quality and/or are not effectively managed.</i> The effective allocation and management of AADCP II Trust Fund monies (for component specific programs/projects) will depend significantly on the quality of the additional staff recruited, and the way in which they are then managed on an ongoing basis. Rigorous and transparent recruitment processes are the primary risk management strategy, plus ongoing personnel performance assessment. • <i>External support from dialogue partners is not effectively coordinated.</i> Donor coordination mechanisms remain relatively weak within ASEAN/ASEC, and this results in a risk that AADCP II resources duplicate activities already undertaken, or that are being undertaken, by other dialogue partners/donors. This risk is to some extent mitigated by channelling all AADCP II resources through ASEAN/ASEC project appraisal, approval and management systems, and by the fact that the AusAID Program Director will have specific responsibilities for supporting ASEC in its donor coordination functions. <p>It will therefore be important that such risks are explicitly analysed and accounted for as part of the ongoing process of AADCP II Annual Plan preparation, implementation and regular review.</p>
7. Next steps	<p>Indicative next steps in the approval and mobilisation process are anticipated to be as follows:</p> <ol style="list-style-type: none"> a) Endorsement of the final Program Design Document by GoA and ASEAN members (February 2008); b) Drafting of a Financing Agreement between GoA and ASEAN/ASEC, and preliminary discussions/negotiations (end of February/ March 2008); c) Finalisation and approval of the ‘Financing Agreement’ between GoA and ASEAN/ASEC (April 2008); d) Release of preliminary tranche of GoA funding for initiating personnel recruitment (May 2008); and e) Conduct of series of inception workshops for ASEC staff, ASEAN member countries and other key dialogues partners to help ensure all stakeholders are clear about the program scope, planning and activity design processes,

Topic	Summary Description
	management arrangements and responsibilities. These workshops will also initiate the preparation of the first year's annual plan (August 2008).

Figure (i) – Summary of AADCP II objectives, structure and scope

AADCP II (2008-2015)

Objectives, structure and scope

c. A\$8.15m pa = A\$57m

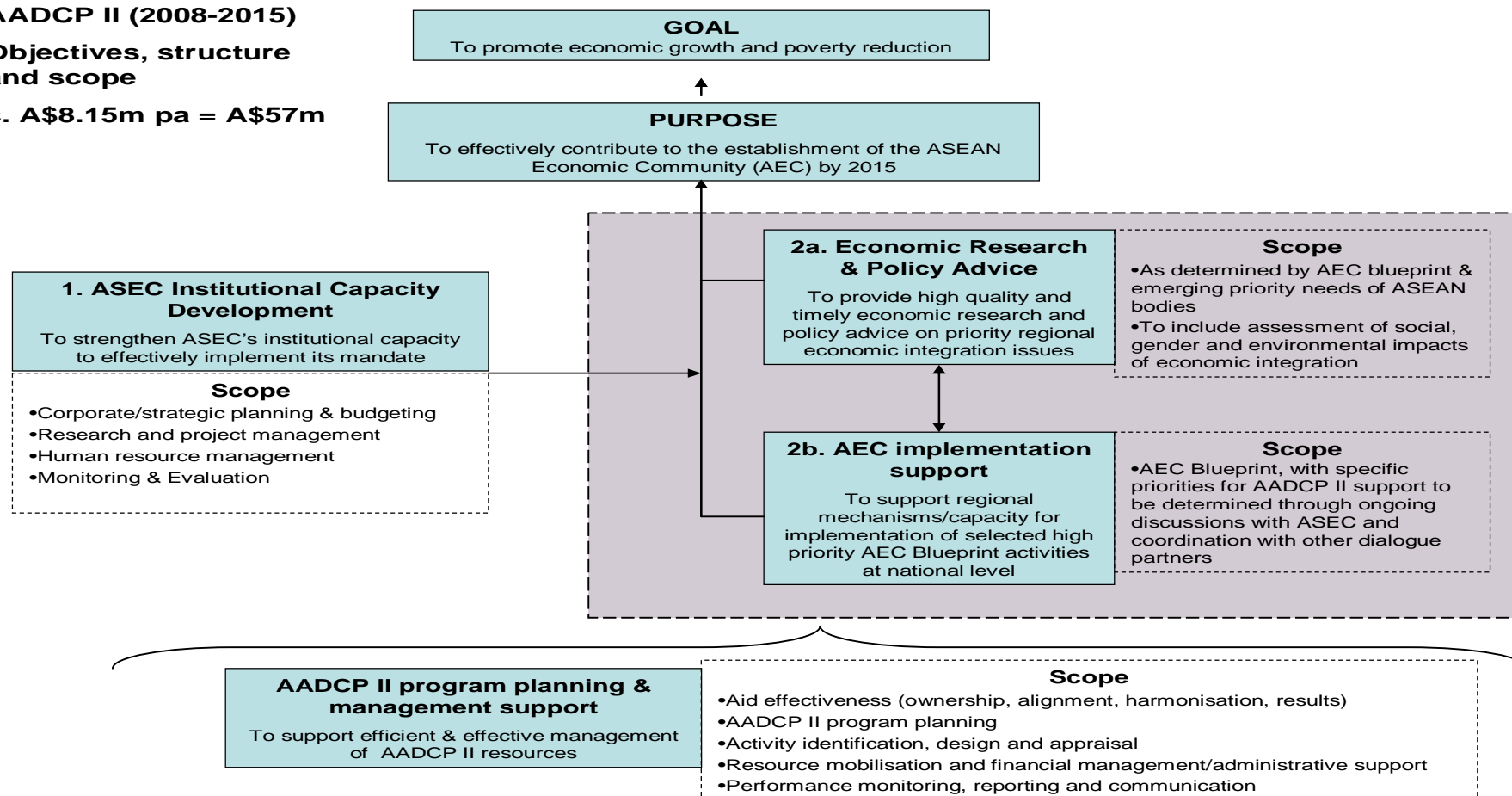


Figure (ii) – Overview of priority setting, project preparation and approval processes

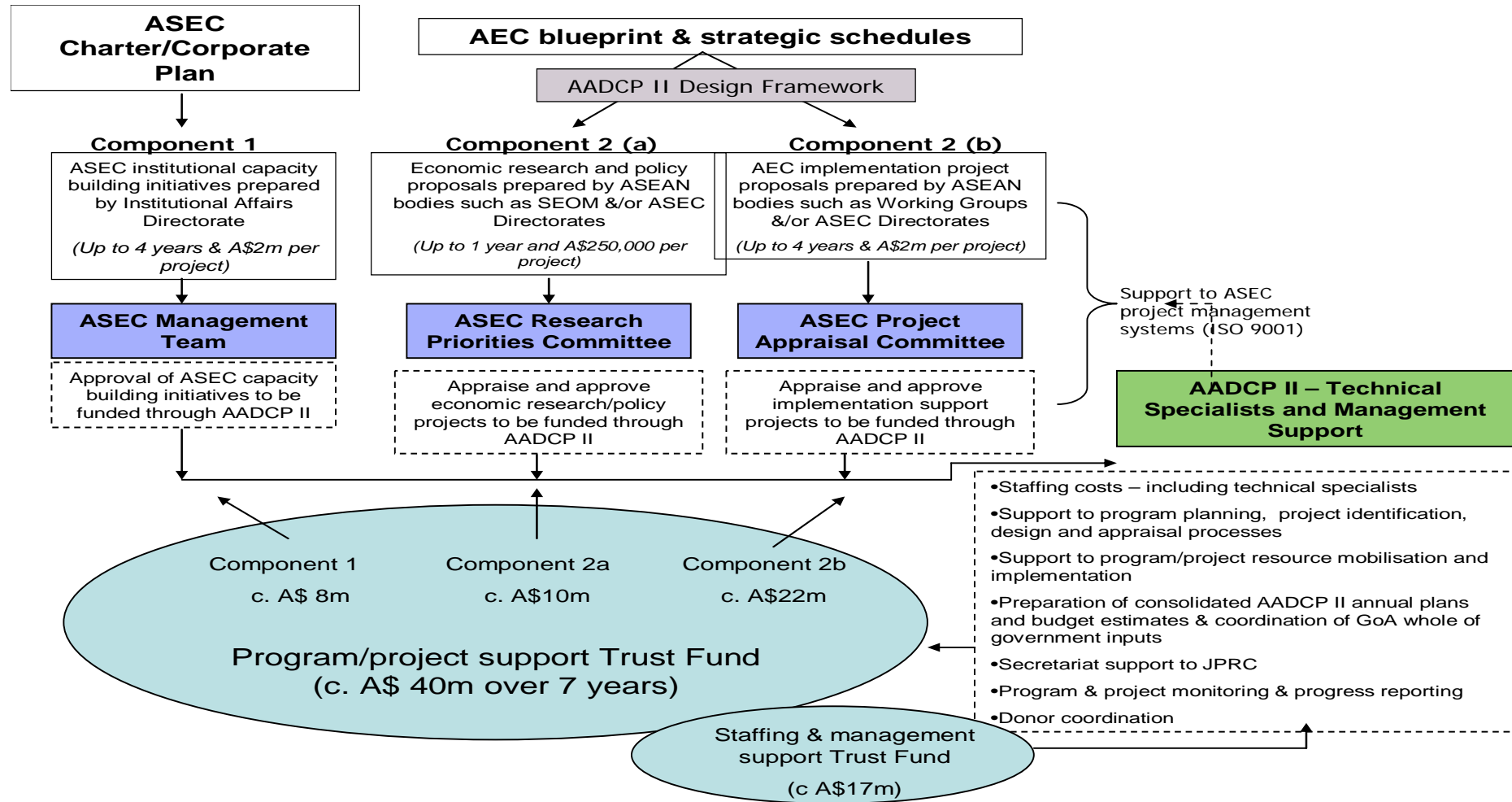
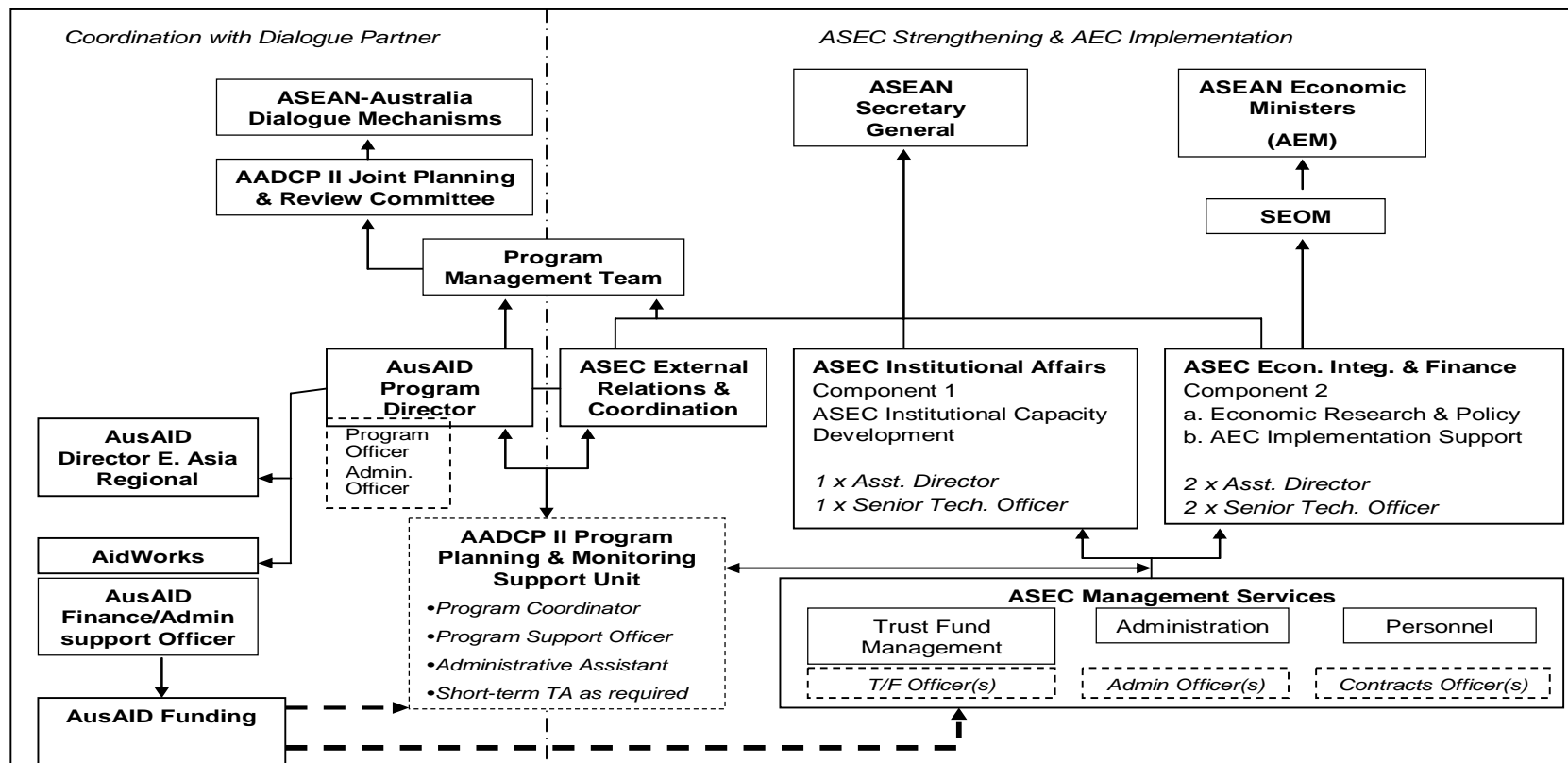


Figure (iii) – Overview of AADCP II management, staffing and financing arrangements



1 Background and preparation steps

Australia's relationship with ASEAN dates back to 1974 when Australia became ASEAN's first Dialogue Partner. The relationship has gone through a series of changes of emphasis over the past 30 years.

In the 1970s Australian support through the ASEAN-Australia Economic Cooperation Program (AAECP) Phase I took the form of technical assistance, primarily in research and development in food-related areas. In the early 1980s economic issues became more prominent as ASEAN sought access to Australian markets for its manufacturing exports.

In AAECP Phase II (1989-1994) the theme of mutual economic benefit was given additional emphasis, with projects involving microelectronics, biotechnology, non-conventional energy research and marine science. AAECP Phase III (1994-2001) fostered enhanced trade and investment links between ASEAN and Australia. It comprised: (i) a 'Projects Stream' focused on long-term technology transfer projects in priority sectors (environment, electricity, telecommunications, and food safety); and (ii) a 'Linkages Stream' as an avenue for private sector participation in ASEAN-Australia activities.

In 2002 a more fundamental shift occurred and the program was renamed ASEAN-Australia Development Cooperation Program (AADCP), recognising Australia's policy commitment to poverty alleviation and ASEAN's commitment to narrowing the development gap amongst its member countries. The AADCP is a \$45m six year program (2002-2008), the goal of which is 'to promote sustainable development within ASEAN by assisting ASEAN to tackle priority regional development challenges through regional cooperation'. The AADCP has three components:

- **Program Stream** – a program of medium-term projects addressing issues of economic integration and competitiveness;
- **Regional Partnerships Scheme** – a flexible scheme for funding collaborative activities between Australian and ASEAN agencies that contribute to regional integration; and
- **Regional Economic Policy Support Facility** – a research facility focusing on high priority ASEAN economic integration issues.

AADCP will finish in June 2008 and new program of Australian assistance is therefore being designed with the aim of ensuring a smooth transition to a new phase of support by mid 2008.

The process of preparing the new phase of support has so far involved:

- a) Preparation of a Concept Note by AusAID for consideration and endorsement by ASEAN member states and other GoA agencies (See Attachment 1). The Concept Note proposes that the specific focus of the successor program to AADCP will be on supporting regional economic integration;
- b) Mobilisation of a design team,³ preparatory work and consultations in Australia, and the conduct of a program of 'in-country' consultations with ASEAN member states and the ASEAN Secretariat (see Attachments 2 and 3);
- c) Preparation of an Aide Memoire documenting the design team's preliminary findings at the conclusion of in-country consultations; and
- d) Preparation of a draft Program Design Framework document, its appraisal, editing, further review through a stakeholder workshop and production of a final document.

Anticipated next steps in the design and approval process are summarised in Section 7.

³ The core design team comprised: Dr. Peter van Diermen (Team Leader and AusAID Economic Adviser), Ms. Kerrie Anderson (AusAID, Program Manager), Mr. Rony Soerakoesoemah (ASEAN Secretariat), Mr. Jonathan Hampshire (consultant Design Specialist), and Mr. John Martin (consultant Monitoring & Evaluation Specialist).

2 Situation Analysis

2.1 Regional development context

Political

The ASEAN group was formed in 1967 with 5 member states, primarily as a block opposed to communist expansion in the region. The current membership of 10 states is politically diverse, and includes liberal democracies, communist regimes, military regimes and a monarchy. The long-term trend is nevertheless towards more stable and inclusive governments.

The group's political diversity is both accentuated and reflected by differences in the capacity of government machinery. It ranges from having some of the most sophisticated government apparatus and capacity to those with weak institutional structures and limited capacity to deliver services.

Within this context, members face an on-going challenge of managing: i) relationships between member states; ii) external relations with other countries and trade blocks outside the ASEAN group; iii) integration of less-developed sub-regions within ASEAN such as the CLMV group of countries (Cambodia, Laos PDR, Myanmar and Vietnam), or areas such as the East ASEAN Region (Southern Philippines and Eastern Indonesia); and (iv) trans-boundary threats posed by such things as disease, environmental damage/pollution, terrorism and international criminal activities.

The challenge for the ASEAN group of countries is how to manage these issues in a framework of: i) national sovereignty and non-interference in each other affairs; ii) a policy of treating all members equally; iii) a consensus approach to decision making; and iv) the limited resources devoted by members to funding the institutional architecture that supports regional integration policies and agreements.

Economic

In 2006, the ASEAN group had a combined GDP of over US\$1,000 billion and an average growth rate of 5.8 per cent GDP.⁴ It also had a total two-way trade in excess of US\$1,400 billion, thus making it one of the largest trading blocks in the global economy. However, intra-regional trade (between ASEAN members) remained relatively stable with most of the growth occurring inter-regionally. The largest four trade partners accounting for approximately half of all ASEAN trade were; US (16.5%), EU (14%), Japan (12%), and China (7.4%). Ten years after the financial crisis which so severely affected many Southeast Asian economies, the region is now more stable and has more robust institutions and regulations, and, unlike in 1997, now has very large foreign currency reserves.

Nevertheless, competitive pressures and an accelerated pace of globalisation will continue to drive the regions economic agenda. The region faces several challenges, including the rise of China and India as emerging market economies and the stalled WTO Doha round which has encouraged the proliferation of Free Trade Agreements (FTAs) as an alternative strategy. A more recent concern, triggered partly by the war in the Middle East and the growth of China, has been the need to secure resources and energy for Southeast Asia's rapid growth.

A challenge for the region continues to be how to build strong robust institutions and regulations to support macroeconomic stability and drive towards greater ASEAN economic and financial integration, while at the same time linking the ASEAN region more with the global economy. The benefit of greater internal regional integration will come from making ASEAN more competitive and attractive to Foreign Direct Investment (FDI), leading to

⁴ From ASEAN Statistics: Selected Key ASEAN Macroeconomic Indicators, 12th June 2007.

further strong economic growth. An ongoing concern for the region is the question of how to address the problem of the 'lagging' regions.

Social and environmental

The ASEAN region has an estimated total population of some 567 million people, and an average population growth rate of 1.5% pa.⁵ A third of the population are children 14 years and below. This, in addition to those in the 60 years and above age group, accounts for a high dependency ratio (about 40% of the population). Economic growth is thus essential to allow government (and communities) to adequately fund basic social services (such as health and education) which such 'dependent' groups rely on heavily for their welfare.

The incidence of poverty varies widely among the ASEAN member states. Table 1 shows available statistics for the % of population estimated to be living on below the poverty line:

Table 1 - % of population below the poverty line⁶

Country	% below US\$ 2 PPP	% below US\$ 1 PPP
Cambodia	78	34
Lao PDR	73	29
Vietnam	64	10
Indonesia	52	7
Philippines	46	14
Thailand	32	1
Malaysia	9	n/a

While the most chronic incidences of poverty are clearly in Cambodia, Laos and Vietnam (and it might be reasonably assumed in Myanmar), the figures indicate that Indonesia, Philippines and Thailand also have significant proportions of their populations living below the poverty line.

While there is a clear link between economic growth and overall poverty reduction, the most vulnerable members of society (namely the poor, many of whom are the young, old and/or women) are usually the least well-equipped to benefit from economic opportunities. The potentially negative social impacts of regional economic integration and growth (such as increasing inequalities between, and within, nations and socio-economic groups) therefore need to be actively managed and addressed through appropriate state and regional policies. Rising inequalities constitute a danger to social and political stability, security and therefore sustained economic growth.⁷

Another measure of relative advantage/disadvantage is the Human Development Index compiled by the UNDP. This includes a gender related development index and a GDP index. Available figures are shown in Table 2 below:

Table 2 – Selected Human Development Index figures⁸

HDI world rank	Country	Gender Devt. Index	GDP Index
25	Singapore	n/a	0.92
33	Brunei	n/a	0.88
61	Malaysia	0.79	0.76
73	Thailand	0.77	0.72
84	Philippines	0.76	0.63
108	Vietnam	0.70	0.54
110	Indonesia	0.69	0.59
129	Myanmar	n/a	0.39
130	Cambodia	0.57	0.51
133	Lao PDR	0.54	0.48

⁵ ASEAN Statistical Year Book, 2006

⁶ From Table XI.3, ASEAN Statistical Yearbook 2006

⁷ 'Key Indicators', report by the ADB, August 2007

⁸ From 'Third Report on the Advancement of Women in ASEAN' of May 2007, Table 1 (primary source 2005 Human Development Report, UNDP)

These figures again highlight the significant differentials within the region, and also the link between greater gender equality, economic growth and poverty reduction. As noted in the GoA's paper on Gender Equality (March 2007) 'Gender equality is essential to reducing poverty and increasing the effectiveness of aid', and needs to be seen as a critical development goal in its own right. In order to support this, access to regular adequate and reliable gender disaggregated information is required to inform the development and implementation of effective poverty reduction policies.

With respect to the environment, there are many environmental concerns which impact across national boundaries and directly affect economic outcomes (climate change, air and water quality among them). It is now recognised that environmental issues are not an economic 'externality', but rather a part of the mainstream economic agenda. Regional economic development policy making and implementation must also directly address the threats to the environment posed by economic growth.

2.2 Development policies and priorities

ASEAN

In 2003, through the 'Second Declaration of ASEAN Concord', ASEAN leaders agreed that an ASEAN Community comprising three pillars would be established, namely:

- An ASEAN Security Community, to be achieved through political dialogue, the development of shared norms, conflict prevention and post-conflict peace building;
- An ASEAN Economic Community (AEC), to be achieved through economic integration and enhanced trade competitiveness; and
- An ASEAN Socio-Cultural Community, involving member countries cooperating and undertaking regional advocacy in the interest of social development. The socio-cultural pillar comprises cooperation in a variety of sectors including public health, human resource development, the environment, job creation and natural resources.

These three pillars form the basis of ASEAN's current medium term planning framework encapsulated in the Vientiane Action Programme (VAP - 2004 to 2010). The VAP also embraces the objective of 'narrowing the development gap' (NDG) which is seen as the development gap between the newer members of ASEAN (Cambodia, Lao PDR, Myanmar and Vietnam – or 'CLMV') and the other six members, and gaps within sub regions of ASEAN. The primary vehicle for addressing NDG issues is the 'Initiative for ASEAN Integration' (IAI) for which a 5 year strategy has been developed for 2008 to 2013. The IAI will be an important point of reference to guide the allocation of AADCP II resources.

The AEC aims to enhance competitiveness for economic growth and development through closer economic integration. The overall strategy for realising the AEC involves four main elements, namely:

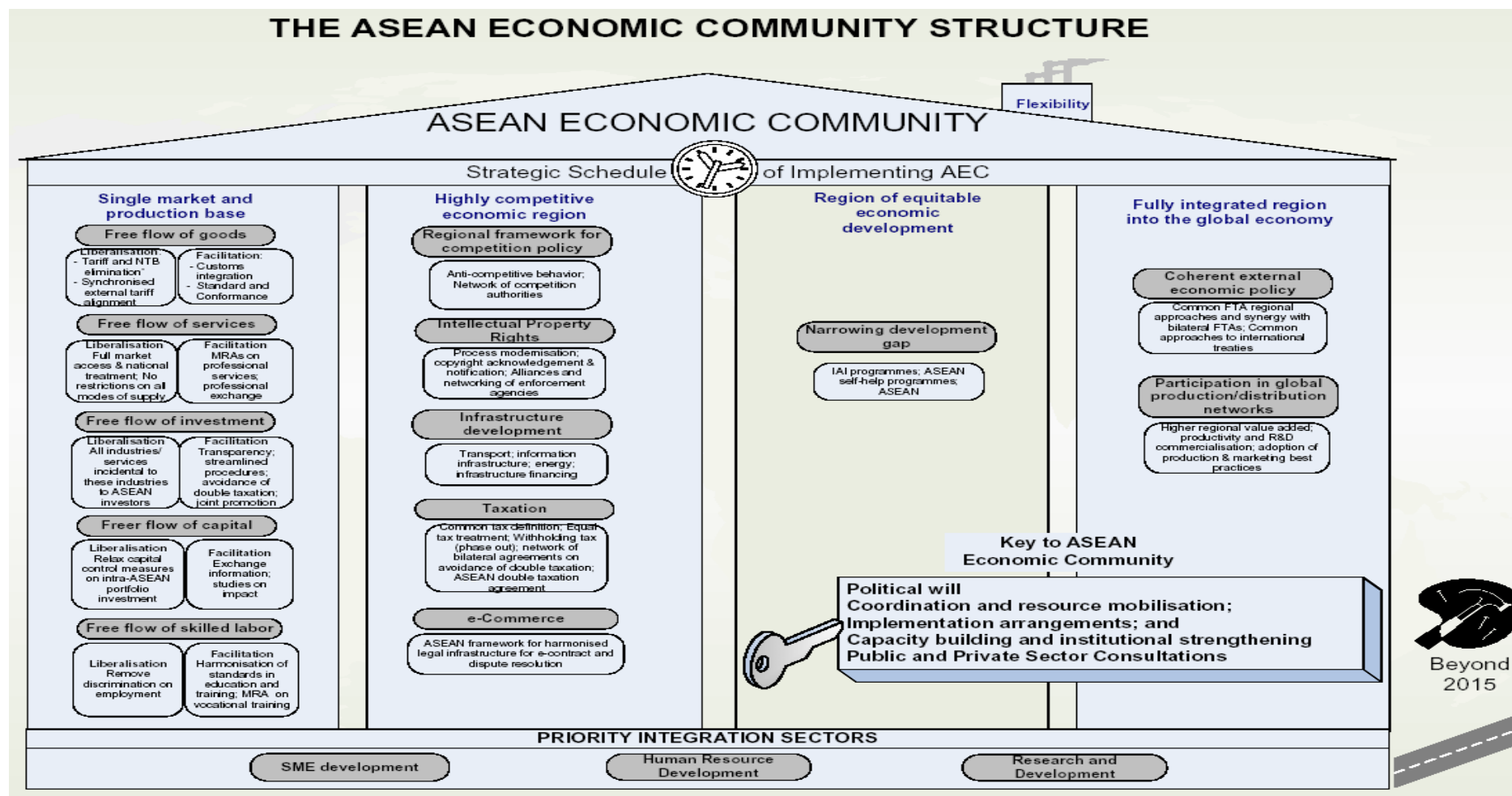
- Developing a single market and production base;
- Establishing a competitive economic region;
- Promoting equitable economic development; and
- Promoting integration into the global economy.

These main elements of the AEC structure are summarised in Figure 1.

The goal of economic integration is to be attained by 2015, five years' ahead of the original 2020 timetable, following a decision by leaders at the January 2007 ASEAN Summit. Priorities for action are contained in the AEC Blueprint and set of strategic implementation schedules. The Blueprint will serve as an integrated master plan with defined measures and

actions, milestones and timelines. It was endorsed by the ASEAN leaders at the 13th ASEAN Summit in Singapore in November 2007.

Figure 1 –AEC Structure



Government of Australia

Australia has significant national interests in the region which encompass economic, political, security and environmental concerns. Australia's high level of engagement in the region reflects the fact that Australia sees its future inextricably connected to the welfare of the region as a whole.

Australia's interests are pursued both through bilateral and regional engagement. Australia accords a high priority to engagement in regional organisations such as ASEAN, other regional fora such as the East Asia Summit, and through negotiations on multilateral and regional free trade agreements. The Joint Declaration on the ASEAN Australia Comprehensive Partnership, signed in the margins of the 2007 ASEAN Post Ministerial Conference, together with its 'Plan of Action' (PoA) will provide the guiding framework for determining the breadth of engagement and cooperation between Australia and ASEAN.

Australia is strongly committed to promoting regional stability and cooperation on the basis that stability is a critical pre-determinant for growth and poverty reduction. This commitment is reflected in the policy framework for the Australian aid program.

The Policy Framework emphasises the importance of supporting efforts to address both emerging challenges to stability, most notably trans-boundary threats, as well as opportunities to enhance growth through greater regional integration. It also underlines the importance of supporting "lagging regions" – less developed regions that are in danger of being left behind developmentally and which potentially threaten the prosperity of the region more broadly.

Support for accelerating economic growth is a major theme of the Framework recognising that generating shared and sustainable growth is the single most important objective for the region over the next decade. Another central message of the Framework is that addressing gender equality is essential to reducing poverty and increasing the effectiveness of aid. Other aid effectiveness principles are also stressed, including the need to support partner policies and priorities, work increasingly through partner systems (to support effective capacity building and sustainability and benefits) and improve coordination with other donors.⁹ Addressing corruption, and developing whole of Australian Government approaches to the planning and delivery of the aid program, are other important themes.

The Asia Regional Strategy (2005-09) provides an overall framework for Australian support to the region. Consistent with the Framework its goal is to "enhance regional capacity to progress economic integration, improve security and tackle trans-boundary challenges" by i) strengthening the capacities of key regional institutions to enhance economic integration and trade liberalisation and ii) improving regional responses to trans-boundary development challenges. The strategy is presently under review and it is expected that a new strategy will be finalised early in 2008 to commence from July 2008. At this early stage there is no indication that the focus of the existing strategy is likely to change significantly.

2.3 ASEAN Australia Comprehensive Partnership/ Plan of Action

At the ASEAN Post Ministerial Conference on 1 August 2007 ASEAN and Australia signed a Joint Declaration on the ASEAN- Australia Comprehensive Partnership. The Plan of Action to implement the Comprehensive Partnership was adopted in November 2007, and provides a framework for future engagement, covering political and security, economic, socio-cultural and development cooperation.

⁹ Australia is a signatory to the Paris Declaration on Aid Effectiveness of 2005, which commits signatories to improving the effectiveness of their development aid.

2.4 Institutional context and capacity

Key ASEAN bodies

The highest decision making body of ASEAN is the annual Meeting of the ASEAN Heads of State and Government (the “ASEAN Summit”). The ASEAN Economic Ministers meeting (AEM) is the driver and coordinator for economic integration. The AEM is supported by the Senior Economic Officials Meeting (SEOM) and assisted by the various sectoral Committees/Working Groups. The Committees/Working Groups are attended by member country line agency technical specialists and carry responsibility for progressing implementation of regional agreements and other initiatives at the national level. All of these meetings are supported by the ASEAN Secretariat (ASEC). Although ASEC liaises directly with member country line agencies on most policy issues, the National Secretariats (within member country Ministries of Foreign Affairs) are expected to be ‘kept in the loop’ as they carry overall responsibility for coordinating their country’s regional engagement.

The current structure of key ASEAN bodies and the high-level reporting mechanisms are shown in Figures 2 and 3 respectively.

ASEC Core Operations

ASEC’s core operational functions include a range of policy, management, and coordination tasks such as:

- Analysing and monitoring the policy and operating environment from a regional perspective (and using that analysis to inform member country/ASEAN bodies);
- Facilitating the development of initiatives in the context of agreed VAP priorities;
- Monitoring progress toward VAP objectives;
- Initiating, developing, seeking funding for, managing, and monitoring projects;
- Providing policy advice and support to ASEAN bodies;
- Facilitating communication between member countries and the ASEAN bodies;
- Preparing reports/papers on the progress of integration in the various economic sectors; and
- Providing administrative support for ASEAN meetings (arranging venues, distributing documentation etc).

Figure 2 – Summary structure of ASEAN decision making and coordination bodies

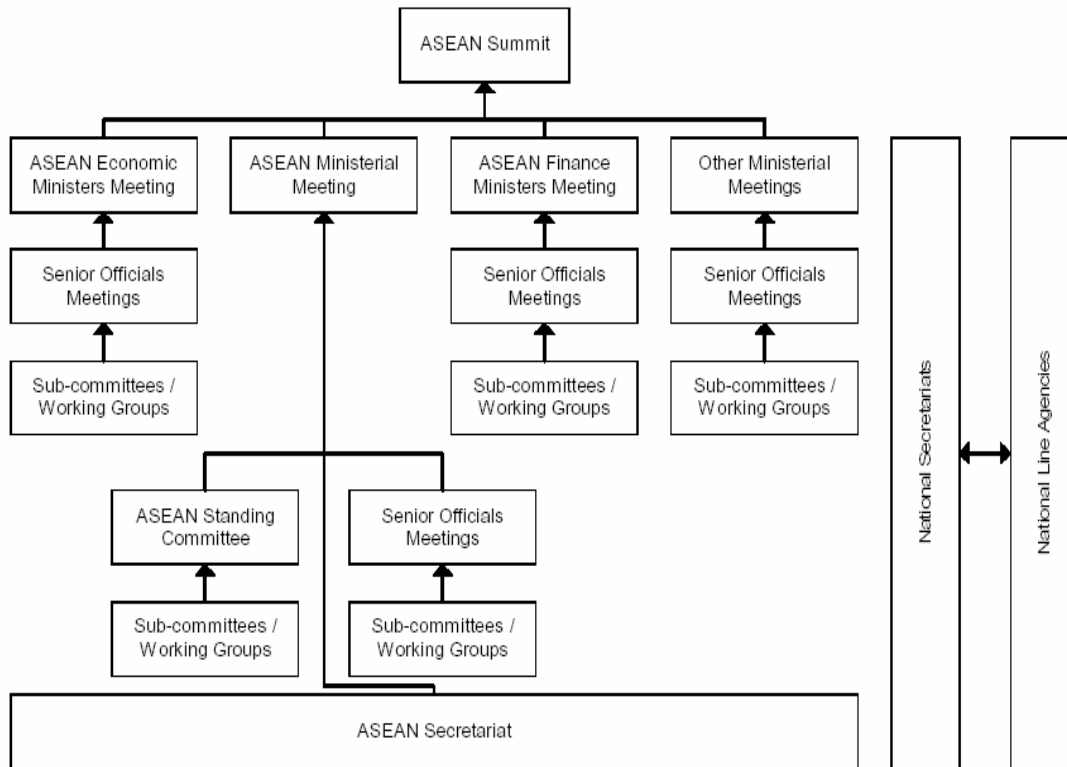
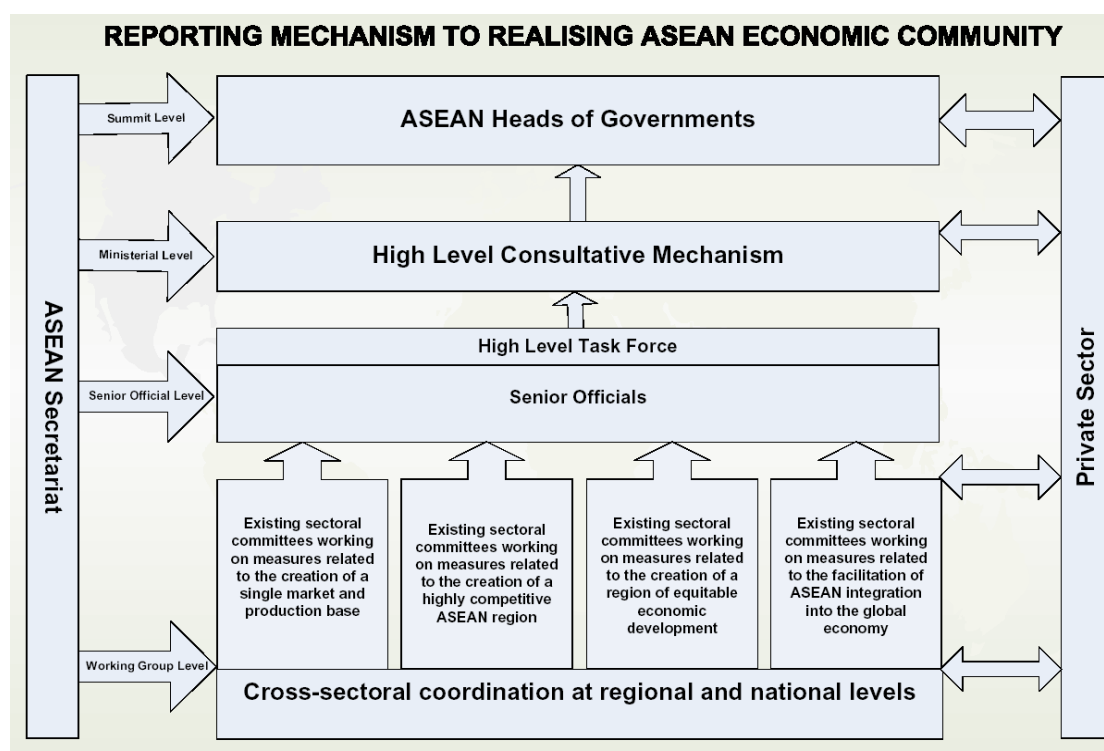


Figure 3 – AEC Reporting Mechanism



Challenges facing ASEC

ASEC faces a number of clear challenges that impact on its capacity to effectively support AEC Blueprint implementation.

1. ASEC role: Since its establishment, ASEC’s primary role has been to service meetings (secretariat services). If the AEC is to be effectively implemented, there will be a need for ASEC to develop an enhanced capacity to support and report on national level implementation. This also has implications regarding the work-focus, mind-set and skill sets of ASEC’s professional staff.

2. Workload: The most significant challenge is the increasing scope of the ASEAN agenda and the demands made on Secretariat staff to address this. At an aggregate level, there were around 700 meetings (including leaders meetings, ministerial meetings, senior officials meetings, working groups and discussion forums) involving Secretariat and Member Country staff in a 12 month period up to mid-2007. Staff in all areas of the Secretariat’s work are being severely stretched. There are “diplomatic” roles to perform as well as demanding professional roles in complex areas such as trade, standards, customs, health risks and the environment.

There is also a problem of ASEC initiating and managing too many small ‘projects’. There needs to be a more programmatic approach to planning and resource allocation, based on strategic aims, not just short-term needs. This would reduce the time and effort spent on preparing, appraising and approving numerous ‘micro’ activities based on a process currently designed to deal with larger scale activities. The current Project Appraisal Committee process needs to be reviewed and improved.

3. Inadequate Resources. There has not been an increase in the Secretariat’s core operational resources (from member countries) commensurate with the increasing workload, nor adequate consideration of ways to “work smarter” in terms of increasing efficiency (such as rationalising the nature of the effort put into servicing regional meetings, or reducing the large number of small projects). The current situation is unsustainable in terms of the workloads on staff and the ability to remain on top of the growing agenda.

4. Lack of results focus and effective monitoring mechanisms. ASEAN members have signed many regional Agreements, but have struggled to follow-up with national level implementation. The decision to proceed with the development of a rules-based community via the ASEAN Charter (aimed at holding members to account for achieving agreed results) means that ASEAN has acknowledged the challenge, but this will need to be backed-up by giving ASEC an enhanced role in driving forward and monitoring the implementation of the AEC blueprint.

The absence of a clear corporate planning and budgeting process within ASEC also means that the mechanisms for overall priority setting are weak. With no clear priorities, this then means that ASEC cannot effectively advise the Association's high-level decision making bodies about trade-offs with respect to doing more or less work on different parts of the regional integration agenda. This problem is compounded by the fact that there is at present no effective mechanism for monitoring the implementation of regional Agreements at national level.

5. Limited ownership by member countries of regional initiatives. There is a need for a stronger regional results focus, owned and lead by member countries. Where the results are not clear nor owned by member countries, the commitment to implement regional agreements and undertakings is lacking. Part of the challenge in this regard is that while the lead role for coordinating member country engagement in ASEAN is taken by Foreign Affairs Ministries (ASEAN National Secretariats), the implementation of agreements and work programs must be undertaken primarily by line agencies. Ensuring that National level ASEAN Secretariats effectively promote line-agency engagement and ownership is therefore critical.

6. Weak compliance mechanism or incentive systems. Institutionally, there are currently no mechanisms to compel member countries to comply with regional Agreements they have entered into, nor are there regional incentives which encourage individual member countries to share the burden of costs. The lack of such compliance or incentive schemes makes it more difficult to achieve the goals of the AEC by 2015.

Some further details on ASEC's institutional capacity, and a current AADCP I initiative to address identified constraints, are provided at Attachment 4.

Opportunities – including the new Charter and AEC Blue Print

Despite the capacity constraints facing ASEC, the endorsement of the AEC Blueprint and the ASEAN Charter provide the opportunity to clarify priorities and objectives, set clearer targets, better define roles and responsibilities, improve program planning and management systems, and mobilise additional resources.

In particular, the move towards a more 'rules based' organisation should give added impetus to the implementation of Agreements at national level, as well as clarifying and supporting ASEC's role in monitoring and following up on 'compliance'.

ASEC has also recently received ISO 9001 Quality Standard accreditation for a number of its key management processes, including for its project appraisal and management systems. This provides a sound basis for ongoing structured improvements in the agency's operational effectiveness.

Another opportunity is afforded by the appointment of a new ASEAN Secretary General who will take up office early in 2008. This could potentially add impetus to the institutional reform process.

ASEAN Plus

The regional architecture in which ASEAN functions is rapidly changing. ASEAN+3 (Japan, China and Korea) began in December 1997 and was institutionalised in 1999 when the Leaders issued a Joint Statement on East Asia Cooperation. The East Asia Summit (ASEAN + 6, including Australia, New Zealand and India) is more recent with its first meeting held in

December 2005, which was followed by a second meeting in January 2007. While, ASEAN continues to focus on ASEAN internal integration, there are both internal and external pressures to increasingly emphasise the group's broader regional engagement.

While future investment and economic growth will be closely tied to both intra- and inter-ASEAN integration, it could be argued that some priority should first be placed on getting ASEAN's internal economic integration more firmly established.

2.5 Donor/development partner programs

Government of Australia

The Australian Government provides significant development assistance to the region through a range of regional and bilateral programs. Overall development cooperation with ASEAN and ASEAN member countries will amount to approximately A\$850m in 2007/08.

Regional support is delivered in two broad streams:

- Assistance to address and manage threats such as pandemics, disasters and trans-national crime including people trafficking, drug trafficking, money laundering, terrorism; and
- Assistance to support regional integration, including through AADCP (currently Australia's primary mechanism for regional support to ASEAN), an East Asia Summit Research Initiative, a Trade Analysis and Reform Project, support to APEC and initiatives to support less advantaged regions (East ASEAN and Mekong).

Total assistance provided regionally in 2007/08 will total approximately A\$100m.

Bilateral development assistance is also provided to Indonesia, the Philippines, Thailand, Cambodia, Laos and Vietnam. The focus of bilateral assistance is agreed jointly with partner governments under the framework of a country strategy and supports priority development areas. Additional support is also provided through a comprehensive scholarships program aimed at building capacity in ASEAN's priority development areas and building people to people links in the region. Attachment 5 provides further detail of GoA regional and bilateral development assistance programs to the region.

Given the breadth of support Australia is providing to ASEAN both through bilateral and regional programs, it will be important that AADCP II fits with and complements this broader program of support. Strategies for better linking GoA's regional and bilateral support are discussed in Section 3.

Other donors/development partners

When AADCP was designed in 2002, Australia was one of a small number of development partners providing support to ASEAN/ASEC for regional development initiatives. Since then a number of other development partners have started providing assistance through programs with similar objectives and scope to AADCP. The most significant initiatives currently include:

- **Japan:** which has a US\$ 40m trust fund for supporting ASEAN development initiatives (provided through Japan's Ministry of Foreign Affairs). Japan is also supporting the establishment of a planned Economic Research Institute for ASEAN and East Asia (ERIA);
- **USAID:** which is providing support through the ASEAN Development Vision to Advance National Cooperation and Economic Integration (ADVANCE) (2007-2015). This a \$150 million program designed to strengthen the ASEAN Secretariat as an institution; provide assistance to select ASEAN sub-regions and member nations; and facilitate greater economic integration and improved governance within the ASEAN region.

- **European Union (EU):** which is supporting the ASEAN-EU Program for Regional Integration Support (APRIS). APRIS Phase II (2006-2009 and with an EC contribution of Euro 7.3m) comprises 5 main components, namely Standards and Conformance, Customs and Trade Facilitation, Investment, Capacity Building (including for the Agreements and Compliance Unit of the ASEAN Secretariat), and support for the EU/ASEAN trade dialogue process; and
- **Asian Development Bank (ADB):** which has developed a work program with ASEAN entitled “Strengthening Capacity of the ASEAN Secretariat in Regional Economic Integration and Policy Dialogue”. This is focussed on providing regional training programs for ASEAN officials and capacity building for the newly created Bureau for Economic Integration and Finance in the ASEAN Secretariat. It includes support for conducting economic policy research.

It is worth noting that the total value of dialogue partner support to and through ASEC is probably around US\$30m annually, while ASEAN member contributions to core ASEC operational costs is around US\$8.5m pa.

Further details of development partner programs are provided at Attachment 5.

In light of this ‘busy field’ of donor activity, the design of AADCP II needs to: (i) identify a strategic niche that complements other donor programs, (ii) support ASEC in its development partner coordination role, and (iii) support harmonisation of development assistance planning and delivery with other development partners so as to reduce the burden of transaction costs for ASEC and ASEAN member countries.

2.6 AADCP – issues and lessons learned

Issues and lessons learned from the implementation of AADCP Phase I are primarily derived from the 2005 AADCP Mid Term Review, but also come from: a) AusAID staff managing the program; b) managing contractors and their management team in Jakarta; c) sub-contractors of individual activities; and d) the experiences of ASEC and ASEAN member countries. Based on the information collected several recurring themes and lessons can be identified which are briefly described below. These are presented in term of what the new program ‘should do’ and represent both successes of the current program and areas where improvements should be made. The 2005 Mid Term Review Executive Summary is provided at Attachment 6 and provides greater detail.

Issues and lessons learned include:

- a) The new program should be aligned to ASEAN’s development priorities as articulated in the Vientiane Action Programme (VAP) and more specifically to the ASEAN Economic Community (AEC) Blue Print and the ASEAN Charter. The close alignment of the existing AADCP program to the VAP has ensured it has remained relevant and effective in meeting the goals of ASEAN. Also, rather than addressing the ‘narrowing the development gap’ objectives as a separate issue, a future program should integrate this into all activities;
- b) The new program should be designed, implemented and reviewed in partnership between Australia and ASEAN. The current program has been successful in building meaningful partnership and has provided a strong sense of ownership by ASEAN. The AACP and POA will provide an important framework for all development cooperation activities;
- c) The program level objectives of the new program need to be crafted so that they are broad enough to encompass emerging priorities but also clearly articulate the main focus of the program. Lower level objectives need to clearly articulate the purpose of the program. Flexibility needs to be maintained so that as priorities change and new issues emerge the focus of activities can be realigned;

- d) The design of AADCP did not include an appropriate M&E framework to enable assessment of program level outcomes. The design of the new program should include a comprehensive M&E framework that reflects current international thinking on performance assessment. This should include, using as much as possible, existing ASEC processes and strengthening these where needed;
- e) The design of the new program needs to comprehensively address key thematic issues such as gender and the environment. Both in the design and in implementation of AADCP there has been a lack of appropriate attention to gender in particular. The new program will need to fully integrate gender into design and implementation;
- f) The new program will need to give greater emphasis to the dissemination of economic research and policy advice, and find appropriate ways to monitor the 'uptake/use' of this policy advice;
- g) The new program will need a flexible structure so that it can deliver a range of assistance in a streamlined and cost effective way. On the one hand the flexibility built into AADCP's design has meant that the program can be used to respond to emerging needs, on the other hand, the AADCP design has resulted in high management cost and has been resource intensive for ASEC and AusAID;
- h) It will be important to ensure support provided through the new program is linked to and supports national integration policies and priorities. An ongoing challenge for AADCP has been poor national take up of projects funded under AADCP. This has had an adverse affect on the sustainability of activities; and
- i) The new program should have a strong focus on helping to build the ASEAN Secretariat's capacity as an institution. Although one of the objectives of AADCP has been to strengthen regional institutions, this has been undertaken as a set of rather ad-hoc activities rather than as a core strategy.

Attachment 7 provides a full list of all AADCP Phase I supported projects/activities (as of August 2007) – listed under each of the 3 program 'streams'. It will be important that AADCP II appropriately builds on this body of work and takes forward those activities which have been most useful and highly valued to date.

3 Strategy selection for future GOA assistance

Guiding principles

Building on the situation analysis and lessons learned from implementation of AADCP I (as described in Section 2), the key guiding principles for strategy selection include:

- Align support with ASEAN policies, plans and implementation mechanisms to promote ownership, effective capacity building and sustainability of benefits;
- Establish clear objectives and an overall monitoring and evaluation framework which will allow the effectiveness of Australian assistance to be assessed;
- Ensure GoA support enhances regional poverty reduction and gender equality policies and strategies, and is effectively linked to bi-lateral programs; and
- Ensure that while strategic objectives are clear, there is adequate flexibility in program planning and management arrangements to allow for 'progressive engagement' and a timely response to emerging needs.

The following section provides further discussion of the key issues considered and the conclusions reached with respect to strategy selection.

Issues considered and conclusions

Issue	Considerations and conclusions
1. Program objectives and scope	<p>The Vientiane Action Programme covers three broad pillars – Security, Economic, and Socio-Cultural. While each is equally important, and co-dependent, it is believed that the proposed AEC Support Facility is best targeted at supporting ASEAN to implement its economic integration policies and priorities. Reasons for this include:</p> <ul style="list-style-type: none"> • Economic growth is fundamental to poverty reduction, and to generating the revenues that governments need to support basic social service delivery; • The political/security pillar is an area of support more appropriately provided through bi-lateral programs; and • Other GoA regional and bi-lateral programs are addressing elements of the social pillar and trans-boundary threats. <p>Within the pillar of economic integration, there remains a broad scope of work to be progressed. AADCP II resources could either be targeted at pre-determined areas of work, or be aligned more broadly with the overall priorities of the AEC Blueprint. It is believed that the 7 year design <u>framework</u> should not pre-empt the selection of implementation priorities within the scope of the overall AEC Blueprint, and that this should rather be determined through a process of ongoing and progressive engagement. This aims to balance ‘focus’ with ‘flexibility’.</p> <p>Discussions with ASEC nevertheless indicate that the future program of Australian assistance should initially include a focus on some specific areas of the AEC Blueprint, including (i) Trade in Services; (ii) Financial Integration; and (iii) Standards Harmonisation. The areas of focus will nevertheless be the subject of ongoing discussions.</p> <p>With respect to the identification of AADCP Phase II ‘components’, the primary consideration is to ensure better integration and complementarity between different ‘streams’ of support (a weakness of the current AADCP). The proposed design framework addresses this issue by combining all ‘project implementation’ funding under one component (instead of the previous two), by linking the economic policy component more clearly with the project implementation component, and by providing overall ‘capacity building’ support to ASEC to enhance its management of priority setting, resource allocation and monitoring systems.</p>
2. Poverty – Narrowing the Development Gap	<p>The over-arching objective of the Australian aid program is to support poverty reduction. Support provided through AADCP Phase II must therefore demonstrably contribute to this objective. Given the poverty profile within the ASEAN region, this requires that particular attention be given to the needs of the CLMV countries as well as taking account of the ‘pockets’ of poverty in other countries and sub-regions (such as southern Philippines and eastern Indonesia).</p> <p>Rather than supporting ‘special’ projects just for these countries/sub-regions, it is believed that the AADCP II should mainstream the principle of ‘narrowing the development gap’ into all the initiatives it supports. The primary mechanism for this will be for AADCP II to support the implementation of the Initiative for ASEAN Integration (IAI). AADCP II will continue to support the principle of equal participation by all member countries within ASEAN, while accounting for the differences in capacity to participate and their development needs.</p>
3. Ownership, alignment, & ASEC capacity building	<p>The proposed AADCP Phase II is a long-term strategic program of assistance aimed at contributing to regional economic integration. To achieve this, building the capacity of regional institutional mechanisms to implement the AEC Blueprint is required. If this capacity is to be effectively and sustainably built, the assistance must be ‘owned’ by member countries (meet their priorities and be demand led) and the mechanisms for using the assistance need to be ‘aligned’ with established/emerging regional institutional and management structures and systems, rather than building ‘parallel’ systems.</p> <p>Given these considerations, it is proposed that the use of AADCP Phase II resources be:</p>

Issue	Considerations and conclusions
	<ul style="list-style-type: none"> • Directly aligned with AEC blueprint objectives and scope of work; • Directed to priority areas/initiatives (within the scope of the blueprint) primarily through ASEAN/ASEC led decision making systems and procedures; and • Managed, monitored and accounted for through ASEC led-systems, with capacity building support provided as required (in-line with ASEC's enhanced role under the new ASEAN Charter). <p>It is a principle of the institutional capacity development strategy that the best way to develop capacity is to use and work through the existing/emerging ASEC managed systems (even if they are initially weak), not avoid them. While AADCP II will take a capacity development approach across all aspects of the program, there will also be elements of capacity 'provision', particularly with respect to Component 2a (Economic Research and Policy Advice). The appropriate balance between capacity development and capacity provision will be assessed against need on an ongoing basis as part of the annual planning process.</p> <p>Within ASEC the Bureau of Economic Integration and Finance (BEIF) is the focal point on all regional economic integration/cooperation issues. As such, AADCP II will provide support to the BEIF so it can effectively:</p> <ul style="list-style-type: none"> • Identify strategic priorities within the broader scope of the AEC Blueprint (for both policy research and implementation support); • Prepare and regularly update more detailed AEC Blueprint implementation plans, including specific programs of work for AADCP II funding; • Give support to Working Groups with national level implementation issues; • Monitor national level implementation progress; and • Coordinate the different donor programs. <p>Furthermore, in order to ensure AADCP II supported project implementation initiatives are demand led and owned, there will be a need for cost sharing with member nations, in line with respective national capacities. Details of cost sharing arrangements will therefore be included in the design of individual programs/projects. The 'Financing Agreement' between Australia and ASEAN for AADCP II will also provide more specific guidelines with respect to cost sharing arrangements.</p> <p>One of the most significant demonstrations of member commitment to the implementation of the AEC will nevertheless be increased core funding to ASEC.</p>
4. Gender & the Environment	<p>Promoting gender equality is a demonstrated means by which economic growth can be supported, poverty reduced, and by which social stability and democracy can be fostered. Gender is therefore not just a 'cross-cutting issue' or consideration, but a <u>principle</u> that should be integrated into all development assistance planning and implementation.</p> <p>There are two proposed strategies for ensuring that gender equality is appropriately mainstreamed into all AADCP II supported initiatives:</p> <ul style="list-style-type: none"> • Supporting capacity building within ASEC itself, focused on its ability to collect and use gender disaggregated data for policy making and priority setting; and • Giving emphasis to gender equity considerations in the process of identifying, appraising, approving and monitoring both economic policy and AEC implementation support projects/initiatives. <p>Discussions with ASEC staff highlighted the (positive) fact that Australia's development assistance programs are seen as being particularly pro-active on the issue of gender equality.</p> <p>With respect to the Environment, climate change is the 'big issue'. It is therefore essential that the environmental impacts of economic growth be a core policy consideration for ASEAN members. The strategy for AADCP Phase II will be to</p>

Issue	Considerations and conclusions
	<p>ensure that the potential environmental impacts of economic policy recommendations be mainstreamed into all economic policy work funded through the AADCP II, and that environmental impact considerations also flow through into the appraisal of AEC implementation support programs/projects.</p>
<p>5. Linking regional agreements to national level implementation</p>	<p>ASEAN has made significant progress in formulating regional economic policies, identifying priorities and reaching regional agreements. Implementation of these agreements at national level has proved more challenging. Constraints to effective implementation have included inadequate prioritisation (and specificity) of implementation work program, resource constraints and no effective mechanisms for monitoring or following-up on 'compliance'.</p> <p>Three main strategies for supporting national level implementation will therefore be pursued through AADCP II, namely:</p> <ul style="list-style-type: none"> • Supporting the relevant ASEAN institutional mechanisms (primarily SEOM and its Working Groups) to prepare and follow-up on the implementation of their operational work-programs. Such support could include funding identified member country officials and other experts (who have the requisite knowledge and skills) to support other 'lagging' members to achieve specific AEC Blueprint targets; • Supporting ASEC in building the capacity of their compliance monitoring and reporting functions; and • Strengthening the link (namely communication and coordination) between AADCP Phase II and relevant GoA bi-lateral programs in the region. This will help ensure that relevant bi-lateral programs are aware of, and as appropriate support implementation of, key regional commitments within the scope of the AEC Blueprint.
<p>6. Private sector engagement</p>	<p>The effective engagement of the private sector within ASEAN in the implementation of the AEC Blueprint (including its ongoing review and re-planning) will be essential to achieving successful outcomes.</p> <p>In partnership with ASEC, AADCP Phase II will therefore (where appropriate):</p> <ul style="list-style-type: none"> • Engage private sector expertise to help inform the development of economic policy and AEC implementation support project plans; • Seek to include private sector and industry representatives in relevant meetings and workshops; • Ensure relevant information is made widely available to the private sector and industry bodies through appropriate media; and • Assist in the organisation of regular consultations with stakeholders, including the private sector, to elicit feedback in implementing and monitoring the AEC Blueprint and to consider other appropriate mechanisms to strengthen the consultative process such as the 'Business Dialogue' with the ASEAN Secretariat and 'Coordinating Conference on the ASEAN Economic Community'.
<p>7. Australian national interest and whole of government approach</p>	<p>Australia's national interests are directly served by supporting economic growth and more equitable development in the ASEAN region, and by engaging in partnerships with regional policy making and coordination bodies.</p> <p>In order to help ensure that AADCP II supported initiatives continue to be consistent with the GoA's national interests, and that whole of (Australian) Government views are served, AusAID's Program Director will coordinate whole of Government input into appraising the strategic direction/content of each AADCP II annual plan. The AusAID Program Director will also play an ongoing liaison role with WofG agencies as project ideas (for AADCP II funding) are being developed.</p> <p>As in the past, it is also anticipated that a number of initiatives funded through AADCP II (both policy development and program/project implementation) will involve direct inputs from relevant GoA agencies (by virtue of the fact that they are identified by ASEAN/ASEC as the most appropriate providers of the relevant</p>

Issue	Considerations and conclusions
	advice/assistance). To help ASEC identify opportunities for Australian government agency involvement in AADCP II, the AusAID Program Director will establish and maintain a database of WofG contacts.
8. Australia's comparative advantage and identity	<p>While the development assistance provided by Australia is effectively 'untied', and therefore technical assistance and other inputs do not have to be sourced from Australia, it is expected that ASEAN will continue to seek specific support from Australian sources (both government and private sector), in areas where it has recognised expertise and 'comparative advantage'. Such areas are likely to include assistance on: competition policy, financial integration, national statistics, e-commerce, standards, animal health, etc. AADCP II will emphasise a "partnership approach" based on mutual interest and areas of expertise. This will include, where mutual interests exist and through an agreed mechanism, the provision of policy advice by Australian government agencies.</p> <p>The Australian identity of AADCP II will be appropriately promoted in a way that does not undermine partner ownership objectives, given that the effectiveness of Australian support is to some extent dependent on it <u>not</u> being seen as specifically Australian. For example, if economic policy recommendations are presented to ASEAN's decision making bodies as coming from ASEC (not Australia) they are more likely to be favourably considered and acted upon.</p> <p>Australian visibility will therefore be promoted primarily through providing effective development assistance, not through specific 'branding' of all Australian supported initiatives.</p>
9. Donor coordination	<p>There is now a relatively crowded field of donor activity in support of ASEAN economic integration. Donor coordination is therefore an increasingly important consideration in promoting aid effectiveness.</p> <p>Given that ASEC has primary responsibility for donor coordination, the AADCP II strategy will be to support the ASEC Bureau for External Relations and Coordination to undertake the necessary coordination functions. While there are some recognised complexities (e.g. different member countries also have a coordination function with respect to different donors), there are some basic coordination functions that ASEC can undertake more effectively.</p> <p>One example is the maintenance and management of a database of all donor funded activities, that is accessible to all. The current listing of donor projects is not up to date, does not contain complete information, is not easily sorted/analysed and is not readily accessible to all stakeholders. The AusAID Program Director and Program Coordinator will therefore take a lead in ensuring that ASEC's Coordination Unit has all relevant data on the initiatives being supported, as well as providing any required support to the ongoing management and use of this data.</p> <p>The Program's staff will also actively liaise and coordinate with other donor program management teams based in ASEC (e.g. US and EU) on an ongoing basis.</p> <p>It is also important that donors (rather than just their contractors) are actively and formally engaged in donor coordination activities. This requirement will be met through the placement of AusAID's Program Director in ASEC, and through a requirement included in the 'Financing Agreement' that ASEC take a lead role in ensuring regular donor meetings are held. Furthermore, it is a key part of the AADCP II strategy to work with ASEC and other donors to investigate and then, as appropriate, implement more harmonised approaches, such as through a common pool funding arrangement(s).</p>
10. Management costs	<p>It will be important to ensure there is an appropriate balance between management and implementation costs. While managing complex initiatives that have a regional focus cannot be done 'on the cheap', the design of AADCP Phase II will include the following strategies for keeping management overheads to the necessary minimum:</p> <ul style="list-style-type: none"> • ASEC will take responsibility for recruiting and managing all required long and short-term staff/TA; • Greater use will be made of ASEC led project appraisal and approval

Issue	Considerations and conclusions
	<p>systems;</p> <ul style="list-style-type: none"> • All program management and support staff will be based in Jakarta, and it is expected that there will be more locally recruited staff; and • Reporting requirements to AusAID will be streamlined and the volume of paperwork reduced.
<p>11. Transition phase and progressive engagement</p>	<p>Funding and contracted management support for AADCP I will finish in June 2008. Two main ‘transition’ issues need to be considered and addressed, namely how best to: (i) continue some incomplete and high-priority initiatives into the successor program; and (ii) ensure timely mobilisation of the new phase of support so that key resources and management arrangements are in place before June 2008.</p> <p>The following strategies are therefore incorporated in the AADCP Phase II design framework:</p> <ul style="list-style-type: none"> • Inclusion of the broad scope of the Enabling ASEAN project in AADCP II design (ASEC capacity building); • Identification of some initial priorities to be funded under the Economic Policy and AEC Implementation components which can build on and further develop high-priority initiatives already supported during AADCP I. This will be undertaken by ASEC (with design support as required from GoA) in the first six months of 2008; and • Keeping the AADCP II inception stage planning and reporting requirements to the necessary minimum, so they can commence implementation of activities as quickly as possible. <p>AusAID also needs to help ensure that:</p> <ul style="list-style-type: none"> • The AADCP I contractors provide all necessary information and other support that will contribute to a smooth transition (e.g. databases, reports, contact lists, management guidelines, etc); and • GoA/AusAID program appraisal, approval and resource mobilisation processes are carried out in an efficient and timely manner. The aim should be to have the new program commencing by end of June 2008. <p>During the proposed 7 year period of program implementation, it will be important that the scope of support provided through AADCP II, as well as the management and financing arrangements, be reviewed and revised in-line with changing circumstances and needs. Three main strategies will be included in the design framework to support this approach of ‘progressive engagement’, namely:</p> <ul style="list-style-type: none"> • An ongoing annual review and planning process; • A more in-depth review and re-planning exercise during the 3rd year of implementation, involving independent professional inputs; and • Contracting the required long-term management support/TA inputs for an initial period of up to 4 years only.
<p>12. Monitoring program effectiveness</p>	<p>Development assistance programs and projects have often established monitoring systems which run in parallel to partner systems and focus primarily on the information needs of the donor(s). Such systems have generally done little to build partner monitoring capacity and have often collected and reported information of little strategic value.</p> <p>To ensure this does not occur under the new program, the AADCP II will have three main elements:</p> <ul style="list-style-type: none"> • Building the capacity of ASEC to monitor and report on progress in achieving the development goals of economic integration (e.g. increased and more equitable economic growth) as well as implementation of the AEC Blueprint (e.g. harmonisation of tariffs, regulations, standards etc); • Conducting periodic reviews/studies of AADCP II’s contribution to AEC implementation, in partnership with ASEC and other key ‘donors’; and • Monitoring the quality of AADCP II’s outputs, activity implementation and

Issue	Considerations and conclusions
	resource use through a combination of jointly agreed ASEC/AusAID mechanisms.

Recommended scope and implementation arrangements

The recommended scope and implementation arrangements for AADCP Phase II are described in Section 4 below.

4 Description of AADCP II design framework

4.1 Duration, phasing and location

AADCP Phase II will run from mid 2008 through to mid 2015 (7 years duration), and thus be aligned with the strategic timeline for implementation of the AEC Blueprint.

The program will consist of 3 main stages:

- Stage 1 – Inception, transition initial program planning (6 months);
- Stage 2 – Implementation, independent review of performance and re-design as required (3 years); and
- Stage 3 – Implementation, review of performance and consideration of future programming implications (3 years and 6 months).

The program will be managed primarily from the ASEAN Secretariat in Jakarta. Support provided through AADCP II will nevertheless flow through to all member countries, through the participation of member country representatives in AADCP II supported programs and projects.

Particular emphasis will be given to meeting the needs of those countries with the weakest capacity and highest incidences of poverty, in order to support the ‘Initiative for ASEAN Integration’ (IAI) objectives.

4.2 Objectives and overall scope

Figure 4 summarises the proposed program objectives, structure and overall scope of AADCP II.

Ongoing discussions between ASEC and AusAID will further specify particular programmatic areas of focus (within the broad scope of the AEC blueprint) to which AADCP II resources will be applied. Selection of these program areas will be based on an assessment of:

- ASEAN member priorities;
- ASEC capacity to provide support;
- The focus of other dialogue partner programs;
- Work undertaken through AADCP Phase I which needs to be further progressed; and
- Australia’s particular areas of expertise/comparative advantage in providing technical advice and support.

Preliminary discussions nevertheless indicate that the following 3 areas will be included in the initial focus; namely: (i) Trade in Services; (ii) Financial Integration; and (iii) Standards Harmonisation.

Work programs to be supported with AADCP II resources will be documented, reviewed and revised as appropriate in successive Annual Plans.

Focus will also initially be given to identified ASEAN ‘priority integration sectors’, namely:

- | | | |
|--------------------------|--------------------------|---------------------------|
| i) Agro-Based Products | ii) Automotive | iii) Electronics |
| iv) Fisheries | v) Rubber-Based Products | vi) Textiles and Apparels |
| vii) Wood-Based Products | viii) Air Travel | ix) e-ASEAN (ICT) |
| x) Healthcare | xi) Tourism | xii) Logistics |

A summary ‘Results Framework’ for AADCP II is provided at Attachment 8.

Component 1 – ASEC institutional capacity building

Objective

To strengthen ASEC's institutional capacity to effectively implement its mandate

Focus of support

The focus of support will build on the 'Enabling ASEAN Project', currently being implemented under the AADCP I Program Stream. Specific priorities and actions will be determined by ASEC management (particularly the Secretary General and the Focal Point for Institutional Affairs), but are expected to cover:

1. Corporate planning and review mechanisms: This will include:

- Formulating an ASEC Strategic Plan that will identify and document priority strategic actions and resource requirements to allow ASEC to effectively implement its mandate under the new Charter; and
- Establishing an annual planning and review process involving the ASEC 'Management Team', to establish priority work plans and budgets, and regularly review progress and results.

2. Operations management: This will include:

- Enhancing capacity for initiation, design, implementation and monitoring of ASEAN work programs and projects; and
- Enhancing team-work, negotiation and liaison skills applied by ASEC staff in facilitating ASEAN Working Groups.

3. Human resource management: This will include:

- Supporting the development of enhanced workforce planning and review mechanisms;
- Supporting ongoing implementation of enhanced recruitment procedures and induction programs; and
- Supporting ongoing improvements in staff supervision and performance assessment practices.

4. Monitoring and evaluation: This will include:

- Supporting the capacity of ASEC to benchmark, monitor and report on progress by member states in implementing the AEC blueprint (e.g. through the use of the Scorecard system); and
- Supporting the capacity of the Statistics Unit to compile and report data relevant to assessing the impact of regional economic integration, including on gender equity and 'Narrowing the Development Gap' (e.g. through the ASEAN Community Progress Monitoring System).

Primary target groups and stakeholders

ASEC is the primary target group, including senior management, Desk Officers and support staff.

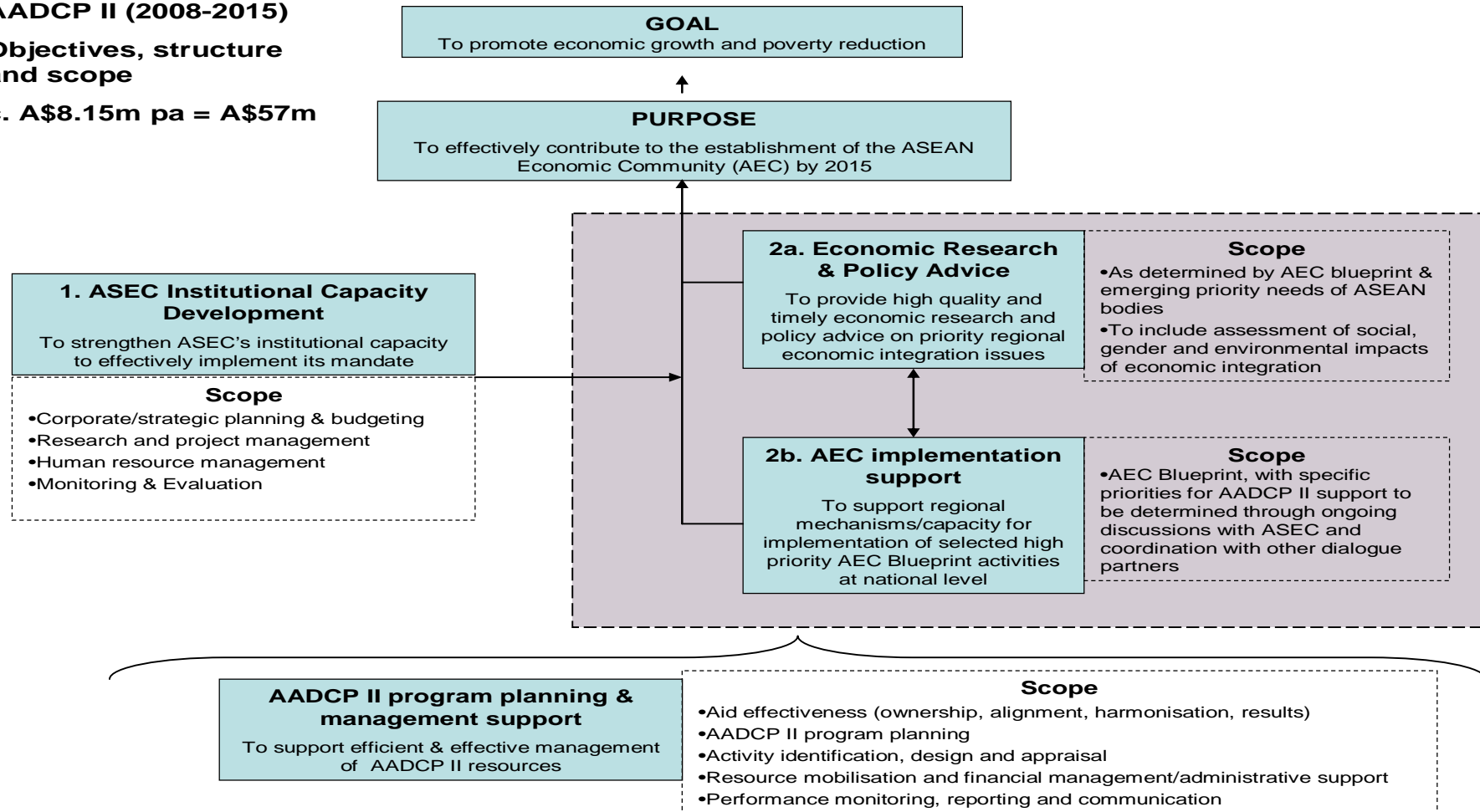
Stakeholders include all ASEAN bodies that rely on ASEC for providing secretariat, policy advice and implementation support services. Other donor programs or projects will also benefit from improved ASEC institutional capacity, including other AusAID funded regional programs being managed through ASEC systems (e.g. Emerging Infectious Diseases, Foot & Mouth Disease Program, etc).

Figure 4 – Design Framework Overview

AADCP II (2008-2015)

Objectives, structure and scope

c. A\$8.15m pa = A\$57m



Activity design, approval and implementation mechanisms

Capacity building activities to be funded through AADCP II will be identified by ASEC management in line with their priorities (ASEC Charter and Corporate Plan) and within the scope of AADCP II Design Framework and Annual Plans. Support will be provided by a Capacity Building Specialist and Senior Technical Officer to help with activity identification, design and implementation.

Careful attention will be paid to coordinating the identification and design process with other development partners who are supporting ASEC capacity building initiatives.

Once activities are appropriately designed and documented, they will be approved by the Secretary General or his Delegate (Focal point for Institutional Affairs) and the AusAID Program Director. Design documentation will clearly specify the expected outputs, activities and resource requirements, plus the roles and responsibilities of different stakeholders. Primary responsibility for implementation and the achievement of results will be with the ASEC Focal Point for Institutional Affairs.

The duration and cost of capacity building projects will be based on an assessment of need. However, it is anticipated that projects should generally be multi-annual (up to 4 years) and up to a value of some A\$2m. The intent will be to support clear programs of work over a sustained duration, rather than many small ad-hoc activities.

The financial resources required for implementation will be provided from the Program/Project trust fund. Funds will be released and accounted for through established ASEC financial management and accounting processes, following signature by the AusAID Program Director and the Principal Director of the BERC. The Program's overall management and monitoring arrangements are described in Section 5.

Resources

An indicative budget of A\$8 million is allocated to support the implementation of activities under this component. This could be used for any suitable mix of inputs, including Technical Assistance, Training, Procurement and/or Materials and Supplies.

To support the planning, implementation and monitoring of this component, a Long-Term Capacity Development Specialist and Senior Technical Officer will be recruited by ASEC (costed under the AADCP II management and administrative support element). These staff will be co-located within a suitable part of ASEC, working directly with nominated ASEC colleagues.

Component 2a – Economic Research and Policy Advice

Objective

To provide timely and high quality economic research and policy advice on priority regional economic integration issues

Focus of support

AADCP II will provide ASEC with capacity building support in establishing its own economic policy 'think tank', in particular through assistance with:

- Identifying issues and obstacles to regional economic integration under the ASEAN, ASEAN + 3 Cooperation and East Asia Summit frameworks, including potential social and environmental impacts and implications, and the specific needs of the poorest ASEAN members (in line with the IAI objectives);
- Preparing terms of reference for economic policy studies, and determining the most appropriate provider (e.g. in-house, using sub-contracted consultants or a combination of the two);
- Establishing and maintaining a database of potential policy research/advice providers;

- Contracting and managing/supervising the implementation of the policy research and development work;
- Evaluating the quality of the policy research and advice (including through external peer review);
- Developing appropriate, practical and timely policy advice/recommendations;
- Developing a policy advice paper disclosure and dissemination policy;
- Assisting in the dissemination of policy advice papers to a wider audience;
- Monitoring the use/uptake of the policy advice provided at the national level;
- Managing a database of economic policy advice papers and findings (outputs), including information on national level ‘use/uptake’; and
- Identifying follow-up project implementation options that could be supported, including through the AEC implementation support component of AADCP II.

All economic policy development work will give appropriate consideration to the social, gender and potential environmental implications of any policy advice/recommendations made. All economic research and policy advice work will also appropriately engage the views/interests of both public and private sector stakeholders.

Primary target group and stakeholders

The primary target group is the Senior Economic Officials Meeting (SEOM), SEOM Working Groups and the Bureau of Economic Integration and Finance within ASEC. However, other ASEC bureaus will also be involved, namely those specifically concerned with the social impacts of economic integration, including gender and the environment.

With high quality study findings and policy options at its disposal, ASEC will then be able to better advise and support Economic Ministers, the SEOM and their relevant Sub-Committees/Working Groups.

The private sector is a key stakeholder, and their views/interests must be appropriately considered in the formulation of any policy advice. The ADB, the Japanese Government, the EU and USAID are also important stakeholders given their support for ASEC capacity building initiatives.

Activity design, approval and implementation mechanisms

The identification of policy development/advice priorities will be undertaken by BEIF, based on the stated priorities of ASEAN members (e.g. from SEOM members or Working Groups), in line with the objectives and scope of the AEC Blueprint, taking private sector interests and concerns into account, and consistent with the scope of the AADCP II Design Framework and annual program plans. The focus of policy research and advice must address a common problem/issue facing member states, that if addressed cooperatively will provide shared benefits (regionality criteria).

Design of policy research proposals (justification, scope of work, input and costs, management arrangements, etc) will either be undertaken by BEIF or by interested external policy development/research bodies who either openly tender for a piece of work, or who are selected/invited to prepare a proposal. The format for preparing policy research/advice proposals will be appropriate to need, and based on the experience of implementing the Regional Economic Policy Support Facility (REPSF).¹⁰

¹⁰ The requirements of the ASEAN Project Management Manual, including use of the Projects Appraisal Committee, are not considered to be necessarily appropriate for economic research and policy work. A streamlined process is therefore proposed.

The duration and cost of policy research and advice projects will be based on an assessment of need. However, it is anticipated that most policy research activities should be completed within 3 to 6 months and cost less than A\$250,000.

Appraisal and approval of policy research and advice proposals will be undertaken through ASEC research project appraisal systems (Research Priorities Committee (RPC) or equivalent). The AusAID Program Director will be invited to participate in the appraisal process to provide advice on the suitability of proposals for AADCP II funding, and will coordinate a time-bound no-objection process with other relevant Government of Australia agencies, prior to RPC approval.

The mechanism for implementing approved policy research proposals will depend on the scope of work and most suitable management arrangements. The work will either be done in-house, by contracted agents, or by a suitable combination of the two. The Principal Director of BEIF will nevertheless take responsibility for ensuring the quality of end-product.

Resources

An indicative budget of A\$10 million is allocated to support economic policy research work under this component. This could be used for any suitable mix of inputs, including Technical Assistance, workshops, surveys and/or some other necessary operational costs.

To support the planning, implementation and monitoring of this component, a Long-Term Economic Policy Specialist and Senior Technical Officer will be recruited by ASEC (costed under the AADCP II management and administrative support element). These staff will be co-located within the BEIF, working directly with nominated ASEC colleagues.

Component 2b – AEC implementation support
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Objective

To support regional mechanisms/capacity for implementation of selected high priority AEC Blueprint activities at national level

Focus of support

The technical focus and scope of implementation support projects will be determined by ASEC, within the scope of AEC Blueprint activities and the strategic implementation schedule, the AADCP II Design Framework and annual program plans.

In particular, support will be provided to build the capacity of ASEC and Working Groups to:

- Identify project implementation priorities;
- Design project proposals (using ASEC formats and procedures);
- Appraise the quality of proposals (using the PAC process), including giving attention to the needs of the poorest ASEAN members (in line with the objectives of the Initiative for ASEAN Integration), gender equality and environmental implications;
- Mobilise the resources required for project implementation, including where appropriate managing the tendering and sub-contracting process;
- Managing/supervising project implementation;
- Monitoring project progress and the results achieved, including contribution to longer term AEC blueprint objectives; and
- Maintaining appropriate project records and providing useful ‘results-focused’ reports to relevant bodies/authorities.

Support will be provided to improving the efficiency and effectiveness of ASEC project management systems and processes, in the context of the continuous improvement philosophy inherent in ISO 9001 quality systems.

Primary target group and stakeholders

The primary target groups are the BEIF within ASEC, and the ASEAN Working Groups (primarily under SEOM) responsible for AEC blueprint implementation. Other ASEC bureaus will also be involved, namely those specifically concerned with the social impacts of economic integration, including gender and the environment, and those concerned with donor coordination. Depending on the nature of the program/project, the private sector may be a key stakeholder, and their interests and concerns must be appropriately factored into program/project design and implementation.

Among ASEC's other dialogue partners, the EU, USAID and ADB are particularly important stakeholders given their support to ASEC for implementing specific initiatives under the AEC Blueprint.

Activity design, approval and implementation mechanisms

The identification of projects will be undertaken primarily by relevant SEOM Sub-Committees/Working Groups in consultation with relevant ASEC Desk Officers. Projects should be directly linked to established AEC Blue-print priorities and the operational/implementation work plans of Working Groups. The focus of projects must address a common problem/issue facing member states, that if addressed cooperatively will provide shared benefits (regionality criteria). They should also ideally build on the work of previous projects and/or economic policy research findings.

Design of project proposals will either be undertaken by BEIF officers (with in-house TA support as required, or by interested bodies/agencies who either openly tender for a piece of design and implementation work, or who are selected/invited to prepare a proposal. The format for preparing project proposals will be based on established ASEC project proposal requirements and formats.

The duration and cost of 'implementation support' projects will be based on an assessment of need. However, it is anticipated that most project activities should be more than one year duration (but not initially more than 4 years) and valued at between A\$250,000 and A\$2 million. Smaller scale activities (such as providing resources for the implementation of a meeting or a number of workshops) should generally not constitute a separate project, but rather be packaged into a more substantial and ongoing program/project workplan. It is therefore anticipated that time will need to be invested in 'up-front' program/project design work, and that the PAC will then appraise and (as appropriate) approve a number of larger 'programs' of work that might last up to 4 years.

Appraisal and approval of project proposals will be undertaken through ASEC's Project Appraisal Committee. The AusAID Program Director will be invited to participate in PAC meetings to provide advice on the suitability of proposals for AADCP II funding.

The mechanism for implementing approved project proposals will depend on the scope of work and most suitable management arrangements. The work will either be managed in-house, by contracted agents, or by a suitable combination of the two. The Principal Director of the BEIF will nevertheless take overall responsibility for ensuring the quality of project supervision and end-product.

Resources

An indicative budget of A\$22 million is allocated to support the implementation of programs/projects under this component. This could be used for any suitable mix of inputs, including Technical Assistance, Training, Procurement and/or Materials and Supplies.

To support the planning, implementation and monitoring of this component, a Long-Term Economist/Program Management Specialist and a Senior Technical Officer will be recruited by ASEC (costed under the AADCP II management and administrative support element).

These staff will be co-located within the BEIF, working directly with nominated ASEC colleagues.

A summary overview of priority setting, project preparation and approval processes for Components 1, 2a and 2b is provided in Figure 5. Indicative funding allocations are also shown.

AADCP II management and administrative support

Objective

To support efficient and effective management of AADCP II resources

Focus of support and approach

This element of AADCP II will focus on promoting aid effectiveness principles, efficient and effective management of AADCP II resources, and a results-based approach to performance monitoring and reporting. It also has a central aim of building ASEC institutional capacity to manage available resources, so that it no longer needs to rely so heavily on ‘donor-driven’ resource planning and management systems.

The most significant overall feature of the proposed approach to program management is that it will use and support ASEC/ASEAN-led systems for:

- Identifying priorities for AADCP II funding;
- Coordinating with other development partner/donor programs;
- Recruiting and managing the required long-term technical specialists and administrative support staff;
- Sub-contracting and managing short-term technical specialists;
- Implementing project activities;
- Managing and accounting for Trust Fund monies; and
- Monitoring and evaluating program performance.

Further description of the overall coordination, management, financing and monitoring arrangements for AADCP II are provided in Section 5.

Primary target group and other stakeholders

The primary target group is ASEC management and staff.

Other stakeholders include AusAID and the other dialogue partners/donors involved in supporting the implementation of the AEC Blueprint and building ASEC institutional capacity.

Resources

An indicative budget of A\$10 million is allocated to support the recruitment by ASEC of long and short-term technical specialist and management/administrative support personnel. This will likely include:

- Program Coordinator, Program Support Officer and Administrative Officer (Planning and Monitoring Support Unit);
- Capacity Building Specialist;
- Economist – Research & Policy Specialist;
- Economist – Program Management Specialist;
- Senior Technical Officers for programming, project design, management and technical support (x 3); and
- Trust fund, administrative and contract management support officers (x3).

In addition, AusAID will directly recruit an AusAID Program Director, a Program Officer and an Administrative Officer. The Program Officer and the Administrative Officer will support the Program Director to undertake program coordination, management and reporting requirements.

Operational resources for office equipment, materials and supplies, communication and reporting and travel costs for these personnel will also be provided for under this component.

Draft position descriptions for all key long-term positions are provided at Attachment 10.

4.3 Indicative resource requirements and costs

The total cost of GoA inputs to the program is estimated at A\$ 57m over 7 years, or approximately A\$8.15m per year.

Of this total, it is estimated that around A\$17 million will be required to cover the costs of long-term technical assistance, the management support staff and all other management and administrative costs, including M&E. This A\$17m does not represent the management ‘overheads’ of the program, as it includes the costs of all personnel/staffing, most of whom will be focused directly on implementing AADCP II funded initiatives.

A\$ 40m will therefore be available for specific activities/projects, broken down roughly as follows:

- ASEC Institutional Capacity Building A\$ 8m;
- Economic Policy Development A\$ 10m; and
- AEC implementation support A\$ 22m.

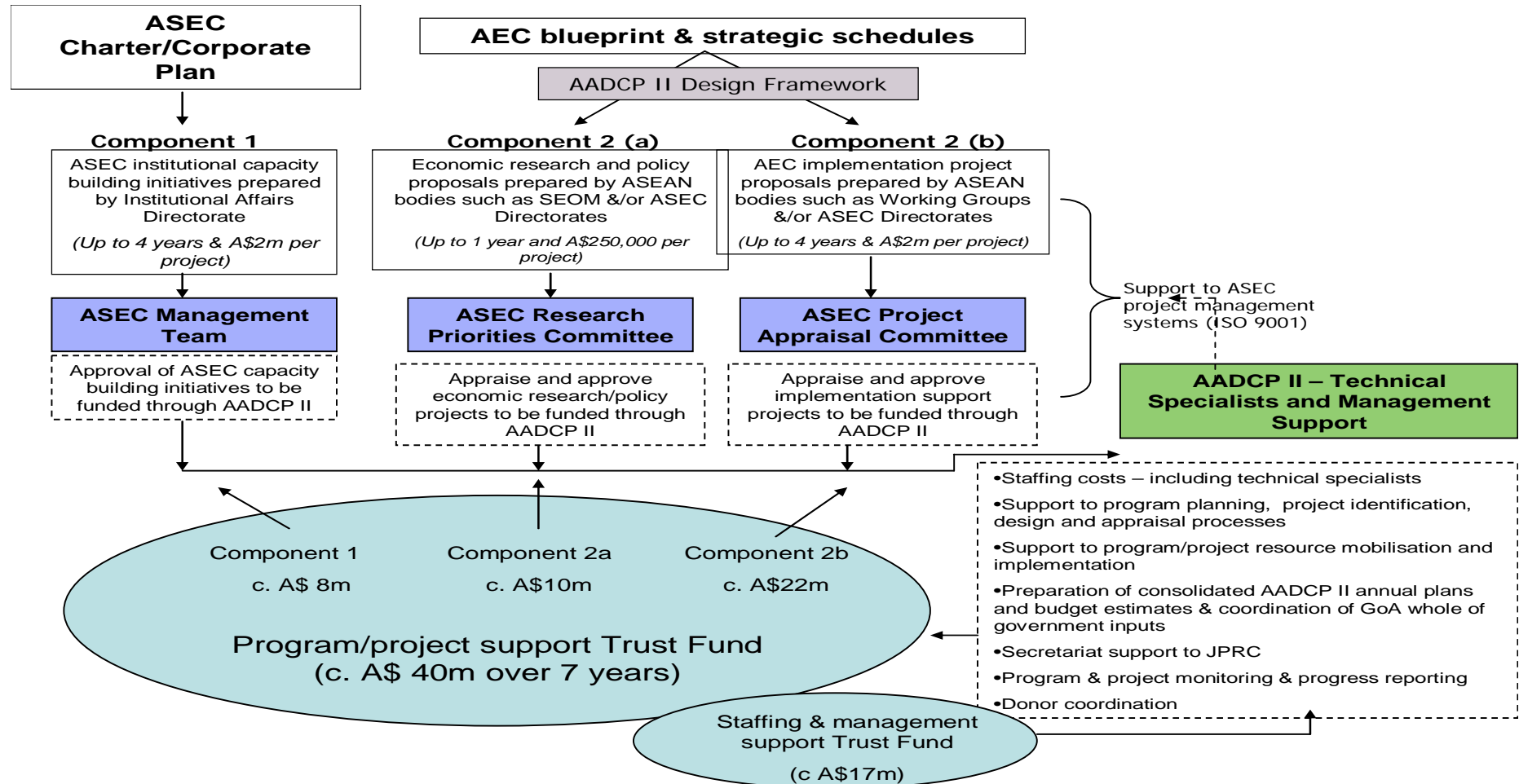
Attachment 9 provides some further detail of estimated GoA financed inputs and their costs.

These indicative resource allocations will be subject to ongoing review through the annual planning process and a mid-term review, and will be re-allocated between components, and indeed projects, according to implementation performance and need.

ASEC and ASEAN member contributions to program implementation will cover:

- The costs of non-ODA eligible member country participation in program supported activities/projects;
- Provision of office space and furniture for all additional AADCP II financed long-term TA/staff who are based in ASEC;
- The time of ASEC staff members and ASEAN member officials who are involved in implementing AADCP II supported activities/projects; and
- ASEAN member countries own budget allocations to implementing the AEC Blueprint at national level.

Figure 5 – Overview of priority setting, project preparation and approval processes



5 Management, financing and monitoring arrangements

5.1 Coordination and management

The primary decision making and coordination body regarding the use of AADCP II resources will be the Joint Planning and Review Committee (JPRC). Membership of the Committee will include nominated representatives from:

- Australia's ASEAN Country Coordinator (Co-chair);
- AusAID (Co-chair);
- ASEC; and
- ASEAN's Senior Economic Officials Meeting (SEOM).

The incoming Country Coordinator will be invited to attend the JPRC meetings in the year prior to handover. Other key development partners could be invited to participate in JPRC meetings in order to promote better donor coordination and harmonisation of approaches.

It is anticipated that the JPRC will meet twice a year, to: (i) review and approve AADCP II Annual Plans and budgets; and (ii) conduct a mid-year review of progress in implementing each Annual Plan. The meeting to review and approve each Annual Plan should ideally be run back to back with the annual review of the overall ASEAN-Australia Comprehensive Partnership and Plan of Action.

While it is proposed that the JPRC will initially act as a stand-alone committee dedicated to AADCP II issues, it is anticipated that the functions of the committee might transition into an ASEC body which deals more broadly with all AEC planning and review matters, including those supported by other development partners. To support this, the AusAID Program Director will be responsible for working with the Principal Director of BERC to develop a donor coordination and harmonisation strategy during the first year of AADCP II implementation.

The primary responsibilities of the JPRC will be to:

- Ensure both ASEAN and GoA policy priorities are reflected in the strategic direction of AADCP II supported activities;
- Review and endorse the strategic direction of each AADCP II Annual Plan and budget;
- Review the progress made in implementing each annual plan and, as appropriate, help resolve implementation problems and re-direct the attention of the management support team;
- Assess AADCP II effectiveness in contributing to AEC Blueprint implementation; and
- Promote and support effective coordination with other dialogue partners.

A Program Management Team (PMT) comprising the Principal Director of BEIF, the Institutional Affairs Focal Point, the Principal Director of BERC and the AusAID Program Director will be established. The team will meet regularly (as needed) – both formally and informally. The Director for the Bureau of Resources Development (BRD) will be invited to participate in discussions in relation to social impact issues. The PMT will have operational responsibilities for:

- The programming of AADCP II resources, including identification of priorities and coordination with other donor funded initiatives to avoid overlap and enhance complementarity;
- The design of project proposals for AADCP II funding;

- Ensuring appropriate project appraisal/quality assurance processes are implemented prior to project implementation;
- Mobilisation of the required resources for program/project implementation, including ensuring that tendering/contracting procedures are efficiently and effectively managed;
- Ongoing monitoring of program/project implementation, including quality assurance of program/project activities and outputs;
- Preparation of AADCP II six-monthly progress reports and Annual Plans for submission to the JPRC;
- Implementation of ASEC institutional capacity building strategies; and
- Promoting effective teamwork, problem solving and results-focused working approaches.

Day to day management responsibility for implementing AADCP II funded programs/project will be with the Principal Director of the BEIF (Components 2a and b) and the Focal Point for Institutional Affairs (Component 1).

AusAID's Program Director and the Principal Director of BERC will be primarily responsible for:

- Preparing consolidated AADCP II Annual Plans and budgets, and six-monthly performance reports in consultation with the Institutional Affairs Focal Point and the Principal Director of BEIF;
- Authorising the commitment of expenditures from the relevant Trust Funds (for programs/projects and staffing/management support) in line with the scope of approved projects and work plans;
- Monitoring the overall progress of AADCP II implementation and the achievement of results;
- Promoting donor coordination, including investigating and pursuing options for the establishment of a common-pool funding mechanism;
- Providing secretariat support to the JPRC;
- Maintaining a central database of all AADCP II funded initiatives (as part of a broader ASEC program/project information system); and
- Producing appropriate informational materials on AADCP II and promoting the program's visibility.

They will be supported in these tasks by the Program Planning and Monitoring Support Unit.

The AusAID Program Director will also have responsibilities for ensuring that AusAID specific financial and aid effectiveness reporting requirements are met, and that GoA funds are released into the ASEC trust funds in a timely manner once the required approvals and accounting/acquittal requirements have been met. The AusAID Program Director will also ensure that other GoA agencies (e.g. Treasury and Foreign Affairs) are consulted on key initiatives/project proposals being put forward for AADCP II funding. A Program Support Officer and a dedicated administration officer will be recruited by AusAID to support its Program Director in these, and other, tasks.

The most significant overall feature of AADCP II's proposed management and staffing arrangements is therefore that the bulk of the proposed personnel will be recruited and managed by ASEC, using ASEC HRM systems and procedures. There will be no Managing Contractor.

Figure 6 provides an overview of AADCP II's proposed management, staffing, funding and reporting arrangements.

5.2 Financing

The following financing arrangements are proposed:

ASEC Trust Fund accounts: It is proposed that two AADCP II Trust Fund Accounts be established within ASEC, one for ‘Staffing/Management Support’ costs and the other for ‘Projects’. These accounts will be managed in line with established ASEC Trust Fund procedures, as documented in the ‘ASEAN Project Management Manual’. AusAID and ASEC will be joint signatories to the funds.

Release of AusAID funds. AusAID funds will be released in tranches into the two ASEC Trust accounts on a six-monthly basis, based on cash flow estimates contained in each AADCP Annual Plan for: (i) staffing/management support, and (ii) projects. However, once 80% of the available funds are drawn down from either trust fund account, a request for fund replenishment can also be made. The release of funds will be subject to the satisfactory annual audit of earlier tranches; and will be triggered by requests from BERC, channelled through the AusAID Program Director.

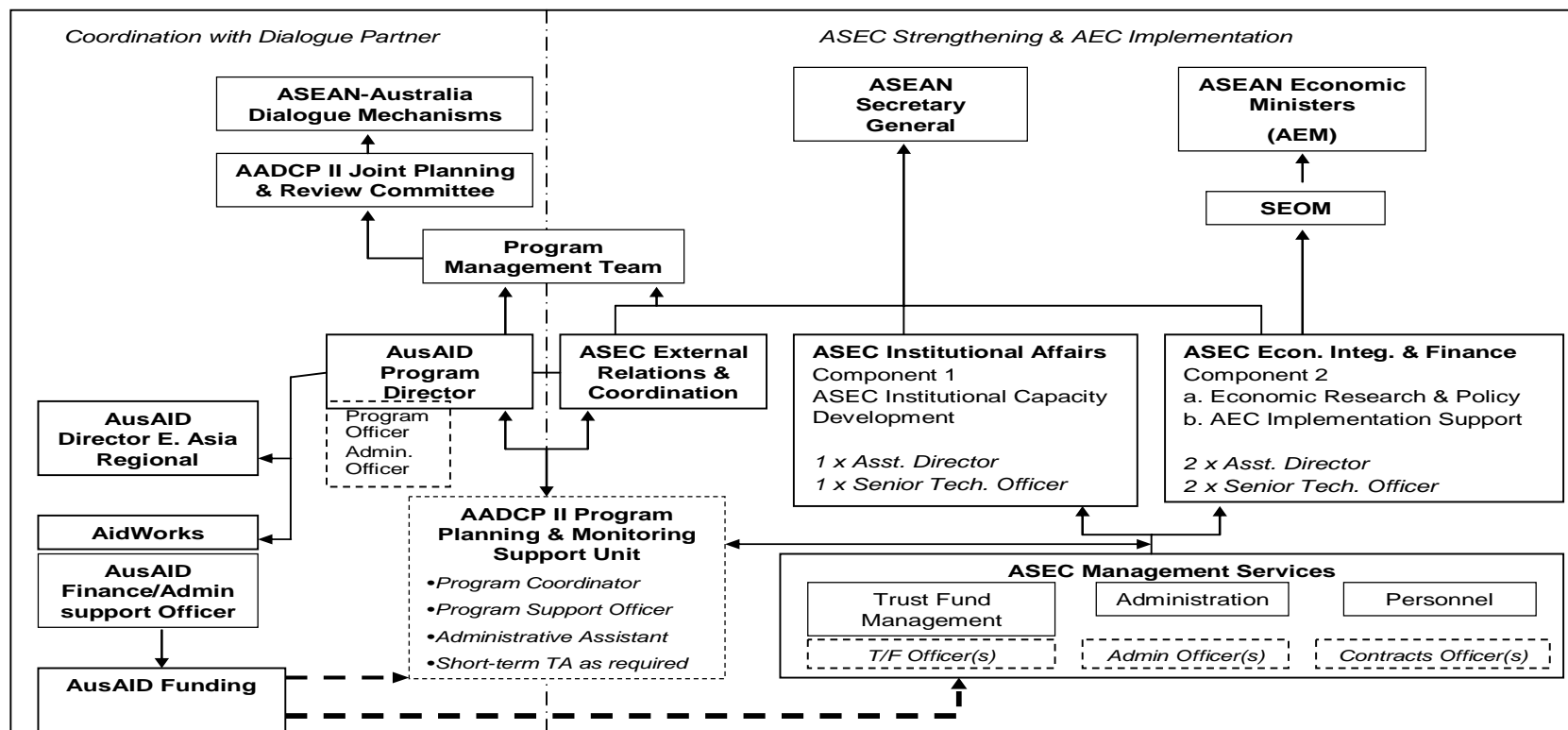
Expenditure from Trust Accounts. The Principal Director of BEIF will initiate and authorise expenditures from the Projects Trust Fund for approved projects under AADCP II Components 2a (Economic Research & Policy Advice) and 2b (AEC Project implementation). The Focal Point for Institutional Affairs will initiate and authorise expenditures from the Projects Trust Fund for approved projects under AADCP II Component 1. The Focal Point for Institutional Affairs will also authorise expenditures from the Staffing and Management Support Trust Fund.

Approval of payments will be made jointly by the AusAID Program Director and the Principal Director of BERC, and the required documentation submitted to the ASEC Trust Fund Unit (TFU). The Head of the TFU or a designated alternate will certify the validity of the payments and the availability of funds before payments are made. The TFU will issue monthly financial reports for each ‘project’ to the concerned Project Director.¹¹

Re-allocation of resources between components and projects. On a six-monthly basis, the JPRC will review overall financial expenditure and commitment details against budget, and as required will authorise the re-allocation of resources between AADCP II components (1, 2a and 2b), and between projects within those components.

¹¹ Further details of ASEC’s financial management procedures are provided in the ASEAN Project Management Manual, Version 2.8, July 2007.

Figure 6 –Overview of AADCP II management, staffing and funding arrangements



Auditing. Both of the AADCP II Trust Funds will be audited on an annual basis by a licensed professional auditing firm. The Secretary General of ASEAN may nevertheless request an audit at any point in time. The annual audit process will be initiated by the TFU by soliciting fee proposals from qualified firms. The AusAID Program Director and Principal Director of BERC will review the draft audit report and make comments, following which the final audit report will be submitted to Secretary General of ASEAN and AusAID.

Further specification of financial management arrangements will be contained in a separate Financing Agreement to be concluded between AusAID and ASEC following approval of the final Design Framework document.

Options for a common-pool fund. During the first 4 year phase of AADCP II implementation, it is also proposed that the options for establishing and using a ‘common-pool donor fund’ be explored and actively pursued. Preliminary discussions with both the EC and with USAID have indicated interest in this idea. This will form an important part of the proposed ‘Donor coordination and harmonisation strategy’ to be developed by the AusAID Program Director and Principal Director of BERC during the first year of program implementation.

5.3 Program monitoring and evaluation

Purpose and approach

The purpose of program monitoring and evaluation (M&E) is to:

- Support effective program management, through providing managers with timely information on the use of program resources, the implementation of activities and the delivery of planned ‘outputs’;
- Promote reflection and learning, through a process of ongoing review as well as periodic more in-depth assessments of program effectiveness (achievement of results); and
- Support accountability and transparency objectives.

The proposed approach to undertaking M&E for AADCP II will:

- Primarily work with and through ASEAN/ASEC monitoring and review systems, providing capacity building support where required;
- Support the collection and use of information at 3 main levels, namely: (i) Macro economic indicators of economic integration (namely the development and use of the ‘ASEAN Community Progress Monitoring System’; (ii) Meso-level indicators of progress in implementing the AEC Blueprint (namely the development and use of the ASEAN ‘Scorecard’ system); and (iii) Micro-level indicators of AADCP II funded program/project implementation, including delivery of outputs and use of resources;
- Include the monitoring of ASEC ‘capacity development’ through identification of key quantitative and qualitative indicators (to be developed and agreed with the ASEC Focal Point for Institutional Affairs).
- Include the conduct of periodic ‘contribution analysis’ activities, in order to assess the ongoing relevance, efficiency and effectiveness of AADCP II support. This will include overall reviews of AADCP II progress and performance (involving independent consultants) in years 3 and 6 of program implementation; and
- Coordinate and harmonise with the M&E activities of other key dialogue partners.

Stakeholder roles and responsibilities

The primary responsibilities for M&E will be as follows:

Stakeholder	Primary responsibilities
<i>ASEAN member countries, including SEOM and Working Group members</i>	<ol style="list-style-type: none"> 1. Providing national level data to ASEC to feed into the Community Progress Monitoring System (CPMS); 2. Providing data to ASEC on National level implementation of the AEC Blueprint to feed into the 'Scorecard' assessment system; and 3. Providing ASEC with feedback/progress reports on implementation of specific programs/projects within the scope of the AEC blueprint (including AADCP II supported initiatives).
<i>ASEC (including ASEC Program Management Team members)</i>	<ol style="list-style-type: none"> 1. Ongoing development and implementation of the CPMS and AEC Blueprint Scorecard system, including data analysis and information dissemination to stakeholders; 2. Ongoing collection, recording and reporting of program/project level data (including for AADCP II supported initiatives) through the ASEC Project Management System, including on outputs delivered and resources used; 3. Mobilisation of TA (using AADCP funds) to conduct specific case-studies and surveys as required and/or directed by the JPRC; 4. Participating in 6 monthly and annual review meetings on AADCP II progress; and 5. Coordinating different dialogue partner input to ASEC's M&E systems development, and promoting the harmonisation of donor's monitoring and reporting activities.
<i>AusAID</i>	<ol style="list-style-type: none"> 1. Provision of resources through the AADCP Trust Funds to support ASEC capacity building in M&E, both at an institutional level and for individual; 2. Mobilisation of TA (using AADCP funds) to conduct specific case-studies and surveys as required and/or directed by the JPRC, particularly with respect to building up a set of data to be used in conducting periodic 'contribution analyses' (at end of program years 3 and 6); 3. Through the AusAID Program Director, preparation of consolidated AADCP II progress reports and Annual Plans for presentation to the JPRC; and 4. Managing AidWorks and other AusAID specific financial and aid effectiveness reporting requirements.
<i>JPRC</i>	<ol style="list-style-type: none"> 1. Analysis and use of information contained in consolidated AADCP II progress reports and Annual Plans; 2. Management decision making on action required to ensure ongoing effective use of AADCP resources and the achievement of results; and 3. Providing feedback and direction to program implementers (namely the Directors of BEIF, Institutional Affairs and the AusAID Program Director) on follow-up M&E activities to be carried out.

Key performance indicators and sources of information

The proposed key performance indicators and the sources of this information are profiled in the Results Matrix provided at Attachment 8. Many of these indicators, as well as the methods of collection, are in the process of being developed and tested by ASEAN/ASEC, and will need to be reviewed and refined on an ongoing basis.

At the level of specific AADCP II supported programs/projects (funded through the Project's Trust Fund for Components 1, 2a and 2b), more specific output level indicators will also be included in the design of each of these initiatives. The quality and practicality of these individual project level indicators will be appraised and approved as part of the Project Appraisal Committee process. Responsibility for monitoring and reporting against these 'output' indicators will be the responsibility of each 'project's' nominated 'Director'.

Analysis and use of information

Analysis and use of 'monitoring' information will be undertaken at 3 main 'levels'.

- **Level 1 (Macro – Goal):** Analysis of data on 'economic integration' will be undertaken by ASEC's Statistics Unit and then used primarily by AEM, SEOM, relevant Working Groups and by ASEC senior management to make strategic decisions on future directions. This information is not relevant to assessing AADCP II effectiveness.
- **Level 2 (Meso – Purpose):** Analysis of information on progress with implementing the AEC Blueprint will be undertaken primarily by BEIF and then used by AEM, SEOM, relevant Working Groups and ASEC senior management to help review and update the Strategic Schedule for the AEC. This information is only partially relevant to assessing AADCP II effectiveness, to the extent that the program reviews scheduled in years 3 and 6 will make qualitative assessments of AADCP II's 'contribution' to supporting AEC Blueprint implementation.
- **Level 3 (Micro – Component Objectives and individual project outputs):** Analysis of information on progress with delivering AADCP supported programs/project 'outputs' will be undertaken primarily by; (i) for Components 2a and b, responsible BEIF officers, including the technical specialists and program officers funded through AADCP resources; (ii) for Component 1, the responsible Bureau of Institutional Affairs officers, including the technical specialist and program officer funded through AADCP resources; and (iii) for the overall AADCP, the AusAID Program Director and Program Coordinator. This information is of direct and ongoing relevance to assessing AADCP II's effectiveness in supporting ASEC to deliver relevant and high quality services to ASEAN members.

Reporting requirements

The primary 'formal' reporting requirements to the JPRC will be as follows:

- A First Annual Plan produced during the inception stage, which will include any required updates to the Program Design Framework;
- Subsequent Annual Plans, which will incorporate an annual review of implementation progress;
- Six-monthly progress/performance review reports (one per year); and
- Any other specific reports/updates as the JPRC may request.

In addition, it is anticipated that each individual program/project funded through AADCP Trust Funds will prepare 3 succinct quarterly reports each year (focusing on outputs delivered, issues arising and action required) in line with the current requirements of the ASEAN Project Management Manual.

The Trust Fund will also issue monthly expenditure statements for each AADCP funded program/project.

AusAID specific reporting requirements (including through AidWorks) will be managed by the AusAID Program Director, based primarily on information sourced from ASEC monitoring and reporting systems.

Resource implications

Effective monitoring and evaluation takes time, requires some specialist inputs and costs money. It is estimated that up to 10% of the total AADCP II budget should be applied to M&E activities (up to some A\$5m over 7 years). Of this amount, it is anticipated that around A\$1.8m would be attributed to the time spent on M&E activities by long-term staff funded through AADCP (15% of their time, out of a personnel budget of a bit over A\$12m). This leaves around A\$3.2m of M&E support to be directly funded through the Trust Fund monies for each of the three components (about A\$0.5m per year). It is anticipated that these costs will be required to cover such inputs as:

- Specialist TA/consultancy inputs to support the ongoing development and use of the CPMS and the AEC Scorecard systems (funded through Component 1 Trust Fund monies);
- Specialist TA/consultancy inputs to support the further development/upgrading of the ASEC Project Management System (funded through Component 1 Trust Fund monies);
- Specialist TA/consultancy inputs to support the conduct of ongoing case-studies and surveys as part of feeding into a 'Contribution Analysis' for AADCP II (funded primarily through Components 2a and 2b Trust Fund Monies); and
- Specialist TA/consultancy inputs to the two 'external' reviews of AADCP II progress (including 'contribution analysis') to be conducted at the end of years 3 and 6 respectively (funded primarily through Components 2a and 2b Trust Fund Monies).

The proposed strategy for further development of the M&E framework and then an M&E implementation plan involves: (i) further specification of the M&E framework in early 2008, after final approval of the Program Design Framework; and then (ii) development of an M&E implementation plan as part of the AADCP II inception phase (first Annual Plan development) in around August 2008.

5.4 Communication and information dissemination

The AusAID Program Director and Principal Director of the BERC, supported by the Program Coordinator, will take lead responsibility for developing and implementing a communication and 'visibility' strategy for AADCP II. This will likely include the ongoing management of an AADCP II web-site, the production of a newsletter and the publication and dissemination of case-study materials on specific AADCP II supported programs/projects.

Under the Economic Research & Policy Advice component, a policy paper disclosure and dissemination policy will also be developed and implemented.

6 Risk and sustainability

6.1 Risks

The 'success' of AADCP II will be inextricably linked to the perceived success of ASEAN/ASEC in progressing the ASEAN Economic Community agenda.

All such ambitious endeavours carry risks. The broad strategic risks to AEC implementation are likely to include:

Strategic risks

- ***Political instability and/or in-security in the wider region.*** This would divert the attention (and resources) of ASEAN member country governments away from the AEC agenda and 2015 targets. Areas of potential concern might include: (i) tensions between China and Taiwan; (ii) North Korea's nuclear arms ambitions; and (iii) regional tensions over access to natural resources and energy supplies;

- ***Resurgent nationalism in the region.*** This would again divert the attention (and resources) of ASEAN member countries away from the AEC agenda and likely lead to more isolationist and protectionist economic policies. Governments which do not have broad based popular support, and which feel threatened by domestic dissent, may resort to nationalist rhetoric and policies as a way of diverting attention towards (perceived) external threats;
- ***The ‘Initiative for ASEAN Integration’ is not adequately resourced or effectively implemented.*** Addressing the problem of the less developed regions is a critical factor in the successful implementation of the ASEAN Economic Community, and for ASEAN integration in general. This will require a change in the traditional ‘ASEAN way’, so that development/support resources are allocated based more on demonstrated need rather than the concept of equal access. The risk is that the forthcoming IAI Plan of Action is not adequately implemented, the less developed regions cannot meet the AEC implementation targets, and that benefits of economic integration are therefore compromised and/or unequally shared.
- ***ASEC is not given a clear enough mandate, authority or adequate resources to ‘drive’ the integration process forward.*** The effective implementation of the AEC agenda will require that strong and well-resourced regional institutional structures be put in place. At present ASEC (the main ASEAN institution) has very limited core resources from member country contributions, is highly dependent on dialogue partner ‘aid’ for program/project implementation, and does not yet have a clear mandate and authority to take a lead role in driving forward the implementation of the AEC Blueprint. The risk is therefore that the rhetoric of ASEAN leaders is not matched by adequate resources or institutional mechanisms to implement their vision.

The main risk management strategy for dealing with such ‘strategic’ risks is being prepared to scale down, stop or re-direct AADCP II funding if AEC implementation becomes un-feasible. However, the risk of ASEC not being provided adequate core budgetary resources can also be mitigated by including clear expectations in this regard in the Financing Agreement between GoA and ASEAN/ASEC, as well as by helping ASEC prepare and submit clearly presented strategic plans and forward budgets to help them lobby for more resources.

There are also some more operational risks to the effective use of AADCP II resources, including:

Operational risks

- ***ASEC program/project management systems prove inadequate to the task.*** The implementation of the AEC Blueprint will require that ASEC further develop, and continuously improve, its systems for supporting and monitoring national level implementation of ASEAN Agreements. This will require ongoing institutional reform and innovation, driven forward by dynamic leadership. There remains a risk that ASEC will remain in ‘Secretariat mode’, focused more on servicing meetings than initiating and resourcing practical implementation support interventions. This risk can nevertheless be managed, to some extent, through the institutional capacity building support that will be provided through AADCP II. ASEC’s initiative to implement an ISO 9001 accredited quality management system (with EC support) is also a positive step in mitigating this risk;
- ***ASEAN/ASEC do not identify and formulate an adequate ‘supply’ of projects for AADCP funding.*** This risk has been identified through the experience of other ‘Facility’ type programs. However, this risk will be mitigated by: (i) recruiting additional long-term personnel who have a specific responsibility for supporting the identification and design of ‘projects’ for AADCP funding; (ii) initiating the process of ‘project’ identification prior to the mobilisation of AADCP funds; and (iii)

including resources in the AADCP budget specifically for project design specialist Technical Assistance;

- ***Capacity ‘development’ is given a lower priority than capacity ‘provision’.*** Program staff recruited by ASEC are very likely to get caught up in ‘doing’ the work, rather than spending time on capacity development activities/initiatives. In the earlier years of the program this may indeed be necessary and appropriate. In order to mitigate the risk that capacity development is not given adequate priority, it is proposed that each AADCP II Annual Plan include a specific section on the capacity development strategy for that year. This will explicitly address the issue of any necessary trade-off between ‘provision’ and ‘development’, and specify the implications for the roles of key AADCP II funded personnel. The annual capacity development strategies will also take into account (and appropriately highlight to key stakeholders) the very long-term nature of capacity development work.
- ***Additional staffing resources provided through AADCP II are not of high quality, are not effectively managed, and/or move to other jobs/agencies.*** The effective allocation and management of AADCP II Trust Fund monies (for component specific programs/projects) will depend significantly on the quality of the additional staff recruited (by both ASEC and AusAID), and the way in which they are then managed on an ongoing basis. Rigorous and transparent recruitment processes are the primary risk management strategy, plus ongoing personnel performance assessment. The risk of key personnel leaving their positions can be mitigated by promoting team work approaches, undertaking succession planning and promoting the development of a cohort of capable officers across the organisation; and
- ***External support from dialogue partners is not effectively coordinated.*** Donor coordination mechanisms remain relatively weak within ASEAN/ASEC, and this results in a risk that AADCP II resources duplicate activities already undertaken, or that are being undertaken, by other dialogue partners/donors. This risk is to some extent mitigated by channelling all AADCP II resources through ASEAN/ASEC project appraisal, approval and management systems, and by the fact that the AusAID Program Director will have specific responsibilities for supporting ASEC in its donor coordination functions.

Attachment 11 provides a summary Risk Management Matrix. It is proposed that this tool be used by the AusAID Program Director, in collaboration with his ASEC counterparts (primarily the Principal Directors of the BEIF and BERC and the Institutional Affairs Focal Point) to further elaborate key operational risks and identify practical risk management strategies on an ongoing basis. The AADCP II annual planning and review process will be the focus of operational risk management planning activities.

6.2 Factors to promote sustainability

In order to promote the delivery of sustainable benefits to ASEAN member countries and to ASEC, the following sustainability strategies are incorporated into the AADCP II Design Framework:

- ***Alignment with ASEAN Policy and Strategy Frameworks.*** The policy and strategy frameworks which will guide the allocation of AADCP resources are those of ASEAN, namely the Vientiane Action Programme and the AEC Blueprint. AADCP II is therefore wholly aligned with the partner’s strategic aims;
- ***ASEAN Ownership and participation.*** As well as being aligned with the partner’s policy and strategic frameworks, the institutional arrangements and processes for prioritising, approving and managing the use of AADCP II resources will be those of ASEAN/ASEC. AADCP II ‘outputs’ will therefore be the outputs of ASEAN/ASEC,

not of the dialogue partner. Ownership and participation are thus embedded in the design strategy;

- ***ASEC Capacity building.*** The overall AADCP II strategy of working through ASEAN/ASEC systems (e.g. for recruitment, project design and approval, financial management and project implementation) is the core element of the capacity building strategy. Parallel ‘donor-driven’ systems will not be established. AADCP II also includes an institutional capacity building component which will provide ASEC with resources to address Corporate Planning, Operations Management, HRM and Monitoring & Evaluation capacity building needs; and
- ***Financing and recurrent costs.*** Additional staffing requirements to be supported through AADCP II will be recruited, paid and managed in line with ASEC recruitment/staffing policies. They will be ASEC, not donor, staff. If these positions, and the individual personnel, are required beyond the life of AADCP funding, it will therefore be easier for them to be sustained into the future. Through supporting the development of enhanced corporate planning and budgeting processes within ASEC, AADCP II also aims to help the institution put clear business cases for increased funding from member countries.

7 Next steps

Indicative next steps in the design, approval and mobilisation process are anticipated to be as follows:

- a) Endorsement of the final Program Design Document by GoA and ASEAN members (February 2008);
- b) Drafting of a Financing Agreement between GoA and ASEAN/ASEC, and preliminary discussions/negotiations (February/ March 2008);
- c) Finalisation and approval of the ‘Financing Agreement’ between GoA and ASEAN/ASEC (April 2008);
- d) Release of preliminary tranche of GoA funding for initiating personnel recruitment (May 2008); and
- e) Conduct of series of inception workshops for ASEC staff, ASEAN member countries and other key dialogues partners to help ensure all stakeholders are clear about the program scope, planning and activity design processes, management arrangements and responsibilities. These workshops will also initiate the preparation of the first year’s annual plan (August 2008).

Attachments

Attachment 1 – Concept Note

CONCEPT NOTE: STRENGTHENING ASEAN REGIONAL COOPERATION FOR ECONOMIC INTEGRATION (May 2007)

1. PURPOSE

The purpose of this Concept Note is to outline a broad framework for the design of a new regional ASEAN program. The Concept Note will be tabled for consideration at the ASEAN Australia Development Cooperation (AADCP) Joint Planning Committee (JPC) meeting to be held in Thailand on 22 May. Following agreement on the Concept Note, formal design of the new program will commence.

2. BACKGROUND

2.1 ASEAN Australia Development Cooperation Program

The strength of Australia's relationship with ASEAN is underpinned by long standing development cooperation, which dates back to the early 1970s. The primary vehicle for regional assistance to ASEAN is the AADCP. AADCP is a \$45m six year program (2002-2008) that builds on over 30 years of assistance under the ASEAN Australia Economic Cooperation Program (AAECP). The goal of the program is to promote sustainable development within ASEAN by assisting ASEAN to tackle priority regional development challenges through regional cooperation. The program has three components:

- **Program Stream** – a program of medium term projects addressing issues of economic integration and competitiveness;
- **Regional Partnerships Scheme** – a flexible scheme for collaborative activities that contribute to deeper economic integration of ASEAN;
- **Regional Economic Policy Support Facility**¹² – a research facility focusing on high priority ASEAN economic integration issues.

AADCP has evolved to meet emerging ASEAN needs and is highly regarded by ASEAN member countries. A Mid Term Review (2005) found that the program had significantly helped strengthen regional cooperation and economic integration and positively contributed to ASEAN Australian relations.

AADCP is in the last year of implementation and will finish in June 2008. A new program will be jointly designed with ASEAN during 2007, with the aim of mobilising the new program by mid 2008.

2.2 Broader Australian support to ASEAN

While AADCP is an integral component of Australia's development cooperation with ASEAN, it is one part of a broader framework of support. Significant development cooperation is provided through a range of other regional and bilateral programs. Overall development cooperation with ASEAN and ASEAN members will amount to approximately \$630m in 2006/07. This includes major bilateral assistance to Indonesia, the Philippines, Cambodia, Laos and Vietnam; and significant regional programs to combat transboundary threats such as people trafficking, illicit drugs, HIV/AIDS, emerging infectious diseases and

¹² In early 2007 a \$5m East Asia Summit (EAS) Research Initiative, part of a larger \$10.5m Australia package of assistance in support of the Summit's trade and economic cooperation goals, commenced. The Initiative is being managed through the AADCP REPSF mechanism (REPSF II).

terrorism. Australia is also making a major contribution to the region's development through a comprehensive scholarships program aimed at building capacity in ASEAN's priority development areas, promoting reform and improved education governance and building people to people links in the region (Annex 1). The breadth of Australian support – both through regional and bilateral mechanisms – is illustrative of the importance Australia accords to ASEAN and the region.

3. NEW ASEAN PROGRAM

3.1 Rationale

Australia is strongly committed to promoting regional stability and cooperation on the basis that stability is a critical pre-determinant for growth and poverty reduction in the region. In recognition of ASEAN's critical role in contributing to regional stability and cooperation, Australia has provided support to ASEAN for over 30 years.

The global and regional challenges facing ASEAN have continued to evolve. ASEAN, in recognition of the benefits of regional integration, has adopted an ambitious agenda encompassing its own internal progress towards ASEAN Vision 2020 (including the goal of achieving an ASEAN economic community by 2015), increasing its broader regional engagement (East Asia Summit, regional FTAs) and closer integration with the global economy.¹³ ASEAN, including the ASEAN Secretariat, will require support to progress its economic integration agenda. Australia has already demonstrated that it is well placed to provide support for economic development and integration. Support in this area would also be in line with Australia's development priorities outlined in the 2006 Aid White Paper – *Australian Aid: Promoting Growth and Stability* and with a new Asia Regional Strategy currently being developed.

3.2 Changing ASEAN Context

The new regional program will build on AADCP and its predecessor AAACP and many of the reference points for the new program will remain valid (i.e. its close alignment to the Vientiane Action Programme). However, it will not simply be an extension of the current program. As noted in the previous section, the context in which AADCP was designed has shifted and the new program will need to reflect this changing environment.

3.2.1 Key References

The following are some key references that will inform the scope of the new program.

Vientiane Action Programme

The Vientiane Action Programme (VAP), which articulates ASEAN's development priorities, is a key reference for AADCP. While the program supports the VAP as a whole, its main emphasis has been on supporting economic integration (i.e. 77 per cent of AADCP's activities support economic integration). It is proposed that the new program will also be aligned to the VAP.

ASEAN Australia Comprehensive Partnership

The proposed ASEAN Australia Comprehensive Partnership (AACP), including a Plan of Action (POA), will be a key reference for the new program, providing a broad framework for ASEAN Australia cooperation. While the new program will support the aspirations of the

¹³ The ASEAN Secretary General, H.E. Ong Keng Yong, at the recent Third Asia Economic Forum (2-5 April 2007) stated that "... regional economic integration in Asia is an ongoing process and while ASEAN is intensifying its efforts to build the ASEAN community, it is also committed to integrate itself with the rest of the world as well as maintain its central role in fostering economic integration in East Asia.

Comprehensive Partnership and related action plans, it will need to be selective in which elements of the Partnership and activities under the development cooperation chapter it supports. Any activities supported under the program will need to meet the basic tests for good development assistance, i.e. support sustainable development and poverty reduction, efficiency in the use of resources, and effectiveness in reaching mutually agreed outcomes. Activities funded under the program will also have to be in line with the program's broad objectives.

ASEAN Economic Community - Blueprint

A key challenge for ASEAN will be the move to an ASEAN Economic Community by 2015. ASEAN is currently developing a draft blueprint for the AEC which will set out the framework for the AEC. This document (when available) will inform the design of the program.

ASEAN Charter

ASEAN's decision to proceed with the development of a 'rules-based' community via an ASEAN Charter has major implications for the future role of the ASEAN Secretariat. The Charter will be a key point of reference for the new program of Australian support.

White Paper on the Australian Aid Program

Australia's Aid White Paper - *Australian Aid – Promoting Growth and Stability* will also inform the design of the new program. In particular, the Paper's focus on: accelerating economic growth; promoting regional stability and cooperation; supporting less developed regions such as East ASEAN and Mekong sub regions; and improving aid effectiveness through a stronger focus on working with partners and performance, will be particularly relevant.

East Asia Summit - Leaders Statement

A significant development since the design of AADCP has been the evolving regional architecture, with the emergence of the ASEAN 'plus' summitry processes such as the East Asia Summit. While AADCP largely focused on ASEAN integration, there is now an increased emphasis on broader regional engagement. The Leaders' Statement from the 2nd Summit (Cebu – Philippines) will be an important reference document in designing the new program.

ASEAN-Australia-New Zealand Free Trade Agreement – Economic Cooperation Chapter

The Economic Cooperation Chapter (and associated Annex) of the ASEAN, Australia, New Zealand Free Trade Agreement – currently under negotiation – will also inform the scope of the new program. While the Economic Cooperation Chapter will be broader than development cooperation, it is envisaged that the new program will support select elements of the Chapter and its Annex.

3.3 AADCP – Lessons Learned

The design of the new program will need to take into account lessons learned from the current program. While many of the lessons from AADCP will be derived from the overarching M&E Framework currently being developed (with the first report expected late May), a number of lessons/issues can be distilled from the 2005 Mid Term Review and from AusAID's long term management of the program.

Summary of Key Lessons

- The new program should be aligned to ASEAN's development priorities as articulated in its Vientiane Action Programme (VAP).
- The new program should be designed, implemented and reviewed in partnership with ASEAN.

- The program level objectives of the new program need to be crafted so that they are broad enough to encompass emerging priorities but also clearly articulate the main focus of the program. Lower level objectives need to clearly articulate the purpose of the program
- The design of the new program should include a comprehensive M&E framework that reflects current international thinking on performance assessment and is linked to the VAP's M&E framework.
- The design of the new program needs to comprehensively address cross cutting issues such as gender and the environment.
- It will be important that the new program has a flexible structure so that it can deliver a range of assistance in a streamlined and cost effective way.
- It will also be important to ensure support provided through the new program is linked to and supports national integration policies and priorities.
- The new program should have a strong focus on helping to build the ASEAN Secretariat's capacity as an institution.

3.4 *Coherence with Broader Australian Development Cooperation*

Design (and management) of the new program will need to take account of broader Australian development cooperation provided under the Asia bilateral/regional and global thematic programs to ensure the new program complements rather than duplicates or undermines support provided through these programs.

3.5 *Other Donor Programs*

The new program will also need to take account of the foci of other donors working within ASEAN. When AADCP was designed, Australia was one of a small number of donors providing support to ASEAN. Australia's long standing relationship with ASEAN (underpinned by 30 plus years of development cooperation) afforded Australia a unique position to support ASEAN. ASEAN has now become more crowded with donors, with a number of donors providing similar programs to AADCP e.g. USAID, EU, ADB. In designing the new program, it will be important to both carve out a strategic niche that draws on Australia's comparative advantage to assist and to also explore opportunities to work more closely with key donors, including emerging donors.

3.6 *Focus of the New Program*

The new program will be both aligned to ASEAN's VAP and linked to the AACP's POA. While the program will support key elements of these reference documents, it is not feasible for the program to support all components. Consequently it will be necessary to target key areas for support.

It is proposed that the new program predominantly focus on: supporting ASEAN economic development and integration; and strengthening regional institutional capacities - primarily though support to the ASEAN Secretariat. The rationale for this focus is that:

- Economic development and integration is central to the achievement of broader development goals. This is reflected in Australia's Aid White paper which underlines the importance of shared and sustainable economic growth for development and poverty reduction.
- Economic integration is a key priority under the VAP with ASEAN facing the considerable challenge of achieving an ASEAN Economic Community by 2015 and integrating more broadly with the global economy.
- While Australia is committed to assisting ASEAN to address broader social, cultural and security challenges, significant support in these areas is already being provided through other bilateral, regional and global mechanisms. A focus on economic integration will complement this broader package of support.

- Critical to ASEAN successfully achieving its development/cooperation agenda will be a strengthened Secretariat able to play a greater policy implementation and compliance role. The Secretariat will need support to develop the required high level policymaking (including in-house research capability), project management and broader management skills.
- Support for economic development/integration and for the institutional strengthening of regional bodies such as the ASEAN Secretariat are areas in which Australia has demonstrated expertise.
- Focus on these areas would build on support already provided under AAECF and AADCP.

While it is proposed that the primary focus of the program will be on economic development/integration, the program will also provide targeted support to address the social consequences of economic integration. As with the focus on economic integration, it will be important to prioritise areas of support – it will not be possible for the program to cover everything. Consideration of all potential assistance under the new program will need to be informed by basic development tests i.e. support identified as a priority, effective use of resources, and support which complements rather than duplicates other assistance. It will also be important to consider whether a regional program is the most appropriate mechanism for providing assistance.

3.7 Program Structure

Partnership approach - One of the key strengths of AADCP is that its design, implementation and review involve a genuine partnership with ASEAN. In considering management structures for the program it will be important to consider models that involve a similar partnership approach.

Flexibility and responsiveness - While AADCP's flexibility and responsiveness is a strength, one of its weaknesses is that its objectives do not directly relate to the main focus of the program, and that it has three separate streams which are only loosely connected. The challenge in designing the new program will be the need to retain the flexibility and responsiveness of AADCP so that it can respond to emerging needs while also ensuring it has a core focus.

Governance Arrangements - The complexity for AADCP's program structure, with three different streams, two managing contractors, three governing boards and seven project meetings per year has made the program very cumbersome, costly and administratively burdensome to manage. The challenge will be to develop a model to support a range of activities using different modalities under one structure. Consideration should be given to options for in-country management.

Attachment 2 – Design Mission’s Terms of Reference

(This has been abbreviated to focus only on the required scope of work, team composition and reporting requirements so as not to repeat content of the Concept Note provided at Attachment 1)

1. Scope of Design Mission

A two step approach has been adopted for the design of the new program.

Part I

Initial consultations with ASEAN were used as the basis for preparing a short Concept Note which outlines a broad framework for the design of the new program (see Annex II). This Note, which was considered at the AADCP Joint Planning Committee (JPC) in Bangkok in May 2007, will be a key reference for the design process.

Part II

A formal design process will be undertaken by a design team from July-December 2007, with the aim of achieving an agreed Project Design Document (PDD) by the end of 2007. The PDD will contain a comprehensive Monitoring and Evaluation (M&E) Framework. A timeline for the design process is attached as Annex III.

In developing the draft PDD, the design team will:

- Attend appropriate briefings in Australia with AusAID, relevant Australian Government agencies, AADCP managing contractors and sub-contractors.
- Undertake a regional mission which includes comprehensive consultations with the ASEAN Secretariat, ASEAN member countries, other donors, AusAID Posts, AADCP managing contractors and other relevant stakeholders. Countries to be visited will include Indonesia (Jakarta), Thailand (Bangkok), Philippines (Manila), Singapore and Vietnam (Hanoi).
- Provide a debrief on the regional mission with the ASEAN Secretariat - Jakarta and with AusAID - Canberra.
- Participate in a Canberra Peer Review of the draft PDD and refine the PDD and M & E Framework as necessary.
- Participate in a Stakeholder meeting in Jakarta to “workshop” the draft PDD.

2. Outputs and Reporting

The design team will produce:

- An agreed program for regional mission.
- An Aide Memoire outlining initial design concepts to be presented at the end of the Regional Mission.
- A draft PDD within 14 days of completion of the regional mission, which:
 - includes a comprehensive M&E Framework; and
 - is in accordance with standard AusAID guidelines and current AusAID design practice.
- A final tenderable PDD including a Scope of Services which is acceptable to AusAID and incorporates agreed changes following AusAID appraisal, peer review and the stakeholder workshop.

Documents should be succinct, clear and well structured and consistent with standard AusAID guidelines. All documents must be delivered to AusAID in electronic format, compatible with Microsoft Office 2000. The documents will be clearly marked as draft or final with a date in the cover. Hardcopy reports will be made available to AusAID upon request.

3. Team Composition and Responsibilities

The collective skills/knowledge of the team must include a high level of:

- Effective interpersonal skills including cross cultural sensitivity;
- Analytical and report writing skills;
- Design skills
- Ability to work effectively as a team member;
- Ability to meet deadlines;
- Strong understanding of the ASEAN development context;
- Awareness of the both Australian and broader donor support to the region.
- Familiarity with the principles, guidelines and requirement of Australia's development cooperation program including an understanding of key cross cutting policy issues such as gender, HIV AIDs and the environment.

The design team will consist of the following members:

Team Leader

The Team Leader will have extensive development experience in the region, with a strong economics background. Experience in managing the design of significant development programs will be essential. Strong interpersonal skills will be critical, with knowledge of one or more of the region's languages, including Bahasa Indonesia, an advantage although not essential.

Specifically the Team Leader will:

- Take responsibility for the overall management of the design activity including oversight of the development of the draft PDD and M&E Framework.
- Oversee the development of the program for the regional mission.
- Lead consultations during the regional mission and the team's presentation of the draft project design document at a peer review meeting in Canberra and at a Stakeholder Workshop in Jakarta.

Design Specialist

The Design Specialist will have extensive development experience in the region. Experience in designing a range of development cooperation programs, including new forms of aid and innovative management models, will be essential.

Specifically the Design Specialist will:

- Under the direction of the Team Leader and with input from other team members, prepare a draft PDD that is acceptable to AusAID and suitable for tendering. This will include revisions of the draft document following comments from and consultations with key stakeholders.
- Prepare an accepted draft Scope of Services to be used for the contracting of the design activity.

- Participate in the regional mission and in team's presentation of the draft PDD at a Peer Review in Canberra and at a Stakeholder Workshop in Jakarta.

Monitoring & Evaluation (M&E) Expert

The M&E Specialist will have extensive experience working in the region. A strong understanding of both international thinking in performance assessment and AusAID requirements for performance measurement of programs will be essential. An understanding of ASEAN's approach to performance measurement including the M&E Framework for the VAP would be useful.

Specifically the M&E Expert will:

- Under the direction of the Team Leader and with input from other team members, develop a comprehensive M&E Framework for the new program in line with AusAID policies on performance assessment and that is acceptable to AusAID. The Framework should be linked to the VAP's M&E Framework.
- Participate in designated elements of the regional mission and in the team's presentation of the draft PDD at a Peer Review in Canberra.

ASEAN Representative

The ASEAN Representative will have a strong understanding of ASEAN and the challenges it is facing, particularly economic integration as well as an understanding of how ASEAN is responding to these challenges through approaches such as the VAP, AEC Blueprint, ASEAN Charter etc.

The ASEAN representative will have the following responsibilities:

- Participate in consultations as part of the regional mission providing ASEAN viewpoints regarding issues relating to regional economic integration.
- Provide input to and comment on the draft PDD including the M&E Framework.
- Under the direction of the Team Leader, participate in the team's presentation of the draft PDD at a Peer Review in Canberra and at a Stakeholder Workshop in Jakarta.

AusAID Representative

The AusAID representative will have a strong understanding of the regional development context and the ASEAN Australia development cooperation relationship, including key regional programs such as the ASEAN Australia Development Cooperation Program. The AusAID representative will be able to draw on lessons learned from programs such as AADCP to inform the design of the new program.

Specifically the AusAID representative will:

- Participate in consultations as part of the regional mission, representing AusAID/Australian Government perspectives.
- Contribute to the development of the draft PDD and M&E Framework providing advice relating to AusAID policies and design guidelines.
- In conjunction with the Team Leader, liaise with the ASEAN Secretariat in the development of the program for the regional mission and in facilitating ASEC assistance in organising the Stakeholder Workshop in Jakarta.
- Organise the peer review meeting in Canberra.

Attachment 3 – Design mission work program and key contacts

Date	Meeting	Participants
CANBERRA		
Monday 16th July	AusAID	Mr Peter Callan , Assistant Director General, Asia Regional Mr Graham Rady , Asia Programs Quality Development Ms Julia Landford, Manager , Emerging and Infectious Diseases Program (EID Plus 3), Asia Transboundary Section
	MDI	Dr Brian Brogan , Technical Director, Regional Economic Policy Support Facility (REPSF), MDI
Tuesday 17th July	AusAID	Mr Matthew Plaistowe , Program Coordinator, North Asia, East Asia Regional Section Mr Christopher Nelson , Acting Director, Philippines Section Ms Sarah Ransom , Governance Section, Indonesia Group Mr Mark Minford , Design Advisor, Design and Procurement Advisory Ms Simone Patton , Procurement Management Ms Valiasan Campbell , Manager, HIV/Drugs, Asia Transboundary Section Ms Barbara O'Dwyer , Director, Gender Unit Ms Sally Moyle , Gender Advisor
Wednesday 18th July	Australian Bureau of Agricultural and Resource Economics (ABARE)	Ms Karen Schneider , Executive Director
	Australian Marine Science and Technology Ltd (AMSAT)	Mr Jim Travers , General Manager Mr Neil Collins , Senior Project Manager
	IP Australia	Mr Matthew Forno , Director, International Cooperation Mr Stuart Atkins , Assistant Director, International Cooperation Ms Kate Norris , Assistant Director, International Cooperation
	Centre for International Economics (CIE)	Dr Jenny Gordon , Director
MELBOURNE		
Thursday 19th July	Cardno Acil	Ms Susan Majid , Project Director RPS and PS Ms Charlotte Bisley , Project Manager, RPS Ms Heather Graham , Program Manager, PS Ms Sarah Hamilton , Joint Program Manager, PS

Date	Meeting	Participants
		Ms Ruth Morgan , Contracts Manager, PS Ms Anna Saxby , Contracts Manager, RPS Ms Emma Peyton , Regional Administrator
	MDI	Mr John Evans , Contractor Representative Ms Sarah Black , Project Manager Ms Mihaela Balan , Senior Business Development Manager
Friday 20th July	CSIRO	Mr Ross Lunt , Project Manager Mr Chris Morrissey , Manager of Overseas Operations
	RMIT	Mr Mick Bell , Project Coordinator
Monday 23rd July	AusAID	Ms Janet Donnelly , Manager, APEC and Trade Policy Ms Raine Dixon , Program Manager, Asia Transboundary Section Ms Rosemary McKay , Manager ASEAN Mr Rob McGregor , Manager, Mekong Section Mr Russell Rollason , Manager, Mekong Section Mr Mark Notaras , Manager, Mekong Section Mr Tim Murton , Program Officer, Mekong Section Mr Paul Mitchell , Program Officer, Mekong Section
Tuesday 24th July	AusAID	Dr Elizabeth St George , Indonesia Group
	DFAT and Treasury	Mr Michael Mugliston , Head, Asia Trade Taskforce, DFAT Mr Paul Gibbons , Executive Officer, Asia Trade Task Force, DFAT Dr Gita Nandan , Deputy Director, DFAT Mr Nathan Dal Bon , Unit Manager, International Economy Division, Treasury Mr Andrew Blackman , Analyst, International Economy Division, Treasury
	AusAID	Mr Peter Callan , Assistant Director General, Asia Regional
JAKARTA: 6-10 AUGUST		
6th August	Bureau of External Relations, ASEC	Mr Dhannan Sunoto , Principal Director Mr Un Sovannasam , Senior External Relations Officer Ms Silvia Juliana Malau , Attachment Officer Ms Fithya Findie , Executive Assistant External Relations Unit
	AADCP Officers	Mr Iwan Gunawan , Program Coordinator, Program Stream

Date	Meeting	Participants
		Ms Ramonette Serafica , Research Manager REPSF Mr Andri Nasution , Project Officer, RPS
	Bureau for Resource Development, ASEC	Ms Mega Irena , Human Development Officer, Women, Rural Development and Poverty Eradication Ms Fifi Anggraini Arif , Human Development Officer, Labour and Social Welfare Ms Dyah R Sudarto , Human Development Officer, Youth and Education
	Bureau for Economic Integration and Finance, ASEC	Mr Sundram Pushpanathan , Principal Director Mr Dhannan Sunoto , Principal Director (BERC) Mr Tran Dong Phuong , Cluster Director Mr Lim Chze Cheen , Assistant Director AEC and Priority Integration Sectors
Tuesday 7th August	Competition Policy and Intellectual Property Rights	Ms Thitapha Wattanapruttipaisan , Head of Agreement and Compliance Unit Mr Beny Irzanto , Technical Officer, Agreement and Compliance Unit
	USAID Contractor	Mr. Jim Wallar , Manager, ASEAN US Technical Assistance and Training Facility
	Finance Unit, ASEC	Mr. Lok Hwee Chong , Assistant Director, Finance and Macro Surveillance Unit Ms Hazelyn Yuen Ling , Senior Officer, Finance and Macro Surveillance Unit
	Trade Facilitation Unit, ASEC	Mr. Tran Dong Phuong , Cluster Director Mr. Quang Anh Le , Coordinator, Customs Unit Ms. Le Chau Giang , Senior Officer, Standards and Conformance Unit Ms Kanya Satyani , Senior Officer, Trade in Goods Unit
	Services Unit, ASEC	Mr Tran Dong Phuong , Cluster Director Mr. Tan Tai Hiong , Special Officer
	Free Trade Agreements Unit, ASEC	Ms Glenda T Reyes , Senior Officer
Wednesday 8th August	AADCP Contractor	Mr Gary Ellem , Operations Adviser, Enabling ASEAN Program
Thursday 9th August	National Development and Planning Agency, Republic of Indonesia	Mr Tb A Choesni , Directorate for Trade, Investment and International Economic Cooperation
	Ministry of Trade	Mr Herry Soetanto , Director General, Trade Cooperation Mr Iman Pambagyo , Director, Regional Cooperation
	Australian Embassy	Ms Nerida Dalton , First Secretary Development Mr Jivan Sekhon , First Secretary Ms Sue Connell , Counsellor Development

Date	Meeting	Participants
		Mr Vincent Ashcroft, Minister- Counsellor (Financial), Treasury
	Centre for Strategic and International Studies	Mr Raymond Atje
	Investment Unit, ASEC	Mr. Raul L. Cordenillo , Coordinator, Investment and Enterprise Unit Ms. Hilvy H.B , Technical Officer, Investment and Enterprise Unit
	Infrastructure Unit, ASEC	Mr. Lee Yoong Yoong , Senior Officer Ms Megasari Widyaty , Technical Officer
	Statistics Unit	Mr. Agus Sutanto , Head of Statistics Unit Mr. Fathur Rachman , Technical Officer, Statistics Unit
	Food Agriculture and Forestry	Mr. Somsak Pippopinyo , Assistant Director Mr. Htain Lin , Senior Officer
	ICT Unit	Mr. Kyh Anh Nguyen , Senior Officer Ms. Mima Sefrina , Technical Officer
	Initiative for ASEAN Integration Unit	Mr Anish Kumar, Director, Coordination Unit Mr Gary Krishnan, Head, IAI Unit
	EU Contractor	Mr. David Martin , Manager APRIS II
HANOI: 13-14 AUGUST		
Monday 13th August	Government of Vietnam – roundtable meeting with GOV agencies hosted by the Ministry of Foreign Affairs	Mr Tran Duc Binh , Assistant Director General, ASEAN Department, Ministry of Foreign Affairs Mr Dinh Ngoc , Deputy Director General, National Administration of Tourism Dr Ngo Tat Thang , Deputy Director, Directorate for Standards and Quality, Ministry of Science and Technology Mr Nguyen Huu Tham , Directorate for Standards and Quality, Ministry of Science and Technology Mr Tran Viet Hung , National Office of Intellectual Property of Vietnam Mr Bui Huy Son , Ministry of Trade Mr Ha Thanh Que , International Cooperation Officer, Ministry of Labour, Invalids and Social Affairs Mr Le Kim Dung , Ministry of Labour, Invalids and Social Affairs Mr Duong Van Tam , Deputy Director, Department of International Cooperation, Department of Customs Mr Nguyen Toan , General Department of Customs Mr Hoang Thi Dung , Ministry of Agriculture Mr Vu Van Thai , Ministry of Industry Mr Nguyen Manh Hung , Foreign Investment Agency,

Date	Meeting	Participants
		Ministry of Planning and Investment
BANGKOK: 13-17 AUGUST		
Wednesday 15th August	Australian Embassy Bangkok	Mr Philippe Allen , Counsellor Development Ms Raviprapa Srisartsanarat , Program Officer
Thursday 16th August	Government of Thailand Ministry of Foreign Affairs National Statistical Office Bank of Thailand Ministry of Commerce Ministry of Finance Ministry of Industry Ministry of Public Health Ministry of Agriculture and Cooperatives	Mr Nopporn Adchariyavanich , Director, Department of ASEAN Affairs Ms. Wanlapa Jitsomboon , First Secretary, Department of ASEAN Affairs Ms. Phunvadee Pornpatimakorn , Director, Policy and Statistical Techniques Bureau Ms. Chaloeckwan Jeamprachanarakorn , Foreign Relations Officer, Policy and Statistical Techniques Bureau Mr. Natch Jitsomboon , Senior Economist, International Economics Department Mr. Worawut Wesaratchakit , Team Executive, International Economics Department Ms. Sirirat Limpong , Director, Bureau of America and Pacific Affairs, Department of Trade Negotiations Ms. Chulalak Khemthong , Trade Officer, Bureau of ASEAN Affairs, Department of Trade Negotiations, Mr. Kajit Sukhum , Director, Intellectual Property Promotion and Development Division, Department of Intellectual Property Ms. Arunee Jivasakapimas , Head of International Cooperation Section, Department of Intellectual Property Ms. Panida Suwaruchiporn , Economist, Fiscal Policy Office Ms. Inporn Panyanuchit , Policy and Planning Analyst, Office of Industrial Economics Ms. Duangthip Hongsamoot , Director, Bureau of International Cooperation Ms. Pimpun Pitanpitayarat , Policy and Planning Analyst, Bureau of International Cooperation Ms. Pattreya Pokhagul , Pharmacist, Bureau of International Cooperation Ms. Nashnok Sukkarnkar , Pharmacist, Bureau of International Cooperation Ms. Pamornrat Asavasena , Senior Health Academic Officer, Department of Disease Control Mr. Surasak Thanaisawanyangkoon , Health Academic Officer, Department of Disease Control Ms. Doungthai Danvivathana , Director, Foreign Agricultural Relations Division

Date	Meeting	Participants
	Ministry of Labour	<p>Ms. Preyanat Thiabratana, Policy and Plan Analyst, Foreign Agricultural Relations Division</p> <p>Dr. Margaret C. Yoovatana, Policy and Plan Analyst, Department of Agriculture</p> <p>Ms. Chuanpid Chantarawarathit, Fisheries Biologist, Department of Fisheries</p> <p>Ms. Lukhana Boonsongsrikul, Fisheries Biologist, Department of Fisheries</p> <p>Dr. Orapan Pasavorakul, Senior Veterinary Officer Bureau of Disease Control and Veterinary Services</p> <p>Department of Livestock Development</p> <p>Ms. Maliwan Wanna-apa, Director, Division of Service Industry Development, Department of Skill Development</p> <p>Ms. Sureporn Tuppasoot, International Relations Official, Department of Skill Development</p> <p>Mr. Teerasak Yuphech, International Relations Official, Department of Skill Development</p>
Friday 17th August	EC Delegation	Mr Andrew Jacobs , Counsellor, Head of Operations
	USAID	<p>Mr Skip Kissenger, Director, Office of General Development</p> <p>Mr Geoffry B Parish, Deputy Director, Office of General Development</p> <p>Mr Chanyut Nitikitpaiboon, Regional Program Development Specialist, Office of General Development</p>
	Japan International Cooperation Agency	<p>Mr Katsuji Onoda, Resident Representative, Thailand and Asian Regional Support Office</p> <p>Mr Yaegashi Narihiro, Deputy Resident Representative</p> <p>Dr Ito Mimpei, Assistant Resident Representative</p> <p>Mr Saito Mikiya, Assistant Resident Representative</p> <p>Ms Pinkwan Pratishtanada, Special Coordinator for International Aid Coordination</p>
	World Bank	Mr Ian Porter , Country Director, Cambodia, Lao PRD, Malaysia, Myanmar and Thailand
MANILA: 21-23 AUGUST		
Tuesday 21st August	Asian Development Bank	<p>Mr David Green, Advisor, Office of Director, Southeast Asia Department</p> <p>Mr Jacques Ferreira, Principal Regional Cooperation Specialist, BIMP EAGA</p> <p>Mr Cuong Minh Nguyen, Regional Cooperation Specialist, Office of Regional Economic Integration</p>
	Australian Embassy Manila	Mr Sam Zappia , Counsellor Development

Date	Meeting	Participants
Wednesday 22nd August	Philippine Institute for Development Studies	Dr Josef T Yap , President
	Department of Foreign Affairs	Ms Estrella Domingo , Assistant Secretary General
	National Statistical Coordination Board	Mr Candido J Astrologo , OIC - Director
	Department of Tourism	Ms Victoria Jasmin , Director
	Bangko Sentral ng Pilipinas	Dr Diwa Guinigundo , Deputy Governor
SINGAPORE: 23-24 AUGUST		
Thursday 23rd August	Institute Of South East Asian Studies	Dr Denis Hew , Fellow and Coordinator, Regional Economic Studies
Friday 24th August	Ministry of Foreign Affairs	Mr Koh Tin Fook , Director, Technical Cooperation Directorate Mr Kasiviswanathan Muthiah , Technical Cooperation Officer, Technical Cooperation Directorate
	Health Sciences Authority	Ms Suwarin Chaturat , Deputy Director, Centre for Drug Administration Ms Lee Hui Keng , Head, Policy and Planning, Strategic Planning Office
	Energy Market Authority Spring Singapore	Mr Soh Sai Bor , Deputy Director, Forecasting and Investment Promotion Mr Wong Wai Meng , Head International Policy, Board Secretary
JAKARTA 27-31 AUGUST		
Monday 27th August	Investment Coordinating Board, Republic of Indonesia	Mr. Randi Anwar , Director for Regional Cooperation Mr Rizar Indomo Nazaroedin , Director Bilateral and Multilateral Cooperation Ms Marta Dhini , Deputy Director for ASEAN and Other Regional Cooperation
	Department of Foreign Affairs, Republic of Indonesia	Mr. Bagas Hapsoro , Director for Dialogue Partners and Inter-Region Mr. Chilman Arisman , Directorate of Dialogue Partners and Inter-Regional Affairs Ms Magdalena F Wowor , Deputy Director, Directorate of Dialogue Partners and Inter-Regional Affairs
	Ministry of Culture and Tourism, Republic of Indonesia	Mr I Gusti Putu Laksaguna , Deputy Minister for Cultural and Tourism Resources Development Ms Endang Martani , Director of Tourism Standardisation, Directorate General of Tourism Destination Development
	European Union	Ms Cecile Leroy , Project Officer, Economic and Regional

Date	Meeting	Participants
		Cooperation
	Ministry of Finance, Republic of Indonesia	Dr Irfa Ampri , Director for International Cooperation Centre Ms Dian Lestari , ASEAN and Bilateral Cooperation, International Cooperation Centre
Tuesday 28th August	Information Systems Unit, ASEC	Ms Carla Budiarto , Special Officer for Research and Head of Information Systems Unit
	Statistics Unit, ASEC	Mr Agus Sutanto , Head of Statistics Unit Mr John de Guia , Associate Officer, Statistics Unit
	Bureau for Economic Integration and Finance, ASEC	Mr. Lim Chze Cheen , Assistant Director AEC and Priority Integration Sectors
	Bureau of External Relations and Coordination, ASEC	Dr Alexander A. Lim , Senior Officer for Programme Coordination
	AADCP Officers	Mr Iwan Gunawan , Program Coordinator, Program Stream Ms Ramonette Serafica , Research Manager REPSF Ms Maria Balamiento , Program Coordinator, RPS Mr Andri Nasution , Project Officer, RPS
	Compliance Unit, ASEC	Mr. Beny Irzanto , Technical Officer Agreement and Compliance Unit
	Bureau of External Relations and Coordination, ASEC	Mr Dhannan Sunoto , Principal Director Ms Fithya Findie , Executive Assistant External Relations Unit
Wednesday 29th August		Mr Ong Keng Yong , Secretary General of ASEAN
	Bureau for Economic Integration and Finance, ASEC	Mr Sundram Pushpanathan , Principal Director Mr Rony Soerakoesoemah , Senior Officer, FTA Unit
		Roundtable Discussion with ASEC Officials
	Bureau of External Relations and Coordination, ASEC	Mr Dhannan Sunoto , Principal Director Mr Un Sovannasam , Senior External Relations Officer
Thursday 30th August	Bureau of External Relations and Coordination, ASEC	Mr Dhannan Sunoto , Principal Director Mr Bala K Palaniappan , Head of External Relations Unit
	Bureau for Economic Integration and Finance, ASEC	Mr Sundram Pushpanathan , Principal Director Mr Rony Soerakoesoemah , Senior Officer, FTA Unit

Attachment 4 – Enabling ASEAN Project Summary

Executive summary – from Enabling ASEAN Project Design February 2007

Project Origin and Background

1. Preliminary discussions between the ASEAN Secretariat (ASEC) and the Government of Australia (GoA) on the provision of support to ASEC began in late 2004. In July 2005, a paper was produced that identified the potential scope for a project and provided the basis for the design mission Terms of Reference.
2. The design was conducted over two separate missions to the ASEAN Secretariat, the first from September 21 to 28, and the second from October 27 to November 10. During these visits, the team met with a wide range of personnel from different levels of seniority and from different operational and support areas of the organisation.

The ASEAN Secretariat

3. The ASEAN Secretariat was established in February 1976. The Agreement on the Establishment of the Secretariat stated that ASEC was to “provide for greater efficiency in the coordination of ASEAN organs and for more effective implementation of ASEAN projects and activities”.¹⁴ Several changes were made to the role and nature of the Secretariat over subsequent years. The most significant of these came following the Singapore Summit of 1992, at which it was agreed (among other things) that the Secretariat would take on an enlarged mandate, including to “initiate, advise, coordinate and implement ASEAN activities”.

Problem Analysis

4. The design team identified a range of issues, which are categorised under three headings.

Operations

5. Discussions about ASEC’s effectiveness in its core operations identified four main issues. First, there is the **complexity associated with coordinating the various ASEAN bodies**. There is a need for tools and resources (eg document templates or communication protocols) that provide structured guidance for staff in undertaking these tasks. There is also need for a clearer understanding within the organisation of what the more substantive aspects of the coordination function entail, and how they link to the organisation’s strategic objectives.
6. Second, there are challenges in achieving an adequate **strategic focus** to ASEC’s work. Part of this relates to the extent to which staff have the diplomatic skills (eg assertiveness, political sensitivity, negotiation skills) required to facilitate effective decision making within working groups, *and* do so in a way that maintains member country buy-in. It also relates to the extent to which staff are able to approach their analytical and coordination responsibilities with a sound understanding of the broader strategic context, and work being undertaken in other areas of the organisation. Poor capacity in this area significantly undermines ASEC’s ability to advance regional policy issues in a coordinated way.
7. Third, it appears that there is an **inadequate focus on implementation** (or more generically – an inadequate results orientation). Often, the primary focus is on achieving effective outcomes *to meetings*, rather than on actual progress toward Vision 2020 or Vientiane Action Program objectives. There are many related issues that underlie the lack of a more substantive results focus, which include the fact the implementation is ultimately a

¹⁴ The ASEAN Secretariat: Basic Mandate, Functions and Composition, <http://www.aseansec.org/192.htm>

member country responsibility, the difficulty in mobilising resources for project implementation, and the lack of a strong monitoring and evaluation regime.

Human Resource Management

8. The proper and effective management of the human resources of the Secretariat critically underpins its capacity to achieve its mandate to support effective decision-making within the region. The issues are placed under two headings.

9. The first relates to **workforce planning**. This includes the need for improved strategies and systems (such as for recruitment) to ensure that ASEC targets all the skill sets it needs (beyond technical skills), the need for a more effective induction program, and putting in place the overall management systems to attract and retain staff that meet the organisation's needs.

10. The second relates to **management skills and practices**. This includes in particular the need for improved staff supervision practices (including defining priorities and allocating work), a stronger sense of a management *team* that drives ASEC's corporate identity and encourages an integrated approach to ASEC's work.

Communications and Planning

11. A number of staff suggested that **communications** within the Secretariat could be improved, in the interests of better coordination within and between sectors and better overall management. For example, the organisation would benefit from more regular communication between Directors, improved information sharing systems at all levels, more regular communication from the organisation's leadership on broad policy issues, and the development of policies and procedures to support improved communication. Improved communication would also play a useful role in strengthening the organisation's culture.

12. The lack of a **formal corporate planning process** is another significant factor in ASEC's performance. The absence of an annual planning process with clearly articulated and agreed priorities and time frames makes it very difficult for senior management to appropriately allocate resources, monitor progress, and ensure that there is an adequate budget for implementing the work program.

Project Strategy

13. Assistance will be delivered that will focus on three areas that strategically link to each other and provide the basis for project components: operational effectiveness; human resource management; and corporate planning and communications practices.

14. The Project will develop a range of **tools or resources** for ASEC staff and will also provide **coaching** to staff to facilitate take up of those tools. The appointment of a long term **Operations Adviser** is central to the Project's strategy and will greatly increase the likelihood of achieving sustainable benefits by following up the development of tools and strategies with practical on the job support.

15. The Operations Adviser will also play a critical role in bringing the various elements of the project together in a way that starts to build some momentum for change by demonstrating how systems and practices can be improved and deliver operational benefits. The work of the Operations Adviser will be supported by several specialist inputs including from a Strategic Human Resource Management Specialist, a Communications Specialist, and potentially an IT specialist and corporate planning specialist also.

16. While the project design prescribes a range of activities across each of the three substantive components, several *indicative activities* have been identified which will be further scoped out during the first half of the project. This will provide some implementation flexibility.

17. Project activities will be overseen by an Australia-based Project Director supported by a Project Coordinator. The Project will be implemented over a period of 13 months, and will be based in the ASEAN Secretariat, Jakarta.

The Project

18. The Project goal is:

To strengthen the ASEAN Secretariat to support and promote progress toward regional integration.

19. The Project purpose is:

To strengthen the ASEAN Secretariat's systems and practices to facilitate regional economic integration and competitiveness.

20. The purpose is supported by four objectives, each of which provides the basis for a Project component:

Objective 1: To improve the effectiveness and efficiency of ASEC operations.

Objective 2: To improve human resource management systems and practices.

Objective 3: To improve systems and practices in relation to communications and planning.

Objective 4: To provide efficient and effective project management.

21. Outputs and activities relating to the four Project components are summarised below.

Output 1.1 – More regular use by ASEC staff of clearly defined, well documented coordination processes in support of ASEAN bodies

- Activity 1.1.1 Develop strategies and tools (such as templates, checklists, guidelines) to strengthen ASEC's support functions.
- Activity 1.1.2 Provide coaching to ASEC staff in the use of the tools developed above, and other management practices that will support improved coordination.

Output 1.2 – Improved strategic analysis in internal ASEC reports that links technical issues with higher level objectives and cross sectoral issues through increased strategic awareness and use of reporting templates and guidelines.

- Activity 1.2.1 Develop report templates and guidelines that will assist ASEC officer to identify strategic issues and communicate them internally effectively.
- Activity 1.2.2 Provide coaching to ASEC staff in the use of the above tools and in improving their general strategic awareness.
- Activity 1.2.3 Conduct Visioning Workshops to discuss a range of broad policy and management issues amongst senior ASEC staff.

Output 1.3 – Enhanced negotiation and liaison skills applied in facilitating working group outcomes

- Activity 1.3.1 Provide coaching to ASEC staff in a range of 'soft skills' both through hands-on support and advice, and running a range of ad hoc seminars.

Output 1.4 – Strengthened ASEC initiative in relation to implementation of regional agreements through enhanced capacity for initiation, design and monitoring of ASEAN projects.

- Activity 1.4.1 Provide coaching to ASEC staff to assist them to develop strategies to that will allow ASEC to take some initiative in relation to implementation of national agreements, and use the tools developed below.
- Activity 1.4.2 Revise project design formats to help simplify the process of initiating regional projects.

- Indicative Activity 1.4.3 Strengthen M&E practices to help strengthen the focus on project implementation with improved tools for project reporting.
- Indicative Activity 1.4.4 Conduct workshops for National Secretariats to facilitate information sharing between stakeholders about strategies for coordinating implementation of national agreements.

Output 2.1 – Workforce Capability Plan and enhanced induction program established

- Activity 2.1.1 Develop induction program content for new staff.
- Indicative Activity 2.1.2 Develop computer-based induction package to provide an interactive resource for new staff, rather than having to rely on face-to-face briefings.
- Activity 2.1.3 Develop ASEC Workforce Capability Plan which will provide an overall strategic plan for managing ASEC's human resources.
- Activity 2.1.4 Revise recruitment procedures to ensure that ASEC targets the correct skills sets, and undertakes selection processes efficiently.

Output 2.2 – Improved staff supervision practices adopted in line with a formal supervision framework

- Activity 2.2.1 Develop a supervision framework to provide a consistent approach to staff supervision.
- Indicative Activity 2.2.2 Design development program for new managers, with a particular focus on developing their supervision and staff management skills.

Output 3.1 – Formal communications strategy adopted, supported by appropriate information & communication technology tools

- Activity 3.1.1 Develop internal communications strategy to enhance communication between different levels of the organisation and across different sectors.
- Activity 3.1.2 Provide coaching to ASEC staff in applying the above strategy.
- Indicative Activity 3.1.3 Develop internal communications tools to support strategy. These might include a range of simple IT tools to improve ASEC's capacity for information sharing.

Output 3.2 – Formal corporate planning processes established

- Activity 3.2.1 Undertake corporate planning feasibility assessment to determine the possibility of carrying out a pilot corporate planning process.
- Indicative Activity 3.2.2 Pilot corporate planning model, depending on the results of the above assessment.

Output 4.1 – Project Setup: the Project Director will meet with key stakeholders to update the workplan and refine the Monitoring and Evaluation Framework.

Output 4.2 – Project Management, including all monitoring and evaluation activities (to be undertaken by the Project Director).

Management & Coordination Arrangements

22. The Project will have a single **coordinating body** (the Project Coordinating Group) whose responsibility it will be to monitor the strategic direction of the Project and oversee progress. The PCG will monitor strategic direction by reviewing the Inception Report and the Six-Monthly report, both of which will contain updated Project workplans. The PCG will assess progress by reviewing the Six-Monthly Report and Project Completion Report.

23. The Project's **Monitoring and Evaluation Framework** (MEF) is provided at Annex 2. The Contractor will collect information against all indicators contained in the MEF. Output-

specific information will be provided in relevant milestone reports and in the Six-Monthly Report and Project Completion Report. The *milestone reports* principally relate to systems and tools developed under the project. The Six-Monthly Report and Project Completion Report will provide analysis of the conduct of, and outcomes achieved by coaching activities by reporting against the indicators in the Framework.

24. There are two broad themes that emerge from the **risk** matrix provided at Annex 3: the need for continued buy-in from senior management, and further increases to ASEC's workload. It will be important for the Contractor to engage effectively with key stakeholders to maintain their support, to secure their involvement in maintaining an appropriate profile for the Project and to ensure they model the kinds of practices the Project intends to encourage. As ASEC's workload is constantly under pressure, the central risk management strategy in this regard is the focus on strategies such as coaching which should help staff with their workload, rather than add to it.

Attachment 5 – Summary of GoA and other donor support

Government of Australia

Australia's total ODA commitment to ASEAN countries in 2006-07 is estimated at \$630m.¹⁵ This includes both Asia regional and bilateral programs, namely:

- East Asia Regional initiatives to combat trans-national threats and promote regional integration \$76m; and
- Major bilateral programs including the growing Indonesian program \$166m + post-tsunami reconstruction \$178m, Vietnam \$81m, Philippines \$69m, and Cambodia \$48m

Asia Regional Programs

Total regional assistance from Australia to East Asia (predominantly ASEAN) in 2006/07 will amount to \$76m, delivered in two main streams:

1. Assistance to address and manage threats such as pandemics, disasters and transnational crime (including people trafficking, drug trafficking, money laundering, terrorism):

Emerging Infectious Diseases

Australia has committed \$100 million over four years, effective 1 July 2006, for initiatives to combat the threat of pandemics and emerging infectious diseases in the region. This is additional to \$52 million committed from other aid program funds since 2003. Examples of regional programs include:

- : **ASEAN+3 Emerging Infectious Diseases Program Phase 2** (up to \$5 million 2006-09) aims to reduce the economic, social and disease burden that results from emerging infections that threaten the region.
- : **CARE Australia Avian Influenza Mekong Preparedness Local Risk Reduction Program** (\$5 million over 3 years) aims to reduce vulnerability to avian influenza throughout the Mekong region by increasing awareness, prevention and outreach support at the community level.
- : **Australian Epidemiology Regional Assistance Program** has placed epidemiologists in WHO offices in Vietnam, Indonesia, Laos, China and East Timor to assist with pandemic preparedness planning.
- : **The South East Asia Foot and Mouth Disease Campaign** (\$4m provided to date) involves the coordinated control of FMD by eight ASEAN countries.

HIV AIDS and Illicit Drugs

- Combating HIV/AIDS is a major priority for Australia's development cooperation program through activities at the global, regional and bilateral levels. Australia's international HIV/AIDS Strategy, "**Meeting the Challenge**", **commits \$600 million in assistance in the decade to 2010.**
- **Asia Regional HIV/AIDS Project (ARHP)** (\$15 million 2002-07) aims to contribute to the reduction of HIV-related harm associated with injecting drug use.

¹⁵ This figure does not include funding provided through the Australian scholarship programs.

- **HIV/AIDS Asia Regional Program (HAARP)** (up to \$65m over 8 years) commenced in April 2007 and will consolidate and expand the achievements of ARHP.
- The **Illicit Drugs Initiative** (\$4m, 2005-08) aims to strengthen regional responses to the development impacts of illicit drugs.
- Australia has provided core and voluntary contributions to the **UN Office on Drugs and Crime** (UNODC) since 1993. In 2006, the total contribution to UNDOC activities was \$6.2m – this included a \$1m core contribution with the balance of funds directly funding UNDOC activities in the Asia Pacific region.

People Trafficking and Child-Sex Tourism

- **Asia Regional Trafficking in Persons Project (ARTIP)** is a 5-year (2006-2011), A\$21m initiative to contribute to the prevention of human trafficking in the Asia region. ARTIP builds on the achievements of the recently completed **Asia Regional Cooperation to Prevent People Trafficking Project, a A\$12m three year initiative.**
- **IOM Return and Reintegration of Trafficked Women and Children Phase II** – Australian funding of A\$655,000 is targeted to Lao PDR and Burma.
- **Regional Pilot Project (US\$327,000 over three years) for Returning Victims of Trafficking from Australia to Thailand.** The program, implemented by IOM, aims to establish a cooperative framework between the governments of Thailand and Australia to support Thai victims of trafficking returning home.
- **Preventing the Sexual Exploitation of Children in ASEAN Tourism Destinations through Community and Professional Education Program** focuses on reducing the vulnerability of children as a result of the Tsunami. The A\$690,000 project runs from January 2005-July 2007.

Counter-Terrorism

- Australia's development co-operation program is playing an integral role in the Government's response to regional terrorism, including through building the capacity of partner countries in South-East Asia and the Pacific to manage terrorist threats in areas such as:
 - : terrorist financing and money laundering;
 - : policing, including security risk analysis, crisis management, intelligence analysis, and management of criminal information;
 - : border security, including travel and trade security;
 - : legislative reform and compliance with internationally agreed anti-terrorism measures;
 - : regional co-operation; and
 - : nuclear non-proliferation and responsiveness to radiological risks and emergencies

2. Assistance to support regional integration including:

- **ASEAN-Australia Development Cooperation Program**, a A\$45m six year program (2002-2008) aimed at promoting sustainable development within ASEAN by assisting ASEAN to tackle priority regional development challenges through regional cooperation. The program builds on over thirty years of assistance provided under the ASEAN Australia Economic Cooperation Program.
- **East Asia Summit Research Initiative**, a A\$5m two year program to fund research focusing on integration issues with ASEAN and plus six partners. The program is being managed through the AADCP REPSF mechanism.

- **Free Trade Agreement Capacity Building Facility**, A\$1.5m two year program aimed at assisting ASEAN to develop its capacity in negotiating FTAs. The program is administered under AADCP's Program Stream.
- **A \$1.3m contribution to the ASEAN Development Fund** (provided in April 2006).
- **Sanitary and Phytosanitary Capacity Building Program**, a A\$4m three year program to assist ASEAN countries to build regional capacity in SPS matters and to strengthen their internal and border quarantine capacities.
- **Trade Analysis and Reform Project**, a A\$4.8m three year project aimed at assisting Mekong countries to benefit from economic integration and global trade liberalisation.

Support for Less Developed Regions

- **East ASEAN Initiative** - a A\$2.7 million, two-year development program to promote growth and security in the East ASEAN subregion. The program seeks to advance sub-regional cooperation on private sector investment and infrastructure, as well address the security dimensions of the sub-region's economic growth agenda.
- **Support for the Greater Mekong Subregion** - Australia is developing a Mekong subregion strategy that will be linked to existing mechanisms providing support to the subregion (i.e. MRC, ADB's GMSECP). The objective of the strategy is **"to enable sustainable economic growth levels through greater connectivity and cooperation"**. It is proposed that the strategy will focus on two pillars:
 - i) support sub-regional connectivity through infrastructure investments; and
 - ii) enable integration through promoting and facilitating sub-regional cooperation.

Bilateral Programs

Cambodia

Total ODA for 2006-07 is estimated at \$48.5m, with \$25.3m of this from bilateral aid programs. The key themes for Cambodia are strengthening the rule of law, increasing the productivity and incomes of the rural poor (particularly the agriculture sector) and reducing vulnerability of the poor to natural disasters. Australia is the lead donor in the agriculture and rural development sector and is designing a new program of assistance in the law and justice sector.

Indonesia

ODA for ongoing programs for 2006-07 is estimated at \$165.9m. The Australian-Indonesia Partnership for Reconstruction and Development, which including assistance for Tsunami related activities, is estimated at \$178.4m. Australia is assisting economic management and growth with activities improving economic infrastructure and private sector development. Australia is also supporting democratic institutions by assisting the development of civil society, supporting legal reform and promoting the mainstreaming of Islamic organisations. The aid program will continue to prepare for and respond to new and emerging challenges and security threats including pandemics and trans-national crime.

Laos

Total ODA for 2006-07 is estimated at \$21.9m, including \$12m bilateral. Australia is assisting Laos to build human capital by improving access to education. Australia will

strengthen the enabling environment for private sector development and promote regional integration. The vulnerability of the poor is being addressed through mitigating the impact of natural disasters and reducing the danger of unexploded ordnance through de-mining programs.

Philippines

Total ODA for 2006-07 is estimated at \$68.8m. Of this, \$56.6m will be in the form of bilateral assistance. The new Australia-Philippines Development Assistance Strategy 2007-11 has three pillars: economic growth, basic education, national stability and human security.

Thailand

Total ODA for 2006-07 is estimated at \$5.3m. This program is being reduced reflecting Thailand's economic development. Current assistance is primarily focused on strengthening government institutions through the Public Sector Linkages Program.

Vietnam

Total ODA for 2006-07 is estimated at \$81.5m, including \$61m bilateral. Australia's aid program to Vietnam will seek to strengthen broad-based growth through improving private sector development and facilitating economic integration. Effort is also focused on increasing rural productivity and improving livelihoods of the poor in the Mekong Delta and Central Coast regions.

Humanitarian Assistance

Burma

Total ODA for 2006-07 is estimated at \$11.3m. Australia's assistance to Burma is primarily humanitarian, and focuses on supporting the health, livelihoods and protection of vulnerable populations inside the country and on the Thai-Burma border. Assistance will continue to be predominantly channelled through multilateral organisations and Australian and international NGOs.

Australian Scholarships Program

Australian Scholarships provides educational, research and professional development opportunities to support growth in the region and to build enduring links at the individual, institutional and country levels. Support under the umbrella of Australian Scholarships is provided through three programs: Australian Development Scholarships; Australian Leadership Awards; and the Endeavour Programme. The total number of scholarships provided to ASEAN countries for the period 1988-2007 is estimated to be 19,136.

Other donors/development partners

European Union

The EU and ASEAN have worked together for 25 years. The partnership aims to promote policy dialogue, providing expertise in regional integration, promoting regional trade and investment relations and reinforcing inter-regional economic ties, amongst others.

European Union: ASEAN-EU Programme for Regional Integration Support (APRIS).

The second Phase of the ASEAN-EU Programme for Regional Integration Support (APRIS II) is a three-year 8.4 million euro Programme of technical assistance co-financed by the ASEAN Secretariat and European Commission Co-operation Office, Europe Aid. The Programme aims to further the process of ASEAN integration, with specific focus on supporting the realisation of the AEC, and strengthen EU-ASEAN relations as a whole, including through the Trans Regional EU-ASEAN Trade Initiative (TREATI) and Regional

EU-ASEAN Development Initiative (READI) dialogues, in line with the above Communications.

APRIS II will run from November 2006 to November 2009 and follows the completion of the first three-year Phase of the Programme which began in 2003. It comprises five main components including: Standards and Conformance, Customs and Trade Facilitation, Investment, Capacity Building (including the ACU of the ASEAN Secretariat), and support for TREATI and READI dialogues.

USAID

The framework for U.S. assistance to ASEAN is the ASEAN-US Enhanced Partnership (EP) which was launched November 2005 in a Joint Vision Statement. The EP encompasses political and security cooperation, economic cooperation, and social and development cooperation and building upon previous ASEAN-US programs. The Enhanced Partnership supports implementation of the ASEAN Vientiane Action Program (VAP).

Since 1977, the U.S. has provided over \$75.4 million to ASEAN in support of scholarships, training and other programs in agriculture, health, the environment, economic integration, trade, investment and many other areas. The current program of assistance includes the following components

- ASEAN-US Technical Assistance & Training Facility - increasing the capacity of ASEAN to become a stronger regional economic institution by providing regional technical assistance and training consistent with the Vientiane Action Programme. Training and technical assistance has been providing assistance in: standards and conformity assessment, institutionalising Intellectual Property Rights, and competition policy.
- Build Regional Cooperation on Trans-national Challenges including support for the ASEAN Regional Forum (ARF), training and simulation to ASEAN and its member countries to help them utilize the Incident Command System (ICS), placement of an advisor at the Secretariat to assist ASEAN fight the spread of HIV and AIDS, improving data collection on trafficking in persons (TIP) among ASEAN Member Countries in cooperation with the International Organization for Migration (IOM), providing a consultant to work with the Secretariat to develop implementation strategies for the counterterrorism component of the Plan of Action, assistance for advancing ASEAN's work on Environmentally Sustainable Cities, and helping strengthen ASEAN trade and customs controls for endangered species.
- Support the ASEAN Secretariat by increasing internet bandwidth, funding four Associate Officers to participate in year long internships at the ASEAN Secretariat, and providing training to ASEAN Secretariat staff in information technology, international security, environment and trade.
- The ASEAN Single Window Program. The objective of the ASEAN Single Window Program is to support the development and implementation of the ASEAN Single Window (ASW), a key focal point under the AEC Blueprint. The program will provide technical assistance and training at both the ASEAN Secretariat and at the national level in select ASEAN member nations.

Asian Development Bank

The Asian Development Bank and ASEAN signed a MoU in 2006 to improve cooperation between the two organisations and to support ASEAN regional cooperation and integration in Asia. ADB and ASEAN are working to develop a work program, but it is anticipated that ADB assistance will be focussed on providing regional training programs for ASEAN

officials and capacity building for the newly created Bureau for Economic Integration and Finance in the ASEAN Secretariat.

Since the 1997/98 Asian Financial Crisis, the ADB has provided close to \$4 million in grant activities focused on capacity building for ASEAN, ASEAN +3 Surveillance Process and Early Warning Systems, the ASEAN + 3 Bond Market Initiative and the Asia Recovery Information Centre.

Canada International Development Agency

Canada has extended development cooperation to ASEAN in the areas of forestry, human resources development, fisheries, energy, agriculture, transportation and communication.

Most of the projects under the ASEAN-Canada Dialogue are expected to be completed in 1997. In addition to co-financing development cooperation projects with ASEAN, Canada also co-funds a project on skills development for women which comes under the purview of the ASEAN Women's Sub committee.

Japan

Japan's cooperation with ASEAN is focused on issues in human resource development. The current program of assistance is expected to exceed US\$ 1.5 billion, with various human exchange program involving approximately 40,000 people. It is focused around 3 areas of cooperation for reinforcing integration of ASEAN, enhancing economic competitiveness of ASEAN Member Countries including investment promotion and cooperation for addressing terrorism, piracy and other trans-national issues.

“Japan-ASEAN Total Plan for Human Resource Development”: this plan covers policy making and public administration; industry and energy; education; global issues (environment, infectious diseases); community empowerment; minimising regional disparity (south-south cooperation); and information and communication technology (ICT).

United Nations Development Program (UNDP)

The US\$1.45 million ASEAN-UNDP Partnership Facility (AUPF) project aims to provide analytical and advisory support services to ASEAN for deepening and broadening regional economic integration in a way that leads to reduction in poverty and socio-economic disparities, and to narrowing of the development gap within and across ASEAN Member Countries.

The three-year project comprises the following elements:

- A senior UNDP Adviser providing in-house advisory support services to the ASEAN Secretariat in dealing with policy issues relating to economic integration and formation of the ASEAN Economic Community.
- preparation of an ASEAN Benchmark Report to establish the baseline situation against which progress towards realizing the ASEAN Community is to be measured, monitored and reported;
- support to implementation of roadmaps for accelerated integration in 11 priority sectors;
- analysis of labour and employment impact of economic integration and
- regional cooperation in formulation of economic integration strategy to assist CLMV countries in the management of the integration process.

Attachment 6 – AADCP mid-term review executive summary

Report of June 2005

Executive Summary

Summary assessment of achievement of AADCP's specific objectives

The Team considered that overall AADCP is superior both in design and in implementation to its predecessor, the ASEAN Australia Economic Cooperation Program (AAECP). A number of limitations in achieving its specific objectives were identified, however.

Stronger regional economic and social cooperation: The AADCP was considered as making a reasonable contribution in the area of economic cooperation, but less so in social cooperation. The Team noted that a number of factors (including ASEAN institutional and program constraints) were slowing progress towards implementation.

Increased capacity of regional institutions: There has been minimum direct capacity building of ASEAN. Some capacity has been developed in participating institutions at the MC level. Broadly construed, the capacity of ASEAN to formulate economic policy has been strengthened through the work of REPSF.

Stronger science, technology and environmental cooperation within the region: There has been little emphasis on science and on environmental cooperation, but a satisfactory emphasis overall on technological cooperation.

Accelerated integration of new members and increased participation in ASEAN cooperation programs: While the PS was designed to ensure participation of the new members and has provided some additional support for their participation, in RPS and REPSF there has been minimal direct emphasis on this aspect.

Summary assessment of AADCP Management Arrangements and Performance

Efficiency: Overall efficiency has been fully satisfactory, except that the management structure for the program is costly.

Monitoring and Communications: No attention was given in the design of the whole Program to an integrated monitoring and evaluation framework. There has therefore been no reporting against program level indicators to date, leading to difficulties in monitoring the program as a whole. Although some program level responsibilities were designed into RPS, these were minimal and consequently there has been less than optimal communication between and within streams, and between the AADCP and stakeholders in member countries.

Partner Relationships and Participation appeared to be satisfactory overall.

Attention to Gender, Environmental and other Cross-cutting Issues: There has been a general lack of attention to gender and environmental impacts, including lack of analysis and consolidated reporting. No program-level analysis on implications for the private sector was made.

Likely Sustainability of Program Delivery and Outcomes: Some sustainable outcomes from the PS at the regional and national level are likely, and from REPSF in terms of commitment to policy analysis. The likelihood of sustainable outcomes for RPS is less clear and they are likely to be much more variable across the Scheme. There is little chance that the current model of program delivery is sustainable. This is not likely to be resolved until ASEC resource constraints are eased.

Summary assessment of Program Stream

Program Stream design and overall program objectives: While the relationship was satisfactory overall, there was limited focus on social cooperation, and some significant weakness in design, often related to the time lag between project identification and implementation. One project had stalled.

Implementation Efficiency: The efficiency of implementation had improved in implementation, was satisfactory overall, and in some projects fully satisfactory. The cost of management was relatively high, however. Contract arrangements and management were generally fully satisfactory, but there were limitations with coordination in some projects at the level of Regional Focal Points, and difficulties with communication, especially where several ministries in the Member Countries (MCs) are responsible for the project activities. In some projects there were problems associated with the appropriateness of the choice of the National Focal Points.

Partner Relationships and Participation: Partner relationships and participation were considered satisfactory overall, and in some cases fully satisfactory. However the development gap influences the ability of individual MCs to participate fully. Gender participation and reporting on participation have been less than satisfactory.

Monitoring, Accountability and Evaluation: Reporting and monitoring at input and output level were considered satisfactory overall. However in most instances Australian Implementing Partners (AIPs) were not reporting adequately against the indicators in the project logframes. Accountability was regarded as fully satisfactory. The annual planning process however could be much improved by more explicit consideration of progress towards development impact objectives.

Likely Development Impact: The PS as a whole is likely to make a noticeable impact on strengthening regional economic cooperation, but unlikely to deliver any substantial strengthening of regional institutional capacities. The impact in science, technology and environmental cooperation within the region is likely to be mixed. Some contribution was being made to new members' participation in ASEAN. The likely aggregate gender impact of the seven PS activities underway is mixed. Collectively, PS activities were considered likely to have a negligible effect on the environment. The contribution of PS activities to private sector development was considered to be largely positive. All seven of the ongoing PS projects were considered to be making a positive contribution to ASEAN-Australia relations.

Sustainability of Project Benefit Flows: The likely sustainability of project benefits under the PS was considered to be satisfactory overall, although the difficulty of assessing the likely sustainability of some of the projects (round 2) that only started in the latter half of 2004 was noted.

Summary assessment of Regional Partnerships Scheme

Regional Partnership Scheme design and overall program objectives:

The Team considered that the design of RPS did not relate closely to the objectives of AADCP. In implementation RPS had been mainly linked to the program-level objective of stronger economic cooperation, with lesser linkage to social, science and environmental objectives. One carry-over activity from AAECF specifically aimed to narrow the development gap and addresses the fourth specific AADCP objective.

The flexibility and responsiveness of RPS were considered fully satisfactory, but its effectiveness was less clear. The Scheme was judged only marginally satisfactory in terms of having further extended the development benefits arising out of initiatives implemented under other elements of AADCP, and in terms of having extended the work of previous phases of AAECF, particularly in relation to the newer ASEAN countries. The Scheme was considered weak both in terms of its capture and dissemination of lessons learned to the Program as a

whole, and in terms of establishing appropriate fora for the exchange of project and program information.¹⁶ Logistical support for planning meetings such as the Joint Planning Committee appeared to be fully satisfactory.

Implementation Efficiency: The efficiency of implementation was judged satisfactory overall, with a high level of satisfaction over management and contractual arrangements. There were weaknesses surrounding the selection process, however.

Partner Relationships and Participation: Partner relationships appeared to be satisfactory overall, with a high level of satisfaction in general with the quality of relationships, with one exception. Compared to the Linkages Scheme of AAECF there was increased Member Country (MC) and ASEAN participation. There was a significant imbalance in gender participation in some countries, particularly the CLMV. An asymmetry was found between the types of Australian and ASEAN participating organisations.

Monitoring, Accountability and Evaluation: Monitoring by both the Australian Managing Contractors and Australian Coordinating Partners (ACPs) was considered adequate at input/output level, but variable in terms of impact monitoring. Accountability was found to be satisfactory overall, and in many respects fully satisfactory. The M&E in the original design of RPS is weak, and remains marginally satisfactory. Unless addressed immediately, this will have a flow-on impact on the design of any future cooperation program between ASEAN-Australia.

Likely Development Impact: The Team found that stronger regional economic and social cooperation was hindered by ASEAN institutional and program constraints and the development gap among member countries. Overall RPS had made some contribution to strengthening the capacity of institutions in the region. The impact of RPS in terms of science, technology and environmental cooperation was considered likely to be high. In implementation there had been minimal direct focus on accelerated integration of new members and increased participation in ASEAN. Mainstreaming of gender issues has been a challenge for RPS. None of the selected projects focused specifically on gender impact. A lack of summarised disaggregated gender data made it difficult to assess the degree of female participation in most of the RPS projects. Five projects could have a positive development impact on environment. At this stage the MTR Team considered the impact of the RPS on private sector development was likely to be marginal, although many projects are likely to have an indirect impact. Overall the RPS had made a valuable contribution to ASEAN-Australia relations.

Sustainability of Project Benefit Flows: Overall, the MTR Team considered the likely sustainability of project benefits to be weak. The Team noted the heavy reliance on workshops in the most of the projects, and considered that the workshop approach by itself was unlikely to build capacity to sustain benefits.

Summary Assessment of Regional Economic Policy Research Facility

Regional Economic Policy Support Facility design and overall program objectives: The tight focus of REPSF design on research management process and policy analysis to support economic integration has helped to ensure a high quality contribution to one specific, overall program objective.

Implementation Efficiency: Despite a weak start, implementation efficiency has improved to a fully satisfactory level, although at a relatively high cost.

Partner Relationships and Participation: Partner relationships were considered to be satisfactory overall but participation of ASEAN researchers was from a limited range of countries, and there was a lack of gender balance, particularly amongst Australian research teams.

¹⁶ The Team noted that AUSAID and ASEC were largely responsible for weakness in establishing appropriate fora for the exchange of project and program information by suspending the use of Stakeholder Workshops.

Monitoring, Accountability and Evaluation: Reporting and monitoring at input and output level are now considered satisfactory overall, and a high level of accountability was noted. However there is a lack of attention to indicators of impact in the design, and this has created difficulties in specifying an adequate M&E framework.

Likely Policy Impact: Taken collectively, REPSF was considered likely to have a significant impact on economic policy since this was its sole focus. The studies paid no attention to social cooperation and as such are not likely to meet this AADCP objective. Insofar as outputs are being used by ASEAN bodies (such as ASEC, its constituent committees, sub-committees and working groups), REPSF is likely to have a strong impact on strengthening regional institutional capacities, or at least, the institutions' ability to undertake their respective functions. The design of REPSF paid no attention to science, technology and environmental cooperation or specifically to expediting the new ASEAN member countries' integration into ASEAN. As such REPSF is not likely to meet these AADCP objectives. The likely gender and environmental impact is also difficult to assess due to design limitations. Most REPSF projects are likely to have some indirect long-run impact on private sector development. The impact of REPSF on ASEAN-Australia relations was considered satisfactory overall.

Sustainability of Benefit Flows: In aggregate, the sustainability of REPSF benefits was considered to be fully satisfactory. The current model of research management, however, is unsustainable. Attempts were being made to address this.

Summary of Key Issues Identified within AADCP

Narrowing the Development Gap: The Team believes that the economic integration of ASEAN will be retarded unless a greater focus on supporting the participation of newer members can be achieved. Currently the integration of the CLMV countries did not appear to be mainstreamed in the economic integration agenda of ASEC. To date AADCP had provided very minimal support to narrowing the development gap.

Lack of Focus of RPS: By design, RPS had no sectoral focus initially. During implementation RPS experienced some difficulty as a result of this lack of focus. The Team noted that the economic integration agenda of ASEAN was being well supported through the PS and REPSF. A significant proportion of RPS projects were also addressing the same agenda. The social integration and security agendas, as well as the integration of the CLMV countries, had so far received much less support.

Evaluation and Sustainability: The design of the next round of cooperation should depend upon reasonable information about what has worked in AADCP. At the moment the information available was insufficient for well-informed judgements to be made about what is working and what was not at the AADCP level, and there was no system to provide adequate information. There was an urgent need for improvement in the quality of monitoring and evaluation information to feed into the design of the next phase of AADCP.

Lack of Gender Focus: Gender analysis had so far been neglected in AADCP. There has been a general inattention to analysing and reporting on gender participation and gender impact, although in the past year REPSF had assembled and reported some gender participation data. The gender participation in all three elements had been very unequal to date. Gender impact appeared to have played a minimal role in the selection of projects to date.

Capacity of ASEC: The capacity of ASEC, and particularly its Desk Officers, had been stretched by their close involvement in the design and coordination of AADCP projects and those of an increasing number of Dialogue Partners. Although one of the specific objectives of AADCP was to strengthen regional institutions, the implementation of the AADCP program had not given sufficient attention to building capacity within ASEC.

Conclusions, Lessons Learned and Good Practices Noted

The Team's conclusions are summarised as follows:

- Overall AADCP is superior both in design and in implementation to its predecessor, the AAECF;
- A high standard of management has been achieved across the program to date, in terms of accountability, responsiveness and positive relationships between partners;
- There have been a range of design and impact assessment problems across the whole program, some of which still require urgent attention;
- There has been a much stronger focus on economic integration than on other specific objectives of AADCP;
- The likelihood of positive development impact and sustainability is variable across the AADCP, with sustainable outcomes more likely under the PS;
- AADCP has to date made a very positive contribution to ASEAN-Australia relationships.

A brief list of lessons learned and good practices noted is contained in Section 8 below.

Possible Future Directions

The Team suggests that the following points should be taken into consideration relative to a possible future program of cooperation following the AADCP:

- The design of a future program should commence during the remainder of the present AADCP term, possibly with funding from the existing program, so as to avoid a hiatus at the end of the term;
- A future program should be framed so as to support implementation and monitoring of the Vientiane Action Programme;
- A future program design should consider continuing the inclusion of PS-type activities but with more flexibility in the designs of individual projects and targeted selection of participants;
- A future program should reduce complexity compared to AADCP and be designed to signal clearly to potential users the full range of program elements, what each is designed to achieve, and how each can be accessed;
- There could be greater ASEAN involvement in the management of at least part of the program; and
- There could be more involvement of ASEAN universities, policy research and private sector organisations in the implementation of a future program.

Consolidated Recommendations

The following recommendations are made with a view to providing solutions within AADCP Term:

Narrowing the Development Gap

Recommendation 1:

That the accelerated integration of new members and increased participation in ASEAN (AADCP Objective 4) be addressed during the remaining term of AADCP by directing extra effort and resources towards increasing the participation of CLMV in PS, RPS and REPSF activities.

The Team's suggestions are incorporated in the report.

Lack of Focus of RPS:

Recommendation 2

That in the remainder of the term of AADCP priority be given to selecting projects

- (a) which relate to the following subset of the Vientiane Action Programme: the Security and Socio-Cultural Pillars and Narrowing the Development Gap (particularly the latter); and*
- (b) in sectors in which females participate, such as education, health, trafficking of women and children, and so on.*

Evaluation and Sustainability:

Recommendation 3

That

- (a) greater attention should be given to specifying, collecting, analysing, evaluating and reporting on likely outcomes or results of AADCP so as to provide adequate information for the design of a future phase of ASEAN-Australia cooperation. This should include gender analysis, and should be done for AADCP as a whole, as well as for each of its three main elements;*
- (b) all future development of AADCP M&E approaches should be made in close consultation with ASEC staff responsible for VAP M&E and, wherever possible, AADCP systems should contribute to VAP monitoring;*
- (c) additional technical assistance should be provided through AADCP to support development of VAP M&E systems.*

Recommendation 4

That for the remainder of AADCP:

- (a) arrangements for program level monitoring, reporting and analysis be agreed and implemented, with a focus on common issues and progress towards specific program objectives;*
- (b) the importance of informal communication across countries and program elements be recognised and means of boosting such communication be considered, possibly including reinstatement of targeted Stakeholder workshops, language training, chat rooms and so on; and*
- (c) a program management function be developed so as to identify and communicate areas through which Australian bilateral follow-on work could supplement and complement the outputs of regional projects.*

Recommendation 5

That for the remainder of AADCP:

- (a) the evaluation section of the M&E Framework of the Program Stream be refined and agreement on responsibilities for and funding of outcomes studies be reached promptly and implemented in time to help design subsequent cooperation;*
- (b) the site monitoring approach be revised to include supplementary technical assessment by independent local specialists; and*
- (c) progress towards resolution of identified project issues be reported in a consolidated, highlighted section of the next six-monthly report (rather than dispersed on an individual project basis).*

Recommendation 6

That for the remainder of AADCP:

- (a) the emphasis in M&E of the Regional Partnerships Scheme be reoriented towards outcome evaluation, while maintaining necessary accountability controls;*
- (b) outcome evaluation be applied by supplementing completion reports and questionnaires with follow-up studies that can feed back into the design of current or future RPS-style activities; and*
- (c) independent specialists, local or international, be used to improve the transparency of selection processes and the quality of site monitoring.*

Recommendation 7

That for the remainder of AADCP:

- (a) application and refinement of the new M&E framework for REPSF continue and that a new logframe for a successor to REPSF be prepared as part of long-term plan preparation;*
- (b) the good start to impact assessment be strengthened by a more structured follow-up of research, stepwise through ASEAN processes to liberalisation;*
- (c) means of gradually transferring responsibility for M&E (and all REPSF management) from the Australian Managing Contractor to ASEC or an ASEAN institution, be tested and applied, whilst Australian funding and mentoring remains available for both the research and management of that research; and*
- (d) requests for tender for REPSF projects encourage future proposals from gender-balanced teams.*

Design Issues:

Recommendation 8

That design of any future Program Stream projects recognise the importance of early face-to-face partner inception discussions and provide opportunities for design responses to those discussions through appropriate funding and contractual arrangements.

Recommendation 9

That design of any future Program Stream or Regional Partnerships Scheme projects

- (a) explicitly provide (if appropriate) for mentoring of participants;*
- (b) skew delivery towards country needs rather than an equal delivery to all members.*

Capacity of ASEC:

In the short term the Team recommends

Recommendation 10

That some of the unallocated funds from AADCP could be used to provide a Technical Assistance Facility which would support ASEC officers.

Attachment 7 – List of all AADCP Phase I projects

Program Stream (\$21.6m): Cardno ACIL	Regional Economic Policy Support Facility (\$14.4m): MDI	Regional Partnerships Scheme (\$15m) Cardno ACIL
<p>Commenced February 2004:</p> <ol style="list-style-type: none"> 1. Legal Infrastructure for E-Commerce in ASEAN \$A2million 2. Enhancing Skills Recognition Systems in ASEAN \$A1.4million 3. Quality Assurance Systems for ASEAN Fruit and Vegetables \$A1.9 million. 4. Quality Assurance and Safety of ASEAN Fish and Fishery Products, Handling, Processing and Packaging \$A0.9 million 5. Strengthening ASEAN Standards and Conformity Assessment \$A2.1 million 6. Enhanced Customs Capacity Building in ASEAN \$A1.8 million 7. Strengthening Animal Health Management and Biosecurity in ASEAN \$A1.2 million. 8. Strengthening ASEAN Plant Health Capacity \$A1 million. 9. Strengthening ASEAN Capability in Risk Assessment Capability to Support Food Safety Measures \$A1.2 million. 10. FTA Facility \$A0.8 million 11. Expert advice to ASEC on Achieving 	<p>Commenced 2002:</p> <ol style="list-style-type: none"> 1. Developing Indicators of ASEAN Integration - A Preliminary Survey for a Roadmap, \$A139.5K. 2. Options for Managing Revenue Losses and Other Adjustment Costs of CLMV Participation in AFTA, \$A108,854. 3. Reforming Trade in Services Negotiations under AFAS, \$A39K. 4. Liberalizing and Facilitating the Movement of Individual Services Providers under AFAS: Implications for Labour and Immigration Policies and Procedures in ASEAN, \$A48,382. 5. A Proposed ASEAN Policy Blueprint for SME Development 2004-2014, \$A37.5K. 6. Liberalization of Financial Services in the ASEAN Region, \$A160,550. 7. Liberalizing Capital Movements in the ASEAN Region, \$A195K. 8. Preparing ASEAN for Open Sky, \$A191,610. <p>2003:</p> <ol style="list-style-type: none"> 9. Liberalization and Harmonization of ASEAN 10. Telecommunications, \$A194,800. 11. Preparing for Electricity Trading in ASEAN, 	<p>Commencing 2003:</p> <ol style="list-style-type: none"> 1. Eco labels and Certification in Forestry – Issues Relevant to the Use of Eco-Labels in ASEAN and Towards Global Standards \$A278.1K 2. Energy Policy and Systems Analysis Project for CLM. \$A647.4K 3. Project Design Support Program: Support Program for Intensifying the Implementation of the ASEAN Plan of Action in Key Economic Related Sectors \$430 K 4. Development of ASEAN Strategic Plan of Action Water Resources Mgt. \$A372.5K 5. Capacity Building for the Implementation of the ASEAN Marine Water Quality Criteria. \$A485K 6. Training Course for Senior Officials in the Theory of Counter Terrorism Recognition and Multilateral Collaboration for Combating Terrorism. \$A480.2K 7. Strengthening Risk Management and Governance in ASEAN's Banking Systems. \$A400.4K 8. ASEAN Member Countries' International Tax Regimes- The Promotion of Economic Growth and Regional Investment:\$A269.8K

Program Stream (\$21.6m): Cardno ACIL	Regional Economic Policy Support Facility (\$14.4m): MDI	Regional Partnerships Scheme (\$15m) Cardno ACIL
<p>Integration within the ASEAN Automotive Sector A\$500K</p> <p>12. Enabling ASEAN Project \$A 1 million</p> <p>13. Monitoring and Evaluation Adviser to ASEC (Short-term Consultancy) \$A0.1 million</p>	<p>\$A199,655.</p> <p>12. Harmonization & Integration of Customs Valuation. Policies and Practices in the ASEAN Region, \$A197,600.</p> <p>13. A Background Paper for the Strategic Plan on Action on ASEAN Cooperation in Food, and Agriculture (2005 – 2010), \$A95,142.</p> <p>14. Maximizing the Contribution of IP Rights (IPRs) to SME Growth and Competitiveness, \$A84,878.</p> <p>15. Global Economic Challenges to ASEAN Integration and Competitiveness, A Prospective Look \$A70K.</p> <p>16. An Assessment on the Progress of ASEAN Regional Integration: The Ha Noi Plan of Action toward ASEAN Vision 2020, \$60K.</p> <p>17. Resource Mobilisation for the Implementation of the Vientiane Action Program (VAP): A Background Paper, \$A72,697.</p> <p>18. Monitoring and Impact Assessment Mechanism for the VAP: a Background Paper, \$A70K.</p> <p>19. Patterns of Intra-ASEAN Trade in the Priority Goods Sectors, \$A40K</p> <p>20. Promoting Efficient and Competitive Intra-ASEAN Shipping Services, \$A254,995.</p> <p>21. Harmonisation and Integration of Customs Cargo Processing Policies and Practices in the ASEAN Region, \$A198,875.</p> <p>22. SME Access to Finance: Addressing Supply-side</p>	<p>9. Market Analysis: Managing and Commercializing Science and Technology in ASEAN. \$A49.9K</p> <p>10. ASEAN Emerging and Resurging Infections: Surveillance and Response Program. \$A510K</p> <p>11. Developing ASEAN Common Competency Standards for Tourism Professionals \$A455.3K.</p> <p>12. Statistical Capacity Building for Harmonisation of ASEAN International Trade in Goods and Services. \$A377K</p> <p>13. Development of Evaluation Framework and Impact Assessment Tools for ASEAN COST Programme & Projects. \$253K.</p> <p>14. Workshop for Public Prosecutors and the Judiciary on Enforcement of Intellectual Property Rights. \$30.5K</p> <p>15. Computer Security Incident Response Team (CSIRT) Capacity Building. \$A75K</p> <p>16. Development of Regional Competency Standards for Training in Renewable Energy, \$A238K</p> <p>17. Establishment of a Reference Laboratory for the Southeast Asian Foot and Mouth Disease Control Program \$A241.1K</p> <p>18. Strengthening Aquatic Animal Health Capacity and Biosecurity in ASEAN.</p>

Program Stream (\$21.6m): Cardno ACIL	Regional Economic Policy Support Facility (\$14.4m): MDI	Regional Partnerships Scheme (\$15m) Cardno ACIL
	<p>Prerequisites, \$A199,966.</p> <p>23. Options for Establishing Regional Research Network to Support ASEAN's Priorities, \$A93,677</p> <p>24. ASEAN Telecommunications and IT Sectors – Towards Closer ASEAN Integration, \$A70K.</p> <p>25. Regulatory Models for ASEAN Telecommunications, \$A33K.</p> <p>26. Regulatory Models for ASEAN Telecommunications, \$A42K.</p> <p>27. Movement of Workers in ASEAN: Healthcare and IT Sectors, \$A122,656.</p> <p>28. Strategic Directions for ASEAN Airlines in a Globalising World, \$A44K.</p> <p>29. Strategic Directions for ASEAN Airlines in a Globalising World, Codes of Conduct & Competition, \$A20K.</p> <p>30. Strategic Directions for ASEAN Airlines in a Globalising World, Subsidies & State Aid, \$A20K</p> <p>31. Strategic Directions for ASEAN Airlines in a Globalising World, Ownership & Investment, \$A20K.</p> <p>32. Strategic Directions for ASEAN Airlines in a Globalising World, New Business Models, \$A20K.</p> <p>33. Strategic Directions for ASEAN Airlines in a Globalising World, \$A8K.</p> <p>34. Developing the ASEAN Minerals Sector: A</p>	<p>\$A344K.</p> <p>19. Capacity Building for the Implementation of the ASEAN Marine Water Quality Criteria- Phase 2. \$A405K</p> <p>20. Advanced Training in Intellectual Property Search & Examination Procedures for IP Offices in the ASEAN Region. \$A188K</p> <p>21. Operationalise Guidelines on Responsible Movement of Live Food Finfish. \$A260K.</p> <p>22. Regional Training Programme For Capital Market Development. \$A184.8K</p> <p>23. Developing ASEAN Common Tourism Curriculum Project. \$A499K</p> <p>24. Development of Regional Competency Standards for Training in Renewable Energy- Phase 2- Establishing ISP Licensee in ASEAN. \$A270.5K</p> <p>25. Capacity Building for an ASEAN Mutual Recognition Arrangement in Tourism Project \$A461.2K</p> <p>26. Strengthening of Food Inspection and Certification for Shrimp and Bivalve Molluscs in ASEAN Member Countries: \$A428.2K</p> <p>27. Harmonisation and Implementation of ASEAN Good Agricultural Practises (GAP).</p>

Program Stream (\$21.6m): Cardno ACIL	Regional Economic Policy Support Facility (\$14.4m): MDI	Regional Partnerships Scheme (\$15m) Cardno ACIL
	<p>Preliminary Study, \$A38K.</p> <p>35. Enhancing ASEAN Minerals Trade and Investment, \$A248K</p> <p>36. AIA-Plus: Building on Free Trade Agreements, \$A235,578</p> <p>37. Investigation on Measures Affecting Priority Sectors Integration, \$A43K</p> <p>38. ASEAN Tourism Investment Study, \$A230K</p> <p>39. Relationship between The AJCEP Agreement and Japan's Bilateral EPAs with ASEAN countries, \$A30K.</p> <p>40. Australian and New Zealand bilateral CEPs/FTAs with ASEAN Countries and their implication on the AANZFTA, \$A50K.</p> <p>40. Ten years of AFAS: An Assessment, \$A59,471.</p> <p>41. ASEAN Tax Regimes and Integration of Priority Sectors, \$45K.</p> <p>42. Expanding the Market for Business Services in ASEAN, \$A197,500.</p> <p>50. Desirability, Feasibility and Options for Establishing ESM within the AFAS, \$A40K.</p>	<p>\$A428.6K</p> <p>28. Development of an ASEAN Community Progress Monitoring System. \$A578</p>

Attachment 8 - Results framework for AADCP Phase II

This framework will need to be reviewed and refined as ASEAN/ASEC further develop and test-out their own ‘emerging’ M&E systems.

Results Hierarchy	Indicators/Performance Information	Sources of Information
Goal To promote economic growth and poverty reduction through ASEAN economic integration	<p><i>These indicators will be based on available national/international statistics, and those to be collected through the ASEAN Community Progress Monitoring System.</i></p> <p><u>Growth, poverty reduction and equitable devt:</u></p> <ul style="list-style-type: none"> • GDP per capita by country • Gini-coefficient for each country • Human Development and Gender Development Indices for each country <p><u>Single Market & Production Base:</u></p> <ul style="list-style-type: none"> • Average labour productivity in agriculture, manufacturing and services • Average Tariff rates on ASEAN imports • Intra-industry trade index • Share of intra-ASEAN total exports and imports in total ASEAN exports and imports • Flows of trade in commercial services • Statutory company tax rate • Inflows and outflows of intra-ASEAN FDI • Real interest rates • Average wage rates of skilled labour by occupation (M/F) <p><u>Competitive Economic Region</u></p> <ul style="list-style-type: none"> • Average wage rates in manufacturing (M/F) • # of patents and trademarks filed • WEF's Global Competitiveness Index • TI's Corruption Perception Index 	<ul style="list-style-type: none"> - National statistics offices - UNDP Human Development Reports - UNDP Human Development Reports <ul style="list-style-type: none"> - ASEAN Community Progress Monitoring System Reports, compiled by ASEC Statistical Unit with consultancy support As above
Purpose To effectively contribute to implementation of the AEC blueprint by 2015	<p><i>These indicators will be primarily process indicators, based on progress in implementing the Strategic Schedule for AEC. The planned ‘Scorecard’ system will be used to track national level progress in such areas as:</i></p> <p><u>Free flow of goods:</u></p> <ul style="list-style-type: none"> • Tariff reduction and elimination • Elimination of Non-Tariff Barriers • Establishment of Operational Certification Procedures on Rules of Origin • Establishment of ASEAN Single Window for customs and trade 	<p>The source of information for all these indicators will be based on:</p> <ul style="list-style-type: none"> • National level ‘implementation reports’ compiled by the ASEAN National Secretariats. • Scorecard assessment system coordinated by ASEC with consultancy support as required.

Results Hierarchy	Indicators/Performance Information	Sources of Information
	<p><u>Free flow of services:</u></p> <ul style="list-style-type: none"> Progressive removal of all restrictions on trade in services in priority service sectors Increase in foreign equity participation in priority service sectors <p><u>Free flow of investment</u></p> <ul style="list-style-type: none"> Prepare and finalise Comprehensive Agreement on the ASEAN Investment Area Progressively implement the reduction/elimination of investment restrictions Identify and then adopt international best practices on investment promotion measures suitable for ASEAN <p><u>Freer flow of capital</u></p> <ul style="list-style-type: none"> Harmonisation of capital market standards for debt securities, disclosure requirements and distribution rules Liberalise the rules for freer flow of FDI Liberalise the rules for freer flow of portfolio investments Relax limitation on Forex purchase (adopt article VIII IMF by ASEAN countries) <p><u>Free flow of skilled labour</u></p> <ul style="list-style-type: none"> Completion of MRAs for major professional services Development of core-competencies and training programs Availability of gender disaggregated data <p><u>Food, Agriculture and Forestry</u></p> <ul style="list-style-type: none"> Establish harmonised GAP, GAHP, GMP, GHP and HACCP systems for agricultural and food products with significant trade/export potential Establish harmonised SPS measures for agricultural, food and forestry products with significant trade/export potential <p><u>Competition Policy</u></p> <ul style="list-style-type: none"> Implementation of regional work plan on competition policy and law <p><u>Intellectual Property Rights</u></p> <ul style="list-style-type: none"> Implementation of the Madrid Protocol by member countries <p><u>E-commerce</u></p> <ul style="list-style-type: none"> Enactment of e-Commerce laws by member countries <p>A 'Contribution Analysis' (of AADCP II's contribution to AEC implementation) will be undertaken as part of a mid-term review at the end of program year 3, and at the end of program year 6.</p>	<ul style="list-style-type: none"> Annual report compiled by ASEC on AEC implementation progress <p>As above</p> <p>AADCP Annual Plans and Progress Reports, Interviews with stakeholders, Case Studies, Opinion Surveys, Focus Group discussions</p>

Results Hierarchy	Indicators/Performance Information	Sources of Information
Component 1: ASEC Capacity Development To strengthen ASEC's institutional capacity to support regional economic integration	<p><i>The types of indicators that could be used to help measure 'success' include:</i></p> <p><u>Corporate Planning</u></p> <ul style="list-style-type: none"> • Quality of ASEC's corporate planning, program budgeting and regular review processes and product (against a set of agreed quality criteria) • Increase in ASEC's core budget support from member nations based on justified needs put forward in corporate plans <p><u>Operations Management</u></p> <ul style="list-style-type: none"> • Application of ISO 9001 quality processes in the program/project management cycle • Quality of support provided by ASEC officers to Working Groups with respect to AEC implementation <p><u>Human Resource Management</u></p> <ul style="list-style-type: none"> • Workforce plan established and being used to guide recruitment strategies • Quality of ASEC gender policy and its implementation • Enhanced staff induction programs established; and • Staffing numbers, turn-over and vacancy rates (M/F) <p><u>Monitoring and Evaluation</u></p> <ul style="list-style-type: none"> • ASEAN Community Progress Monitoring System effectively established and producing useful information • Scorecard system on AEC progress effectively established and producing useful information • ASEC program/project monitoring and reporting systems provide information on results – not just activities and inputs 	<ul style="list-style-type: none"> - Survey of ASEAN National Secretariats conducted by ASEC research unit - ASEC Finance Unit records - Periodic ISO systems 'Audits' - Focus group interviews and surveys of WG member opinions - ASEC HR unit records, staff opinion surveys - Statistics Unit records and interviews with ASEC/ASEAN information users - BEIF and BERC records on project 'results'
Component 2 a - Economic Policy Research & Advice To provide high quality and timely economic policy development work undertaken on high priority regional economic integration issues	<ul style="list-style-type: none"> • No., value and scope of research/policy advice proposals approved by Research Priorities Committee • Quality and timeliness of policy research and advice outputs as assessed by BEIF, including quality of gender equality implications and impact assessments • Satisfaction of AEM, SEOM and Working Group officials with research/policy advice outputs • Evidence of policy advice uptake/use by National Governments • Satisfaction of private sector stakeholders with ASEC engagement, collaboration and information provision on research/policy matters 	<ul style="list-style-type: none"> - Assessment of research/policy advice outputs by BEIF (including Economic Policy Specialist) using structured qualitative assessment checklist - Interviews and/or surveys of AEM, SEOM and relevant Working Group members on the usefulness of the information and advice provided and evidence of 'uptake' (commissioned by the Director of BEIF and/or the AusAID Program Director)

Results Hierarchy	Indicators/Performance Information	Sources of Information
Component 2 b - AEC implementation support To support regional mechanisms/capacity to implement the AEC blueprint & strategic schedules at a national level	<ul style="list-style-type: none"> No., value and scope of implementation support programs and project approved by PAC (showing link to AEC blueprint and strategic schedules) Quality of program/project outputs during implementation Satisfaction of relevant Working Groups with scope and timeliness of AADCP II funded support, including capacity building activities Satisfaction of private sector stakeholders with ASEC engagement, collaboration and information provision 	<ul style="list-style-type: none"> PAC records PMS database kept by BEREC AADCP funded program/project progress reports compiled by BEREC Desk Officers Case studies of specific programs/projects commissioned by Director of BEIF and/or AusAID's Program Director Opinion surveys of Working Group members commissioned by Director of BEIF and/or AusAID's Program Director
Program implementation support To ensure efficient & effective management of program resources, implementation of activities, achievement of results and sustainability of benefits	<ul style="list-style-type: none"> Stakeholder satisfaction with the efficiency, effectiveness and flexibility of AADCP management and financing arrangements Demonstrated ASEC ownership Quality, quantity and timeliness of activities and outputs Effective program planning, resource mobilisation and management Effective performance monitoring, reporting and wider information dissemination Sound audit and accountability arrangements Establishment of joint planning, management and monitoring arrangements with other donors Establishment of enhanced donor coordination mechanisms by ASEC 	<ul style="list-style-type: none"> Studies and stakeholder opinion surveys commissioned by JPRC (Joint Planning & Review Committee) AADCP II annual plans and six-monthly review reports Comprehensive reviews of AADCP II at end of years 3 and 6, involving external specialist input

Note: The ongoing monitoring and review of what is working, what isn't, why and what the implications are for program management and resource allocation will be undertaken primarily by the Program Management Team and the Joint Planning and Review Committee. A range of formal and informal information sources and collection methods will be used, some of which are specified in the Results Framework above. Additional 'output' level indicators will be formulated and used to track progress as part of the development and appraisal of each specific AADCP II funded 'project' (funded through component level trust fund monies). A more detailed M&E Operational Plan will be developed and documented as part of the program's inception phase in early/mid 2008.

Attachment 9 – Indicative input and costing assumptions

These estimates cover the staffing and implementation support costs of AADCP II.

All these costs do not represent management ‘overheads’, as they include the salaries of technical specialists involved directly in the implementation of program components.

INPUTS	First 4 years				Last 3 years		Total 7 years
	Unit	Unit Cost A\$ 000	Quant	Total cost A\$000	Quant	Total cost A\$000	
ASEC managed							
Personnel							
Program Coordinator (International)	Annual Salary	250	4	1000	3	750	1750
Program Support Officer (ASEAN)	Annual Salary	130	4	520	3	390	910
Administrative Officer (Local)	Annual Salary	30	4	120	3	90	210
Asst. Director - Economist - Research and Policy Advice Specialist (Int)	Annual Salary	250	4	1000	3	750	1750
Asst. Director - Economist - Program implementation Specialist (Int)	Annual Salary	250	4	1000	3	750	1750
Asst. Director - Institutional Capacity Development Specialist (Int)	Annual Salary	250	4	1000	3	750	1750
Senior Technical Officer 1 (ASEAN)	Annual Salary	130	4	520	3	390	910
Senior Technical Officer 2 (ASEAN)	Annual Salary	130	4	520	3	390	910
Senior Technical Officer 3 (ASEAN)	Annual Salary	130	4	520	3	390	910
Trust Fund/Accounts Officer (Local)	Annual Salary	30	4	120	3	90	210
Contracts Officer (Local)	Annual Salary	30	4	120	3	90	210
Personnel/Admin Officer (Local)	Annual Salary	30	4	120	3	90	210
					Sub-total Personnel		11480
Travel budget							
7 people (PC, 3xADRs + 3xSTOs) x 6 regional trips each pa @ A\$5,000 per trip	lump sum per trip	5	168	840	126	630	1470
Equipment							
Lap-top computers + software for staff/personnel	computer	3	12	36	12	36	72
Other office establishment costs for Planning & Monit. Support Unit	lump sum	15	1	15	1	15	30
Office material and supply + communication costs							
Stationery, phones etc	lump sum	25	4	100	3	75	175
JPRC meetings							
Travel, accomm, materials prodn, etc	lump sum pa	30	8	240	6	180	420
Communications/visibility costs							
Sub-contracted expertise - web management, printing, etc	lump sum pa	50	4	200	3	150	350
Short-term TA							
TA for initial program design and ongoing program M&E support	Person month	40	10	400	6	240	640
Sub-total ASEC managed				6751		5016	14637
AusAID managed							
Personnel							
Program Officer	Annual salary	130	4	520	3	390	910
Administrative Support Officer	Annual salary	30	4	120	3	90	210
					Sub-total Personnel		1120
Equipment							
Office establishment including furniture & computers	lump sum	15	1	15	1	15	30
Office running costs							
Materials and supplies	lump sum pa	5	4	20	3	15	35
Travel budget (meetings, monitoring, etc)							
For PD & PC - 6 regional trips each pa @ A\$5,000	lump sum	5	48	240	36	180	420
Short-term TA							
As may be required to support AusAID specific needs, including monitoring support	lump sum pa	80	4	320	3	240	560
Mid-term review and pre-completion review external inputs							
3 people x 6 weeks work @A\$80K per person including travel, accomm etc	lump sum	240	1	240	1	240	480
Sub-total AusAID managed				1475		1170	2645
Total staffing, planning and monitoring support				8226		6186	17282

Notes:

- Of this total of \$17.28m, some 15% of personnel costs are estimated to be dedicated to ongoing program monitoring (=A\$1.8m) + some A\$1.4m for short-term TA and external review inputs. In addition, at least A\$2m is expected to be allocated from Component Trust Fund monies for case studies and surveys, development of ASEC monitoring systems, contribution analysis, etc. Total M&E budget is therefore estimated at some A\$5.2m over the life of the program (or about 10% of total budget). The AADCP II Management Team and the Joint Planning and Review Committee will be responsible for determining specific M&E needs and resource allocation requirements.
- Salary costs of AusAID Program Director not included
- Personnel costs are complete package - e.g. salary, pension, insurance + any allowances
- ASEC to cover office space, office furniture and base communication costs (e.g. email/internet) for all ASEC recruited staff
- Short-term TA costs based on fees of an average of A\$1,000 per day + A\$10,000 for travel and accommodation for a person month

Attachment 10 - Draft Position Descriptions for long-term personnel

Each of the following position descriptions is provided as a first draft only, for consideration by ASEC and AusAID. They are presented in a format provided by ASEC.

Draft position descriptions are only provided for senior professional staff, and there is therefore still a need to prepare position descriptions for management/administration support staff (e.g Trust fund, contract management, administration support).

Position descriptions for AusAID recruited staff are not included.

Draft Position Descriptions are thus provided for:

- | | |
|----|--|
| 1. | Assistant Director – Economic Policy and Research |
| 2. | Senior Technical Officer – Economic Policy and Research |
| 3. | Assistant Director – AEC Implementation Support |
| 4. | Senior Technical Officer – AEC Implementation Support |
| 5. | Assistant Director – ASEC Institutional Capacity Development |
| 6. | Senior Technical Officer – ASEC Institutional Capacity Development |
| 7. | Program Coordinator – Program Planning and Monitoring Support Unit |

Job Title	Economic Policy & Research - Assistant Director
Bureau	Bureau of Economic Integration and Finance
Unit	Economic Policy and Research
Reporting to	Principal Director, Bureau of Economic Integration and Finance
Supervising	<ul style="list-style-type: none"> • Economic Policy & Research Senior Technical Officer • ?

Broad Statement of Function

- Prepare strategic and operational work plans for ASEC's Economic Policy and Research work, based on priorities of the AEC Blueprint and other relevant plans
- Ensure the effective and efficient identification, design, appraisal, approval and implementation of economic policy and research 'projects', in particular for policy/research work eligible for funding through AADCP II
- Ensure effective coordination and collaboration with key ASEAN bodies, ASEC Bureaus and other stakeholders including dialogue partners and the private sector
- Ensure effective information dissemination, communication and reporting
- Manage and supervise overall and day to day operational activities of the unit and provide the required direction
- Conduct performance management and people development practices, to ensure continuing professional development and institutional capacity development

Primary Responsibilities

Prepare strategic and operational forward work plans for Economic Policy and Research work, based on priorities within the AEC Blueprint and other relevant plans

1. Monitor global and regional developments in the area of economic integration, including relevant social impact issues
2. Assess implications of global and regional developments with respect to priority economic policy and research issues for ASEAN to address, including research into poverty alleviation and environmental impact issues
3. Develop and maintain a strategic vision for ASEAN's economic policy and research work
4. Prepare, review and update strategic and operational work plans relevant to ASEC's economic policy and research work

Ensure the effective and efficient identification, design, appraisal, approval and implementation of economic policy and research 'projects'

1. Develop and maintain a database of economic policy and research work undertaken and/or commissioned by ASEC, including copies of all reports/advice produced
2. Develop and maintain a database of economic policy/research providers
3. Identify priorities for economic policy and research work
4. Undertake, facilitate and/or support the preparation and design of economic policy and research proposals
5. Ensure economic policy and research proposals are appraised (for quality of design, management and financing arrangements) through the Research Priorities Committee process
6. Mobilise the required resources to implement approved economic policy and research

- projects, including tendering and contracting out of services where required
- 7. Provide ongoing oversight/management of economic policy and research project implementation
- 8. Quality assure the output/product of economic policy and research projects and, as required approve contract payments for services
- 9. Ensure policy advice/research findings are appropriately presented and disseminated to users of the information
- 10. Monitor and evaluate, on an ongoing basis, the use of economic policy and research advice and satisfaction of users/target groups with the advice provided
- 11. Give specific attention to ensuring that economic policy and research work suitable for AADCP II funding is identified, designed and effectively managed

Ensure effective coordination and collaboration with key ASEAN bodies, ASEC Bureaus and other stakeholders including dialogue partners

- 1. Liaise with relevant ASEAN bodies on economic integration, particularly AEC, SEOM and other related committee/working groups, and provide support to those bodies with respect to economic policy advice and research projects and/or programs
- 2. Ensure the effective engagement of the private sector in the preparation of economic policy research and advisory papers
- 3. Serve as resource person in meetings with ASEAN bodies in the area of economic integration policy
- 4. Establish contacts and build relationship with non-ASEAN bodies involved in economic policy and research work

Ensure effective information dissemination, communication and reporting

- 1. Maintain appropriate electronic and hard copy records of all economic policy and research work
- 2. Ensure this information is readily available and accessible to ASEAN members and, as appropriate, dialogue partners and other stakeholders through appropriate media, including web-based
- 3. Prepare and provide summary reports of key findings for ASEAN bodies
- 4. Organise and/or facilitate workshops/seminars and other appropriate events to support information dissemination
- 5. Provide regular (at least six-monthly) reports to the Principal Director, BEIF, on progress in implementing economic policy and research workplans, issues/constraints arising, and any management action required to support effective implementation of the work program
- 6. Ensure AADCP Management Team and JSRP information requirements are met

Manage and supervise overall and day to day operational activities of the unit and provide the required directions

- 1. Ensure high quality of work in the unit by applying effective supervision
- 2. Communicate and give clear direction to all those whose co-operation may be needed to achieve the goals of the Unit and the Bureau
- 3. Motivate, inspire, and assist staff to overcome operational, bureaucratic, resource and other barriers in performing their day to day activities

Conduct performance management and people development practices, to ensure continuing professional development and support institutional capacity building

- 1. Support institutional capacity initiatives within the Bureaus
- 2. Supervise and conduct performance appraisal for subordinates to ensure their continuing professional development
- 3. Conduct performance coaching and counselling to facilitate the sub-ordinates in achieving

optimum performance

4. Continuously develop the competencies of staff through proposed programs and assignments

Other duties relevant to economic policy and research work as directed by the Principal Director, BEIF or higher authorities

OUTPUTS

- Forward program plans for the work of the Unit
- Research project proposals
- High quality economic policy and research papers
- Satisfied 'clients'
- Data-base of economic research work undertaken by ASEC
- Progress and performance reports for ASEAN/ASEC bodies and the AADCP II Management Team JPRC

Working Relationship

External

- ASEAN Economic Ministers, SEOM and relevant Sub-Committees/Working Groups
- Private sector
- Other relevant ASEAN Bodies dealing with social and environmental impact of economic integration
- Dialogue partners

Internal

- All Bureaus and Units
- AADCP II Steering Committee

JOB QUALIFICATION

Education

- At least a Masters degree in Economic Studies, Business Management, or Finance with major in International Economics

Experience

- At least ten years of professional experience with proven track record and exposure in government, private sectors and/or international organisation. Experience in dealing with a wide spectrum of economic policy and research issues, particularly with respect to economic integration issues
- Proven track record in developing and managing economic policy and research work in government, private sectors and/or international organisation

Competency Profile

Technical and managerial

- Program and Project Management skills, including in formulation/design, appraisal, management and reporting on project and program activities
- High-level analytical and research skills in economic integration issues

- In-depth knowledge of global and regional development issues (political, economic and social), particularly in South East Asia
- Comprehensive knowledge of concepts and issues relating to ASEAN organisation, ASEAN policies and ASEAN institutional framework
- Financial and contract management skills
- High-level computing skills, including use of Microsoft Office applications, and ability to produce clear and concise reports
- Excellent writing and communication skills (in English)
- High-level consultation, facilitation and negotiation skills
- Strategic planning and personnel management skills

Personal Attributes

- Integrity. Strongly possess and perform the capability to maintain and promote social, ethical and organisational norms and values in conducting internal and external secretarial activities
- Decisiveness. Possess and perform the capability to make timely decisions, render judgement and take action when appropriate
- Creative and innovative. Possess and perform the capability to generate creative solutions to work situations; try different and novel ways to deal with organisational problem and opportunities

Job Title	Senior Technical Officer – Economic policy and research
Bureau	Bureau of Economic Integration and Finance
Unit	Economic Policy and Research
Reporting to	Assistant Director – Economic Policy and Research
Supervising	<ul style="list-style-type: none"> • Technical Officers • Technical Assistant

Broad Statement of Function

- Support the development of program plans and project proposals for economic research and policy work
- Manage and coordinate activities and provide the required support for the implementation and monitoring of projects and/or program in the areas of economic policy and research
- Provide team work support and assistance to colleagues and provide inputs to the Assistant Director on the staff performance management and people development practices, to ensure consistent and continuous improvement in quality of work

Primary Responsibilities

Manage and coordinate activities and provide the required support for the implementation and monitoring of projects and/or programs in the areas of economic policy and research

1. Identify economic research and policy development initiatives in consultation with the Assistant Director and in line with AEC Blueprint priorities
2. Support preparation of forward work programs for economic research and policy work, particularly for AADCP II funding
3. Support preparation of economic research and policy work project proposals, for consideration by the Research Priorities Committee
4. Service the meetings of SEOM and other relevant Sub-Committees/Working Groups with respect to issues relating to economic research and policy work
5. Coordinate activities and provide the required support for the implementation and monitoring of economic policy and research projects
6. Provide responses to queries from Member Countries and external sources with respect to the ASEAN economic policy and research work.
7. Prepare background papers, briefs, reports, and updates and provide substantive input concerning economic policy and research matters
8. Identify and coordinate the required technical and financial support in the implementation of economic policy and research projects/programs.
9. Prepare reports on the progress of economic research and policy projects for the information of the AADCP Management Team and JPRC, as well as other information materials for public dissemination
10. Liaise with relevant ASEAN bodies and other relevant committee/working groups and provide support to those bodies with respect to economic policy and research projects and issues
11. Represent the ASEAN Secretariat and serve as resource person in meetings with ASEAN bodies and other organisations in relation to economic policy and research activities

12. Monitor the development of other economic policy development and research bodies (within and without the region), as well as trends in regional and international economic integration issues
13. Conduct ongoing consultations with various dialogue partners, including Australia, Japan, EC, and USA on economic policy and research matters

Provide team work and assistance to subordinates and provide inputs to ADR on the subordinate's performance management and people development practices, to ensure consistent and continuous improvement in quality of work

1. Support institutional capacity building initiatives
2. Provide effective supervision and coaching to subordinates to ensure their continuing professional development
3. Provide inputs to the Assistant Director in conducting performance appraisal for the subordinates

OUTPUTS

- Program plans and project proposals, specifically for AADCP II funding
- Program/project progress reports
- Background papers, reports and briefs
- Other relevant informational materials
- Management reports for ASEC and for the AADCP II Management Team

Working Relationship

External

- Relevant ASEAN Bodies

Internal

- All Bureaus and Units
- AADCP II Management Team

JOB QUALIFICATION

Education

- A Bachelors degree in relevant Economic Studies, Business Management, or Finance

Experience

- At least five years of experience with proven record of accomplishment and exposure dealing with a wide range of economic policy and research issues at national or regional level
- At least two years of managerial experience in government, private sectors and/or international organisation

Competency Profile

Technical and managerial

- Programme and Project Management skills, including in formulation/design, appraisal, management and reporting on project and programme activities
- Demonstrated analytical and research skills in economic integration issues
- Demonstrated knowledge of global and regional development issues (political, economic

and social), particularly in South East Asia

- Comprehensive knowledge of concepts and issues relating to ASEAN organisation, ASEAN policies and ASEAN institutional framework
- Financial and contract management skills
- High-level computing skills, including use of Microsoft Office applications, and ability to produce clear and concise reports
- Excellent writing and communication skills (in English)
- Consultation, facilitation and negotiation skills

Personal Attributes

- Integrity. Strongly possess and perform the capability to maintain and promote social, ethical and organisational norms and values in conducting internal and external secretarial activities
- Decisiveness. Possess and perform the capability to make timely decisions, render judgement and take action when appropriate
- Creative and innovative. Possess and perform the capability to generate creative solutions to work situations; try different and novel ways to deal with organisational problem and opportunities

Job Title	Assistant Director – AEC Implementation Support
Bureau	Bureau of Economic Integration and Finance
Unit	?
Reporting to	Principal Director, Bureau of Economic Integration and Finance
Supervising	<ul style="list-style-type: none"> • Senior Officer – AEC Implementation support • ?

Broad Statement of Function

- Prepare strategic and operational work plans for ASEC's AEC implementation support work, based on priorities of the AEC Blueprint and other relevant plans
- Ensure the effective and efficient identification, design, appraisal, approval and implementation of AEC implementation support 'projects', with a particular focus on those eligible for AADCP II funding
- Ensure effective coordination and collaboration with key ASEAN bodies, ASEC Bureaus and other stakeholders including dialogue partners
- Ensure effective information dissemination, communication and reporting
- Manage and supervise overall and day to day operational activities relevant to AEC implementation support and provide the required directions
- Conduct performance management and people development practices, to ensure continuing professional development

Primary Responsibilities

Prepare strategic and operational forward work plans for AEC Implementation support work, based on priorities within the AEC Blueprint and other relevant plans

1. Monitor global and regional developments in the area of economic integration, including relevant social and environmental impact issues
2. Assess implications of global and regional developments with respect to priorities for AEC implementation support, including the poverty impact implications
3. Develop and maintain a strategic vision for ASEAN's AEC implementation support work
4. Prepare, review and update strategic and operational work plans relevant to ASEC's AEC implementation support work

Responsible to ensure the effective and efficient identification, design, appraisal, approval and implementation of economic policy and research 'projects'

1. Give specific attention to ensuring that AEC implementation support projects work suitable for AADCP II funding are identified, designed, appraised, approved and effectively managed
2. Develop and maintain a database of AEC implementation support work undertaken and/or commissioned by ASEC through AADCP II funding, including copies of all reports produced
3. Develop and maintain a database of AEC implementation support service providers (institutions, companies, consultants)
4. Ensure mobilisation of the required resources to implement approved AEC implementation support projects, including support to tendering and contracting out of services where required
5. Provide oversight/management of the implementation of AEC implementation support projects

6. Ensure quality assurance of the output/product of AEC implementation support projects and, as required approve contract payments for services
7. Ensure results of AEC implementation support projects are appropriately documented, presented and disseminated to relevant ASEAN bodies
8. Monitor and evaluate, on an ongoing basis, the effectiveness of AEC implementation support projects and satisfaction of target groups

Responsible to ensure effective coordination and collaboration with key ASEAN bodies, ASEC Bureaus and other stakeholders including dialogue partners

1. Liaise with relevant ASEAN bodies on economic integration, particularly AEM, SEOM and other related committee/working groups, and provide support to those bodies with respect to AEC implementation support projects and/or programs
2. Ensure the effective engagement of private sector representative bodies and individuals
3. Serve as resource person in meetings with ASEAN bodies in the area of AEC implementation support
4. Establish contacts and build relationship with non-ASEAN bodies involved in AEC implementation

Responsible to ensure effective information dissemination, communication and reporting.

1. Maintain appropriate electronic and hard copy records of all AEC implementation support work
2. Ensure this information is readily available and accessible to ASEAN members and, as appropriate, dialogue partners and other stakeholders through appropriate media, including web-based
3. Prepare and provide summary reports on AEC implementation results for ASEAN bodies and for the AADCP II JPRC
4. Organise and/or facilitate workshops/seminars and other appropriate events to support information dissemination
5. Ensure Dialogue Partner information requirements are met

Responsible to manage and supervise overall and day to day operational activities of the unit and provide the required directions.

1. Ensure high quality of work in the unit by applying effective supervision
2. Communicate and provide direction clearly to all those whose co-operation may be needed to achieve the goals of the Unit and the Bureau
3. Motivate, inspire, and assist staff to overcome operational, bureaucratic, resource and other barriers in performing their day to day activities.

Responsible to conduct performance management, people and institutional development practices, to ensure continuing professional and institutional development

1. Support the development and implementation of institutional and personnel capacity development initiatives
2. Supervise and conduct performance appraisal for subordinates to ensure their continuing professional development
3. Conduct performance coaching and counselling to facilitate the sub-ordinates in achieving optimum performance
4. Continuously develop the competencies of staff through proposed programs and assignments

Other duties relevant to AEC implementation support work as directed by the Principal Director, BEIF or higher authorities

OUTPUTS

- Forward program plans for the work of the Unit
- High quality AEC Implementation project proposals and results
- Satisfied ‘clients’
- A database of AEC implementation support projects, including pertinent details of scope and results achieved
- Progress and performance reports for ASEAN/ASEC bodies and dialogue partners, including for the AADCP II JPRC

Working Relationship

External

- ASEAN Economic Ministers, SEOM and relevant Sub-Committees/Working Groups
- Private sector
- Other relevant ASEAN Bodies dealing with social and environmental impact of economic integration
- Dialogue partners

Internal

- All Bureaus and Units
- AADCP II JPRC

JOB QUALIFICATION

Education

- A Masters degree in Economic Studies, Business Management, or Finance with major in International Economics

Experience

- At least ten years of professional experience with proven track record and exposure in government, private sectors and/or international organisation. Experience in dealing with a wide spectrum of economic integration and implementation issues
- Proven track record in developing and managing complex economic integration programs and projects in government, private sectors and/or international organisations

Competency Profile

Technical and managerial

- High-level analytical and management skills in economic integration issues
- In-depth knowledge of global and regional development issues (political, economic and social), particularly in South East Asia
- Comprehensive knowledge of concepts and issues relating to ASEAN organisation, ASEAN policies and ASEAN institutional framework
- Programme and Project Management skills, including in formulation/design, appraisal, management and reporting on project and programme activities
- Financial and contract management skills
- High-level computing skills, including use of Microsoft Office applications, and ability to produce clear and concise reports
- Excellent writing and communication skills (in English)
- High-level consultation, facilitation and negotiation skills

- Strategic planning and personnel management skills

Personal Attributes

- Integrity. Strongly possess and perform the capability to maintain and promote social, ethical and organisational norms and values in conducting internal and external secretarial activities.
- Decisiveness. Possess and perform the capability to make timely decisions, render judgement and take action when appropriate
- Creative and innovative. Possess and perform the capability to generate creative solutions to work situations; try different and novel ways to deal with organisational problem and opportunities

Job Title	Senior Technical Officer – AEC Implementation Support
Bureau	Bureau of Economic Integration and Finance
Unit	?
Reporting to	Assistant Director – AEC Implementation Support
Supervising	<ul style="list-style-type: none"> • Technical Officers • Technical Assistant

Broad Statement of Function

- Manage and coordinate activities and provide the required support for the implementation and monitoring of projects and/or programs in the area of AEC implementation support, particularly for AADCP II funding
- Provide team work and assistance to subordinates and provide inputs to ADR on the subordinate's performance management and people development practices, to ensure consistent and continuous improvement in quality of work

Primary Responsibilities

Manage and coordinate activities and provide the required support for the preparation, implementation and monitoring of projects and/or programs in the area of AEC implementation support

1. Support the identification of programming priorities for AEC implementation support work, as well as the identification, design, appraisal and approval of specific projects for AADCP II funding
2. Service the meetings of SEOM and other relevant Sub-Committees/Working Groups with respect to issues relating to AEC implementation support work
3. Coordinate the activities and provide the required support for the implementation and monitoring of AEC implementation support
4. Coordinate responses to queries from Member Countries and external sources with respect to AEC implementation support work of ASEC
5. Prepare background papers, briefs, reports, and updates and provide substantive input concerning AEC implementation support matters
6. Identify and coordinate the required technical and financial support in the implementation of approved AEC implementation support projects/programs
7. Prepare information materials and other publications for public dissemination and coordinate with Public Affairs Office in organising programs on AEC implementation support matters.
8. Liaises with relevant ASEAN bodies and other relevant committee/working groups and provide support to those bodies with respect to AEC implementation support projects and issues
9. Represent the ASEAN Secretariat and serve as resource person in meetings with ASEAN bodies and other organisations in relation to AEC implementation support activities
10. Support effective engagement with private sector stakeholders
11. Conduct consultations with various dialogue partners, including Australia, Japan, EC, and USA on AEC implementation support matters

Provide team work and assistance to subordinates and provide inputs to the Assistant Director on the subordinate's performance management and people development practices, to ensure consistent and continuous improvement in quality of work.

1. Support institutional capacity development initiatives within the Unit
2. Provide effective supervision and coaching to subordinates to ensure their continuing professional development
3. Provide inputs to the Assistant Director in conducting performance appraisal for the subordinates

OUTPUTS

- Program and project plans for AEC implementation support work
- Progress reports on AEC implementation support projects
- Background papers, reports and briefs
- Other relevant informational materials
- Results focused management reports for ASEC and for the AADCP II Management Team

Working Relationship

External

- Relevant ASEAN Bodies
- Private sector representatives
- Dialogue partners

Internal

- All Bureaus and Units

JOB QUALIFICATION

Education

- A Bachelors degree in relevant Economic Studies, Business Management, or Finance

Experience

- At least five years of experience with proven record of accomplishment and exposure dealing with a wide range of economic integration and project implementation issues at national or regional level.
- At least two years of managerial experience in government, private sectors and/or international organisation.

Competency Profile

Technical and managerial

- Demonstrated analytical skills in economic integration issues
- Demonstrated knowledge of global and regional development issues (political, economic and social), particularly in South East Asia
- Comprehensive knowledge of concepts and issues relating to ASEAN organisation, ASEAN policies and ASEAN institutional framework
- Programme and Project Management skills, including in formulation/design, appraisal, management and reporting on project and programme activities
- Financial and contract management skills
- High-level computing skills, including use of Microsoft Office applications, and ability to

- produce clear and concise reports
- Excellent writing and communication skills (in English)
- Consultation, facilitation and negotiation skills

Personal Attributes

- Integrity. Strongly possess and perform the capability to maintain and promote social, ethical and organisational norms and values in conducting internal and external secretarial activities
- Decisiveness. Possess and perform the capability to make timely decisions, render judgement and take action when appropriate
- Creative and innovative. Possess and perform the capability to generate creative solutions to work situations; try different and novel ways to deal with organisational problem and opportunities

Job Title	Assistant Director – Institutional Capacity Development
Bureau	Institutional Affairs
Unit	?
Reporting to	Institutional Affairs Focal Point
Supervising	<ul style="list-style-type: none"> • Senior Officer – Institutional Capacity Building • Technical Officer(s)

Broad Statement of Function

- Prepare strategic and operational work plans for ASEC Institutional Capacity Building, in line with the requirements of the ASEAN Charter
- Ensure the effective and efficient identification, design, appraisal, approval and implementation of ASEC Institutional Capacity Building programs and projects, particularly those suitable for AADCP II funding
- Ensure effective coordination and collaboration with key ASEAN bodies, ASEC Bureaus and other stakeholders including dialogue partners
- Ensure effective information dissemination, communication and reporting
- Manage and supervise overall and day to day operational activities of the unit and provide the required directions
- Conduct performance management and people development practices, to ensure continuing professional development

Primary Responsibilities

Prepare strategic and operational forward work plans for ASEC Institutional Capacity Building work based on ASEAN Charter requirements and other relevant plans

1. Monitor global and regional developments relevant to institutional capacity building of ASEC
2. Assess implications of global and regional developments with respect to priority capacity building needs of ASEC
3. Develop and maintain a strategic vision for ASEC's Institutional Capacity Building plans
4. Prepare, review and update strategic and operational work plans relevant to ASEC Institutional Capacity Building

Ensure the effective and efficient identification, design, appraisal, approval and implementation of ASEC Institutional Capacity Building programs and projects.

1. Identify priorities for ASEC Institutional Capacity Building, including initiatives suitable for AADCP II funding
2. Undertake, facilitate and/or support the preparation and design of ASEC Institutional Capacity Building proposals
3. Ensure ASEC Institutional Capacity Building proposals are appropriately appraised (for quality of design, management and financing arrangements) prior to implementation
4. Mobilise the required resources to implement ASEC Institutional Capacity Building programs/projects, including tendering and contracting out of services where required
5. Provide ongoing oversight/management of ASEC Institutional Capacity Building program/project implementation
6. Quality assure the output/product of ASEC Institutional Capacity Building programs/projects

and, as required approve contract payments for services

7. Ensure results of ASEC Institutional Capacity Building work are appropriately presented and disseminated to users of the information, including for members of the AADCP II JPRC
8. Monitor and evaluate, on an ongoing basis, the effectiveness of ASEC Institutional Capacity Building program/projects
9. Prepare and provide ongoing 'results-focused' management reports on progress regarding institutional capacity building, including for the information of the AADCP II JPRC

Ensure effective coordination and collaboration with key ASEAN bodies, ASEC Bureaus and other stakeholders including dialogue partners

1. Liaise with relevant ASEAN bodies on ASEC institutional capacity building
2. Serve as resource person in meetings with ASEAN bodies in the area of ASEC Institutional Capacity Building

Ensure effective information dissemination, communication and reporting.

1. Maintain appropriate electronic and hard copy records of all ASEC Institutional Capacity Building programs/projects
2. Ensure this information is readily available and accessible to ASEAN members and, as appropriate, dialogue partners and other stakeholders through appropriate media, including web-based
3. Prepare and provide summary reports of results regarding ASEC Institutional Capacity Building achievement and issues for ASEAN bodies
4. Provide regular (at least six-monthly) reports to the Institutional Affairs focal point on progress in implementing ASEC Institutional Capacity Building workplans, issues/constraints arising, and any management action required to support effective implementation of the work program
5. Ensure Dialogue Partner information requirements are met, including the needs of the AADCP II JPRC

Manage and supervise overall and day to day operational activities of the unit and provide the required direction

1. Ensure high quality of work in the unit by applying effective supervision
2. Communicate and give clear direction to all those whose co-operation may be needed to achieve the goals of the Unit and the Bureau
3. Motivate, inspire, and assist staff to overcome operational, bureaucratic, resource and other barriers in performing their day to day activities

Responsible to conduct performance management and people development practices, to ensure continuing professional development

1. Supervise and conduct performance appraisal for subordinates to ensure their continuing professional development
2. Conduct performance coaching and counselling to facilitate the sub-ordinates in achieving optimum performance
3. Continuously develop the competencies of staff through proposed programs and assignments

Other duties relevant to ASEC Institutional Capacity Building as directed by Institutional Affairs focal point or higher authorities

OUTPUTS

- Forward program plans for the work of the unit
- ASEC institutional capacity building project plans

- High quality capacity building results
- Satisfied 'clients'
- Progress and performance reports for ASEAN/ASEC bodies and dialogue partners, including for AADCP II JPRC

Working Relationship

External

- ASEAN ?
- Other relevant ASEAN Bodies dealing with ASEC institutional capacity building issues

Internal

- All Bureaus and Units

JOB QUALIFICATION

Education

- At least master degree in Management, HRM, and/or Business Administration

Experience

- At least ten years of professional experience with proven track record and exposure in government, private sectors and/or international organisation. Experience in dealing with a wide spectrum of institutional capacity building issues, particularly in the context of international/regional organisations such as ASEC
- Proven track record in developing and managing institutional capacity building work in government, private sectors and/or international organisations

Competency Profile

Technical and managerial

- High-level analytical skills
- Comprehensive knowledge of concepts and issues relating to ASEAN organisation, ASEAN policies and ASEAN institutional framework.
- Programme and Project Management skills, including in formulation/design, appraisal, management and reporting on project and programme activities
- HRM, financial and contract management skills
- High-level computing skills, including use of Microsoft Office applications, and ability to produce clear and concise reports
- Excellent writing and communication skills (in English)
- High-level consultation, facilitation and negotiation skills
- Strategic planning and personnel management skills

Personal Attributes

- Integrity. Strongly possess and perform the capability to maintain and promote social, ethical and organisational norms and values in conducting internal and external secretarial activities
- Decisiveness. Possess and perform the capability to make timely decisions, render judgement and take action when appropriate
- Creative and innovative. Possess the capability to generate creative solutions to work situations; try different ways to deal with organisational problem and opportunities

Job Title	Senior Technical Officer – Institutional Capacity Building
Bureau	Institutional Affairs
Unit	?
Reporting to	Assistant Director – Institutional Capacity Building
Supervising	<ul style="list-style-type: none"> • Technical Officers • Technical Assistant

Broad Statement of Function

- Provide the required support for the implementation and monitoring of projects and/or programs in the areas of ASEC institutional capacity building
- Provide team work and assistance to subordinates and provide inputs to the Assistant Director on the subordinate's performance management and people development practices, to ensure consistent and continuous improvement in quality of work

Primary Responsibilities

Provide the required support for the implementation and monitoring of projects and/or programs in the area of ASEC Institutional Capacity Building.

1. Develop programmatic work plans that support ASEC institutional capacity building priorities, including the development of specific project proposals suitable for AADCP II funding
2. Coordinate the activities and provide the required support for the implementation and monitoring of ASEC Institutional Capacity Building programs and projects
3. Prepare background papers, briefs, reports, and updates and provide substantive input concerning ASEC Institutional Capacity Building matters
4. Identify and coordinate the required technical and financial support in the implementation of ASEC Institutional Capacity Building projects/programs
5. Prepare information materials and other publications for public dissemination and coordinate with Public Affairs Office in organising programs on ASEC Institutional Capacity Building matters
6. Liaises with relevant ASEAN bodies and other relevant committee/working groups and provide support to those bodies with respect to ASEC Institutional Capacity Building issues
7. Represent the ASEAN Secretariat and serve as resource person in meetings with ASEAN bodies and other organisations in relation to ASEC Institutional Capacity Building activities
8. Conduct consultations with various dialogue partners, including Australia, Japan, EC, and USA on ASEC Institutional Capacity Building matters

Provide team work and assistance to subordinates and provide inputs to the Assistant Director on the subordinate's performance management and people development practices, to ensure consistent and continuous improvement in quality of work.

1. Provide effective supervision and coaching to subordinates to ensure their continuing professional development
2. Provide inputs to ADR in conducting performance appraisal for the subordinates

OUTPUTS

- Program and project plans for ASEC institutional capacity development
- Results-based progress reports on achievements, constraints and action required
- Background papers, reports and briefs

Working Relationship

External

- Relevant ASEAN Bodies.

Internal

- All Bureaus and Units.

JOB QUALIFICATION

Education

- A Bachelors degree in Management, HRM, and/or Business Administration

Experience

- At least five years of experience with proven record of accomplishment and exposure dealing with a wide range of institutional capacity building issues at national or regional levels
- At least two years of managerial experience in government, private sectors and/or international organisation

Competency Profile

Technical and managerial

- Demonstrated analytical skills
- Comprehensive knowledge of concepts and issues relating to ASEAN organisation, ASEAN policies and ASEAN institutional framework
- Programme and Project Management skills, including in formulation/design, appraisal, management and reporting on project and programme activities
- Financial and contract management skills
- High-level computing skills, including use of Microsoft Office applications, and ability to produce clear and concise reports
- Excellent writing and communication skills (in English)
- Consultation, facilitation and negotiation skills

Personal Attributes

- Integrity. Be able to maintain and promote social, ethical and organisational norms and values in conducting internal and external secretarial activities
- Decisiveness. Possess and perform the capability to make timely decisions, render judgement and take action when appropriate
- Creative and innovative. Be able to generate creative solutions to work situations; try different and novel ways to deal with organisational problem and opportunities

Job Title	Program Coordinator
Bureau	Bureau of External Relations and Coordination
Unit	AADCP II Planning and Monitoring Support Unit
Reporting to	Principal Director, Bureau of External Relations and Coordination
Supervising	Program Support Officer and Administrative Support Officer

Broad Statement of Function

- Support the Principal Director of BERC and the AusAID Program Director with the overall coordination of AADCP II activities
- Provide a central point of reference and information with respect to all AADCP II related matters
- Provide secretariat support the JPRC

Primary Responsibilities

Under the direction of the Principal Director of BERC (in partnership with the AusAID Program Director), the Program Coordinator will be responsible for:

1. Preparing consolidated AADCP II Annual Plans and budgets, and six-monthly performance reports, based on the strategic direction established by the JSRP and the technical input of the Institutional Affairs Focal Point and the Principal Director of BEIF
2. Supporting the Principal Director of BERC and the AusAID Program Director in authorising the commitment of expenditures from the relevant Trust Funds (for programs/projects and staffing/management support) in line with the scope of approved projects and work plans;
3. Maintaining a consolidated record of all 'approved' programs and project initiatives being funded through AADCP II
4. Maintaining a consolidated record of the overall progress of AADCP II implementation and the achievement of results. This will include supporting the maintenance of a central database of all AADCP II funded initiatives (as part of a broader ASEC program/project information system)
5. Preparing Terms of Reference for, and mobilising, short-term consultancy inputs that are required to support overall AADDCP II program planning and monitoring work
6. Promoting and supporting donor coordination initiatives, including investigating and pursuing options for the establishment of a common-pool funding mechanism
7. Providing secretariat support to the JPRC
8. Producing and disseminating appropriate informational materials on AADCP II and promoting the program's visibility, including through the establishment and maintenance of an AADCP II web-site
9. Supporting team work, effective information flow and problem-solving approaches among all ASEC staff concerned with managing the implementation of AADCP II funded initiatives

OUTPUTS

- Consolidated AADCP II annual plans and budgets
- Consolidated AADCP II six-monthly review reports
- AADCP II informational materials

Working Relationships

External

AusAID plus other dialogue partners working on AEC implementation, Economic Policy and ASEC Institutional Capacity issues

Internal

- AADCP II Program Management Team members
- AADCP II funded Assistant Directors and Senior Technical Officers
- ASEC Management Services, in particular the Trust Fund Unit and Personnel Department

JOB QUALIFICATION

Education

- A Masters degree or equivalent in an appropriate discipline

Experience

- At least ten years of professional experience with proven track record and exposure in government, private sectors and/or international organisations. Experience in dealing with a wide spectrum of program coordination and management issues, particularly in the context of international/regional organisations such as ASEC.
- Proven track record in coordinating and managing complex development programs

Competency Profile

Technical and managerial

- High-level analytical skills
- Knowledge of concepts and issues relating to ASEAN organisation and ASEAN institutional framework.
- Programme and Project Management skills, including in formulation/design, appraisal, management and reporting on project and programme activities
- HRM, financial and contract management skills
- High-level computing skills, including use of Microsoft Office applications, and ability to produce clear and concise reports
- Excellent writing and communication skills (in English)
- High-level consultation, facilitation and negotiation skills
- Strategic planning and personnel management skills

Personal Attributes

- Integrity. Strongly possess and perform the capability to maintain and promote social, ethical and organisational norms and values in conducting internal and external secretarial activities
- Decisiveness. Possess and perform the capability to make timely decisions, render judgement and take action when appropriate
- Creative and innovative. Possess the capability to generate creative solutions to work situations; try different ways to deal with organisational problem and opportunities

Attachment 11 – Risk Management Matrix

It is suggested that this format (or something similar) should also be used by the Program Management Team to review and update risk management strategies as part of the AADCP II annual planning and review process.

This risk management matrix only deals with the main identified ‘operational’ risks which can be addressed by the JPRC and the Program Management Team. Strategic risks will need to be considered by higher authorities and addressed through joint Australia/ASEAN dialogue mechanisms.

Risk	Potential Adverse Impact on the Program	Risk likelihood	Risk impact	Risk management strategy	Responsibility
<i>ASEC program/project management systems prove inadequate to the task.</i> The implementation of the AEC Blueprint will require that ASEC further develop, and continuously improve, its systems for supporting and monitoring national level <u>implementation</u> of ASEAN Agreements. This will in turn require ongoing institutional reform and innovation, driven forward by dynamic leadership. There remains a risk that ASEC will remain in ‘Secretariat mode’, focused more on servicing meetings than initiating and resourcing practical implementation support interventions.	If ASEC does not take concrete action improve its institutional capacity to design and deliver effective implementation support programs and projects, AADCP II resources will not be effectively allocated and used.	M	H	This risk will be managed, to some extent, through the institutional capacity building support that will be provided through Component 1. ASEC’s initiative to implement an ISO 9001 accredited quality management system is a positive step in mitigating this risk, and will be appropriately supported with AADCP II resources. It is important that these ISO systems be reviewed and further developed on an ongoing basis to ensure they are relevant to need, and do not promote micro-management of many small projects.	JSRP and the Program Management Team
<i>ASEAN/ASEC do not identify and formulate an adequate ‘supply’ of projects for AADCP funding.</i> This risk has been identified through the experience of other ‘Facility’ type programs.	ASEC has difficulty in effectively spending the available resources from the AADCP II program/project trust fund.	M	H	This risk will be mitigated by: (i) recruiting additional long-term personnel who have a specific responsibility for supporting the identification and design of ‘projects’ for AADCP funding; (ii) initiating the process of program identification and development	JSRP and the Program Management Team

Risk	Potential Adverse Impact on the Program	Risk likelihood	Risk impact	Risk management strategy	Responsibility
				prior to the mobilisation of AADCP funds; and (iii) including resources in the AADCP budget specifically for program/project design specialist Technical Assistance.	
<i>Capacity ‘development’ is given a lower priority than capacity ‘provision’.</i> Program staff recruited by ASEC are very likely to get caught up in ‘doing’ the work, rather than spending time on capacity development activities/initiatives. In the earlier years of the program this may indeed be necessary and appropriate, but the balance needs to be actively managed and monitored.	Reduced impact of AADCP II’s institutional capacity development objectives, and thus a negative impact on the sustainability of benefits	M	M	In order to mitigate the risk that capacity development is not given adequate priority, it is proposed that each AADCP II Annual Plan include a specific section on the capacity development strategy for that year. This will explicitly address the issue of any necessary trade-off between ‘provision’ and ‘development’, and specify the implications for the roles of key AADCP II funded personnel. The annual capacity development strategies will also take into account (and appropriately highlight to key stakeholders) the long-term and ongoing nature of capacity development work.	JSRP and the Program Management Team
<i>Additional staffing resources provided through AADCP II are not of high quality, are not effectively managed, and/or move to other jobs/agencies.</i> The effective allocation and management of AADCP II Trust Fund monies (for component specific programs/projects) will depend significantly on the quality of the additional staff recruited (by both ASEC and AusAID), and the way in which they are then managed on an ongoing basis. There is a risk that	The quality of overall AADCP II program planning, the identification and design of specific initiatives for funding, the quality of program/project implementation, and the quality of program/project monitoring and reporting would all be compromised.	M	H	Rigorous and transparent advertising and recruitment processes are the primary risk management strategy, plus ongoing personnel performance assessment. It is important that selection of candidates not be restricted only to ASEAN countries, but be open to the international ‘market’. The risk of key personnel leaving their positions can be mitigated by promoting team work approaches, undertaking succession planning and promoting the development of a cohort of capable officers across the organisation.	JSRP and the Program Management Team

Risk	Potential Adverse Impact on the Program	Risk likelihood	Risk impact	Risk management strategy	Responsibility
the most suitable staff may not be appointed if restrictions are placed on where candidates are sourced from. There is also a risk that staff may not be effectively managed/supervised unless ASEC personnel management and performance appraisal systems are not improved.					
External support from dialogue partners is not effectively coordinated. Donor coordination mechanisms remain relatively weak within ASEAN/ASEC, and this results in a risk that AADCP II resources duplicate activities already undertaken, or that are being undertaken, by other dialogue partners/donors.	<p>AADCP II resources are applied to activities that either duplicate those of other donors, repeat initiatives already undertaken by other donor funded programs, or simply complicate and confuse ‘clients’ through providing un-coordinated technical assistance and other forms of support.</p> <p>Lack of donor-coordination also has significant ‘transaction costs’ for ASEC and for ASEAN members.</p>	M	M	<p>This risk is mitigated by channelling all AADCP II resources through ASEAN/ASEC project appraisal, approval and management systems, and by the fact that the AusAID Program Director and the Program Coordinator will have specific responsibilities for supporting ASEC in its donor coordination functions.</p> <p>Pursuing options for the establishment of a common pool funding arrangement for supporting priority ASEAN programs (such as AEC implementation) is another important strategy to promote donor coordination.</p>	JSRP and the Program Management Team

Key for risk likelihood and risk impact: H = High; M = Medium; L = Low